FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2001

STMicroelectronics N.V.

(Translation of registrant's name into English)

Route de Pre-Bois, ICC Bloc A, 1215 Geneva 15, Switzerland

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F]

Form 20-F X Form 40-F ---

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934]

Yes --- No X

[If "Yes" is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-______]

Enclosures:

Shareholder materials for STMicroelectronics's Annual General Meeting on April 25, 2001, including:

(i) Message from the President;

(ii) Report of the Supervisory Board;

(iii) STMicroelectronics' 2000 Unconsolidated Financial Statements; and

(iv) STMicroelectronics' 2000 Consolidated Financial Statements.

Message From The President

The year 2000 was a record-setting period for STMicroelectronics in which we posted strong operating results across all major applications, product groups and geographies. This excellent performance was characterized by the highest annual revenues, gross profit, operating profit and net earnings in our history. Importantly, ST is now at a new level in terms of market position and recognition, giving us a broader platform from which to compete successfully in our strategically-targeted applications.

To put this in perspective, ST's revenues increased 54.5% in 2000 to over $7.8 billion, a growth rate that significantly outpaced that of the semiconductor industry, which gained approximately 37% on a year-over-year basis.

Profitability growth was even greater, further evidence of the operating leverage that ST has enjoyed during the last several years. Gross profit reached a record $3.6 billion, an increase of 79.7% over 1999 levels, and gross margin was 46% for the year, significantly above the 39.6% reported for 1999. The substantial progress made at the gross margin level in 2000 illustrated two important strengths: our ability to enrich our portfolio with new and more value-added applications; and the efficiency of our worldwide manufacturing machine which continues to be a very strong competitive advantage for the Company.

Operating profit grew by 165.5% to almost $1.8 billion, and represented 22.8% of net revenues. This was achieved after absorbing record Research and Development expenditures of over $1 billion, or 13.1% of net revenues.

Net earnings for the year 2000 reached over $1.4 billion, up 163% from 1999 levels and equating to earnings per diluted share of $1.58, a 155% year-over-year increase. Return on equity was a record 27.2%, significantly above the average ROE of 19.5% that was achieved in the years since the company became public.

In 2000, we took advantage of strong market conditions to make important investments to fuel the Company's future growth. In addition to the ongoing research and development spending focused on developing new technologies, ST invested a record $3.3 billion in 2000 to expand and modernize our global manufacturing machine and upgrade our IT systems and infrastructure. Taken as a percentage of sales, ST's 2000 capital expenditures were probably the highest in the semiconductor industry. Additionally, we completed acquisitions last year for a total consideration of $240 million, adding to the Company's already extensive intellectual property portfolio.

Thus, ST entered 2001 with significant investments and start-up costs behind it, as well as a strong balance sheet to support continued market share growth. We also bring an exceptional level of strategic customer alliances which accounted for 43.5% of ST's 2000 net revenues and an excellent product mix, illustrated by differentiated product revenues of $4.95 billion in 2000, or 63.3% of the Company's total net revenues for the year.

These are among the strengths we count upon to enable ST to adjust to rapidly-changing industry conditions. Today the market is in flux, responding to excessive inventory build-ups in many sectors. Economic forecasts diverge widely on whether we are facing a "soft landing" or a true recession.

STMicroelectronics' success within a broad range of business and market conditions is well-documented. We have enjoyed an above-average track record in times of cyclical industry downturns, yet have posted exceptional growth during periods of favorable market conditions. We believe that this combination of relative resiliency and outperformance on the upside is a consequence of several factors:

- BALANCE The diversity of our products, targeted applications and geographic mix all come together to provide strong growth potential without the risks associated with a one product or one application company.

- CUSTOMERS The success of the companies that comprise our network of strategic alliances and key customers reflect positively on ST's products, aptitude and TQM culture.

- MANUFACTURING The systematic application of manufacturing science, strict adherence to TQM and modular capital investment programs give ST a global manufacturing machine that is among the most efficient in the industry.

- FINANCIAL POSITION The Company's financial strength is reflected by: internal cash generation which amounted to $2.6 billion in 2000; its cash and cash equivalents position of $2.3 billion at year-end 2000; and, ST's proven ability to access the capital markets in order to finance growth.

