

STMicroelectronics N.V.
Consolidated Statements of Income
(in million of U.S. dollars, except per share data (\$))

Nine Months Ended

	(Unaudited)	(Unaudited)
	September 25,	September 27,
	<u>2004</u>	<u>2003</u>
Net sales	6,429	5,122
Other revenues	3	2
NET REVENUES	6,432	5,124
Cost of sales	-4,056	-3,318
GROSS PROFIT	2,376	1,806
Selling, general and administrative	-702	-557
Research and development	-1,131	-883
Other income and expenses, net	-13	8
Impairment, restructuring charges and other related closure costs	-57	-193
Total Operating Expenses	-1,903	-1,625
OPERATING INCOME	473	181
Interest expense, net	-8	-45
Equity in loss of joint venture	-2	-1
Loss on extinguishment of convertible debt	-4	-37
INCOME BEFORE INCOME TAXES		
AND MINORITY INTERESTS	459	98
Income tax (expense) benefit	-42	14
INCOME BEFORE MINORITY INTERESTS	417	112
Minority interests	-3	-3
NET INCOME	414	109
EARNINGS PER SHARE (BASIC)	0.46	0.12
EARNINGS PER SHARE (DILUTED)	0.45	0.12
NUMBER OF WEIGHTED AVERAGE		
SHARES USED IN CALCULATING	936.9	934.9
DILUTED EARNINGS PER SHARE		

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(in million of U.S. dollars, except per share data (\$))

	Three Months Ended	
	(Unaudited)	(Unaudited)
	September 25, <u>2004</u>	September 27, <u>2003</u>
Net sales	2,231	1,803
Other revenues	0	0
NET REVENUES	2,231	1,803
Cost of sales	-1,386	-1,171
GROSS PROFIT	845	632
Selling, general and administrative	-233	-191
Research and development	-384	-302
Other income and expenses, net	-3	-10
Impairment, restructuring charges and other related closure costs	-12	-193
Total Operating Expenses	-632	-696
OPERATING INCOME (LOSS)	213	-64
Interest expense, net	0	-12
Equity in loss of joint venture	-2	0
Loss on extinguishment of convertible debt	0	-22
INCOME (LOSS) BEFORE INCOME TAXES	211	-98
AND MINORITY INTERESTS	211	-98
Income tax (expense) benefit	-20	49
INCOME (LOSS) BEFORE MINORITY INTERESTS	191	-49
Minority interests	-2	-1
NET INCOME (LOSS)	189	-50
EARNINGS (LOSS) PER SHARE (BASIC)	0.21	-0.06
EARNINGS (LOSS) PER SHARE (DILUTED)	0.20	-0.06
NUMBER OF WEIGHTED AVERAGE		
SHARES USED IN CALCULATING	934.9	888.3
DILUTED EARNINGS PER SHARE		