

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

	Twelve Months Ended	
	(Unaudited)	(Audited)
	December 31, <u>2004</u>	December 31, <u>2003</u>
Net sales	8,756	7,234
Other revenues	4	4
NET REVENUES	8,760	7,238
Cost of sales	-5,532	-4,672
GROSS PROFIT	3,228	2,566
Selling, general and administrative	-947	-785
Research and development	-1,532	-1,238
Other income and expenses, net	10	-4
Impairment, restructuring charges and other related closure costs	-76	-205
Total Operating Expenses	-2,545	-2,232
OPERATING INCOME	683	334
Interest expense, net	-3	-52
Loss on equity investments	-4	-1
Loss on extinguishment of convertible debt	-4	-39
INCOME BEFORE INCOME TAXES	672	242
AND MINORITY INTERESTS	672	242
Income tax benefit (expense)	-68	14
INCOME BEFORE MINORITY INTERESTS	604	256
Minority interests	-3	-3
NET INCOME	601	253
EARNINGS PER SHARE (BASIC)	0.67	0.29
EARNINGS PER SHARE (DILUTED)	0.65	0.27
NUMBER OF WEIGHTED AVERAGE		
SHARES USED IN CALCULATING	935.1	937.1
DILUTED EARNINGS PER SHARE		

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Three Months Ended

(Unaudited)	(Unaudited)
December 31,	December 31,
<u>2004</u>	<u>2003</u>

Net sales	2,326	2,112
Other revenues	2	1
NET REVENUES	2,328	2,113
Cost of sales	-1,476	-1,353
GROSS PROFIT	852	760
Selling, general and administrative	-245	-228
Research and development	-402	-354
Other income and expenses, net	23	-13
Impairment, restructuring charges and other related closure costs	-18	-12
Total Operating Expenses	-642	-607
OPERATING INCOME	210	153
Interest income (expense), net	5	-7
Loss on equity investments	-2	0
Loss on extinguishment of convertible debt	0	-2
INCOME BEFORE INCOME TAXES	213	144
AND MINORITY INTERESTS	213	144
Income tax expense	-26	0
INCOME BEFORE MINORITY INTERESTS	187	144
Minority interests	0	0
NET INCOME	187	144
EARNINGS PER SHARE (BASIC)	0.21	0.16
EARNINGS PER SHARE (DILUTED)	0.20	0.16
NUMBER OF WEIGHTED AVERAGE		
SHARES USED IN CALCULATING	935.1	939.1
DILUTED EARNINGS PER SHARE		