- CORPORATE CULTURE None of the above-cited competitive advantages can lead to success without a cohesive corporate culture that rewards individual dedication, innovative thinking, customer service and excellent execution. As a global company, ST is committed to putting the individual at the center of the business enterprise and to maintaining its leadership in protecting the environment.

We take particular pride in our Company's worldwide leadership role in the area of environmental preservation. Our strong commitment to this cause is part of our fundamental belief in the ethical obligations of business enterprises to Society. ST remains determined to protect the world's severely-threatened environment for the benefit of today's inhabitants as well as to ensure the welfare of future generations.

This ethical position is strongly supported by our conviction that environmentally-minded companies are intrinsically more competitive and therefore able to generate higher returns for their shareholders. ST's history and performance demonstrate the validity of this assumption. In fact, ST is the top ranked semiconductor company on the Dow Jones Sustainability Group Index, which identifies companies that "not only manage the standard economic factors affecting their business, but the environmental and social factors as well." Additionally, we were the only semiconductor company to receive a AAA rating in eco-efficiency from Innovest Strategic Value Advisors and were recipients of both the EPA Climate Protection Award in 1999 and the Akira Inoue Award for Outstanding Achievement in Environmental, Health and Safety in the Semiconductor Industry in the year 2000.

Gartner-Dataquest has ranked ST as the world's 6th largest semiconductor company, based on year 2000 revenues. This is a formidable achievement, having been 14th only 5 years ago. If you extract from the list those companies that generate a majority of their total revenues from semiconductor sales, the three largest are: Intel, Texas Instruments and STMicroelectronics, in that order.

The year 2001 will be challenging. We are confident, however, that the past will be a precursor for the future, enabling ST to once again distinguish itself by outperforming the markets we serve. To this end we will rely on our fundamental strengths as well as the ongoing support of all of our stakeholders.

I would like to personally extend my appreciation to everyone who contributed to ST's record performance in 2000 and to reaffirm our commitment to our employees, strategic partners, customers and shareholders.

Pasquale Pistorio
President and Chief Executive Officer

Report of the Supervisory Board of

STMicroelectronics N.V.

The year 2000 was an outstanding period for the Company. While the semiconductor industry experienced very significant growth of approximately 35%, the Company's revenue growth reached 54.5%, raising the Company's position to be among the six largest semiconductor companies in the world. These results illustrate clearly the development strategy of STMicroelectronics. This strategy associates growth and financial results and is decided by the Supervisory Board in close connection with the CEO of the Company.

Therefore, upon proposal by the Managing Board, we propose to the General Meeting of Shareholders to adopt the annual accounts for the financial year 2000 and to distribute out of the Company's profits realized during that year a cash dividend of US$ 0.04 per share issued and outstanding as of April 27, 2001 payable on May 11, 2001. This amount of dividend represents an increase over last year and takes into account the three-for-one stock split of the shares issued and outstanding as of May 5, 2000.

Among the most important events of the year 2000, we would like to inform the General Meeting of Shareholders that, in November 2000, the Company sold senior zero coupon convertible bonds due 2010 in the international capital markets and the Company thereby raised US$ 1,480 million that will be used to develop its investments which have been strongly enhanced in order to increase the Company's profits and market share.

During the year 2000, the Supervisory Board was significantly involved in the expansion of the Company and therefore the number of meetings of the Board and of its Committees was increased.

The Compensation Committee met five times and granted to a much larger number of executives the benefit of stock options as an incentive to the development of the Company. In addition, some of the external acquisitions have included a grant of stock options to the new employees.

During the year 2000, the Audit Committee considered the recommendations of the Blue Ribbon Committee issued by the U.S. Securities and Exchange Commission and, after electing a new President, adopted a new Audit Charter in accordance with the recommendations of the said Committee. During the year, a meeting was held before each financial period and the Committee examined, in cooperation with the Auditors of the Company, the quarterly accounts, in particular the Company's auditing practices, litigation-related risks, the execution by the Company of the Auditors' recommendations regarding corporate auditing rules and the independence of the Company's external Auditors

The Strategic Committee examined, together with the Company's CEO, every subject of material importance for the Company, in particular its growth and acquisition activities, strategic partnerships, cross license agreements and asset purchases.

A Monitoring Committee was also specially appointed to oversee the zero coupon bond offering.

Therefore, we propose to the General Meeting of Shareholders the main following items:

1. to adopt the annual accounts for the financial year 2000 and to distribute a cash dividend of US$ 0.04 per share;

2. to approve the Employee Stock Purchase Plan in order for the Plan to qualify under section 423 of the U.S. Internal Revenue Code. The first tranche of the three year employee plan was offered in 2000 and subscribed to by 4,830 employees for a total number of 559,929 shares out of the 750,000 shares offered;

3. to approve a new five year Stock Option Plan 2001 for directors, managers and selected employees of the Company and its group under which options can be granted in respect of no more than 60 million ordinary shares;

   With respect to the incentive policy as defined upon proposal of the Managing Board, we note that during the five year term of the Stock Option Plan 1995, 31,448,591 stock options were granted, among which 7,570,890 in 2000.

4. as announced sometime ago, to increase the number of members of the Supervisory Board to nine by appointing Mr. Douglas John Dunn as an independent member of the Supervisory Board, effective as of April 25, 2001. We expect that this new member will reinforce the existing strength of the Supervisory Board to face new industrial, technological and financial developments of the Company.

March 13, 2001

Jean-Pierre NOBLANC	Bruno STEVE
Remy DULLIEUX	Alessandro OVI
Francis GAVOIS	Riccardo GALLO
Tom de WAARD	Robert WHITE

STMICROELECTRONICS N.V.
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STMICROELECTRONICS N.V.

ANNUAL REPORT

DECEMBER 31, 2000

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APPENDIX

STMicroelectromcs N.V.
Consolidated financial statements December 31, 2000

STATUTORY DIRECTOR

Pasquale Pistorio

SUPERVISORY DIRECTORS

Jean-Pierre Noblanc
Bruno Steve
Remy Dullieux
Alessandro Ovi
Robert M. White
Riccardo Gallo
Tom de Waard
Francis Gavois

STMICROELECTRONICS N.V.

DIRECTOR'S REPORT

DECEMBER 31, 2000

The director's report is available on request at the Company's office.

Amsterdam, February 1, 2001

STMICROELECTRONICS N.V.
BALANCE SHEET AS AT DECEMBER 31, 2000
(after proposed appropriation of income)

	2000 USD'000	1999 USD'000
ASSETS		
FIXED ASSETS		
Intangible fixed assets	101 512	74 754
Tangible fixed assets	6 130	1 005
Financial fixed assets	5 689 864	3 521 880
Total fixed assets	5 797 506	3 597 639
CURRENT ASSETS		
Inventories	19 358	19 151
Trade receivables	272 765	121 732
Receivable from shareholder	-	755
Group companies	342 918	326 152
Other receivables	53 850	41 632
Securities	35 156	-
Cash	2 149 197	1 737 333
Total current assets	2 873 244	2 246 755
TOTAL ASSETS	8 670 750	5 844 394
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREIHOLDERS' EQUITY		
Issued and paid in capital	861 149	910 983
Additional paid in capital	1 294 672	1 000 155
Retained earnings	2 920 289	2 399 641
Cumulative translation adjustment	(403 564)	(294 090)
Income for the year	1 452 103	547 252
Total shareholders' equity	6 124 649	4 563 941
LONG TERM LIABILITIES		
Long term loans	2 342 630	1 124 064
Deferred revenues	6 000	-
Total long term liabilities	2 348 630	1 124 064
SHORT TERM LIABILITIES		
Bank overdraft	69	919
Trade payables	10 011	4 731
Taxes	75 774	49 003
Payable to shareholder	-	693
Group companies	97 214	95 578
Accrued liabilities	14 403	5 465
Total short term liabilities	197 471	156 389
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8 670 750	5 844 394

STMICROELECTRONICS N.V.

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2000

	2000	1999
	USD'000	USD'OOO
Income after taxes	394 789	140 470
Income from subsidiaries	1 057 314	406 782
	---------	-------
NET INCOME	1 452 103	547 252
	---------	-------

The accompanying notes form an integral part of the accounts.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2000

1. GENERAL

A description of STMicroelectronics N.V. ("the Company"), its activities and group structure are included in the attached consolidated financial statements, prepared for United States reporting purposes, which also apply to the company-only financial statements. The Company holds investments in subsidiaries operating in the semiconductor manufacturing industry. Additionally, the Company operates through a branch in Switzerland, which markets a broad range of semiconductor integrated circuits and devices used in a wide variety of microelectronic applications.

In accordance with Article 402, Title 9, Book 2 of the Dutch Civil Code the statement of income is presented in abbreviated form.

2. BASIS OF PRESENTATION

Management of the Company is of the opinion that the functional currency of the Company is the US dollar. Furthermore, the reporting currency of the subsidiaries is also the US dollar. Accordingly, the financial statements of the Company are expressed in US dollars.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The annual accounts are prepared in accordance with accounting principles generally accepted in the Netherlands. The accounting principles as described in the notes to the consolidated financial statements also apply to the Company-only financial statements, unless indicated otherwise.

Consolidation

The consolidated financial statements of the Company for the year ended December 31, 2000, which are attached, have been prepared in accordance with accounting principles generally accepted in the United States. In management's opinion, the attached consolidated financial statements do not differ materially from those which would have been prepared, had generally accepted Dutch accounting principles been applied, except for the additional disclosures as presented in Notes 17 and 18.

Foreign currencies

The share capital of the Company is denominated in Euro and the year-end balance is translated into US dollars at the year-end exchange rate (Euro/USD 0.9305). The translation differences are taken to the non-distributable cumulative translation adjustment account.

Other non-current assets

Other non-current assets consist of underwriting and issuance costs related to the zerocoupon subordinated convertible notes. These costs are amortized straight-line over the life of the notes being 10 years.

4. INTANGIBLE FIXED ASSETS

	Goodwill	Concessions, licences and rights of intellectual ownership	Total
HISTORICAL COST			
Balance at January 1, 2000	31 664	58 095	89 759
Additions	5 858	38 585	44 443
Balance at December 31, 2000	37 522	96 680	134 202
ACCUMULATED AMORTIZATION			
Balance at January 1, 2000	5 812	9 193	15 005
Charge for the year	6 636	11 049	17 685
Balance at December 31, 2000	12 448	20 242	32 690
NET BOOK VALUE			
At December 31, 2000	25 074	76 438	101 512
At December 31, 1999	25 852	48 902	74 754

5. TANGIBLE FIXED ASSETS

	Furniture and fixtures	Computer and R&D equipment	Other	Total
	USD'000	USD'000	USD'000	USD'000
HISTORICAL COST				
Balance at January 1, 2000	838	817	453	2 108
Additions	258	5 674	32	5 969
Balance at December 31, 2000	1 096	6 491	490	8 077
ACCUMULATED DEPRECIATION				
Balance at January 1, 2000	444	507	152	1 103
Charge for the year	190	554	100	844
Balance at December 31, 2000	634	1 061	252	1 947
NET BOOK VALUE				
At December 31, 2000	462	5 430	238	6 130
NET BOOK VALUE				
At December 31, 1999	394	310	301	1 005

6. FINANCIAL FIXED ASSETS

	2000	1999
	USD'000	USD'000
Investments in consolidated group companies	5 171 595	3 175 893
Investments	31 978	11 986
Long term intercompany loans	451 277	314 083
Other non-current assets	35 014	19 918
	5 689 864	3 521 880

During 1997, the Company granted a USD 200 million loan to STMicroelectronics Inc, United States repayable in full by December 31, 2000 and bearing an interest of three months LIBOR plus 0.25%. During 1998, the principal amount was increased up to a USD 300 million loan. An amount of USD 90 million was repaid during 1999. The final maturity has been extended up to December 31, 2001 for an amount of USD 150 million and up to December 16, 2002 for an amount of USD 60 million bearing an interest rate of three months LIBOR plus 1%.

6. FINANCIAL FIXED ASSETS (Continued)

On January 5, 1998, the Company granted a ITL 200 billion loan to STMicroelectronics Srl., Italy repayable in full on the date falling three years from draw down date, subject to extension to be agreed between the parties 15 banking days before the final maturity. The loan may be repaid in full or in part at any time before the final maturity subject to 15 banking days prior notice confirmed in writing. The loan is bearing an interest rate of 4%.

On December 1, 2000, the Company granted a Euro 113 million loan to STMicroelectronics Srl (Italy) repayable in full on January 29, 2001 subject to extension to be agreed between the parties 15 banking days time before the final maturity. The loan may be repaid in full or in part at any time before the final maturity, subject to 15 days prior notice confirmed in writing. This loan bears interest at 4%.

On June 14, 2000, the Company granted a USD 40 million loan to STMicroelectronics Inc (Canada) repayable in full on the date falling three years from the draw down date, being the final maturity. The loan may be repaid in full or in part on an interest payment date by mutual agreement between the parties and subject to a 5 banking days prior written confirmation. The loan is bearing an interest rate of three months LIBOR plus 1%.

Investments in consolidated group companies

	2000 USD'000	1999 USD'000
Balance January 1	3 175 893	3 046 703
Income from investments	1 057 313	406 782
Dividends paid	(71 904)	(172 978)
Capital increase	1 200 921	214 877
Translation effect	(190 628)	(319 491)
Balance December 31	5 171 595	3 175 893

7. INVENTORIES

	2000 USD'000	1999 USD'000
Finished goods	19 107	17 489
Work in progress	251	1 662
Total inventories	19 358	19 151

8. TRADE RECEIVABLES

Trade receivables mature within one year.

9. GROUP COMPANIES

	2000 USD'000	1999 USD'000
Trade receivables	214 686	264 881
Other receivables	128 232	61 271
Total group companies receivables	342 918	326 152

	2000 USD'000	1999 USD'000
Trade payables	51 380	73 443
Other payables	45 834	22 135
Total group companies payables	97 214	95 578

10. SHAREHOLDERS' EQUITY

	Issued and paid in capital	Additional paid in capital	Retained earnings	Cumulative translation adjustment	Income for the year	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance January 1, 2000	910 983	1 000 155	2 399 641	(294 090)	547 252	4 563 941
Appropriation of 1999 net income	-	-	547 252	-	(547 252)	-
Issuance of shares	21 058	294 517	-	-	-	315 575
Dividends paid	-	-	(26 604)	-	-	(26 604)
Net income	-	-	-	-	1 452 103	1 452 103
Translation effect and other Comprehensive income	(70 892)	-	-	(109 474)	-	(180 366)
Balance December 31,2000	861 149	1 294 672	2 920 289	(403 564)	1 452 103	6 124 649

10. SHAREHOLDERS' EQUITY (Continued)

In June 1999 the Company changed the currency of its share capital from Dutch Guilders to Euro. The effect of the change in par value was recorded in retained earnings. The Euro equivalent of the issued share capital at December 31, 2000 amounts to Euro 925,476,538 (1999: Euro: 904,201,000). For the changes in issued and paid in capital and additional paid in capital we refer to the consolidated financial statements of the Company as attached in the Appendix.

11. LONG TERM LOANS

In June 1998, the Company issued USD 513,852,000 face value of zero-coupon subordinated convertible notes, due June 10, 2008, for net proceeds of USD 421,873,000. The issue price of each note was USD 840.10 per USD 1000 principal amount at maturity. There are no periodic payments of interest. The notes are convertible at any time by the holders at the rate of 8,952 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on or after June 10, 2003 or by the Company on or after that date at the book value, payable in cash. The notes are subordinated to all the other existing and future indebtedness of the Company.

In September 1999, the Company issued USD 918,530,000 face value of zero-coupon subordinated convertible notes, due September 22, 2009 for net proceeds of USD 708,288,000. The issue price of each note was USD 784.84 per USD 1000 principal amount at maturity and represents a yield to maturity of 2.4375% per year. Interest will not be paid prior to maturity. The notes are convertible at any time by the holders at the rate of 8.764 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on or after September 24, 2002 or by the Company on or after that date at book value, payable in cash. The notes are subordinated to all other existing and future indebtedness of the Company.

In November, 2000 the Company issued USD 2,145,923,000 face value of zero coupon senior convertible bonds, due 2010, for net proceeds of USD 1,457,500,000. The debt discount of USD 665,923 is amortized straight-line over the term of the debt and recorded as interest expense. The notes are convertible at any time by the holders at the rate of 9.32 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on November 16, 2005 or by the Company on or after that date at the book value, payable in cash. The notes are unsubordinated to all the other existing and future indebtedness of the Company.

12. LOANS AND BANKS

The Company has revolving line of credit agreements with several financial institutions totalling USD 85,000,000 (1999: 105,300,000). At December 31, 2000 no amounts were drawn on these available lines of credit (1999: nil).

13. GUARANTEES

Guarantees given by the Company to banks of its subsidiaries amounted to approximately USD 709,616,000 at December 31, 2000 (1999: USD 774,913,000).

14. WAGES, SALARIES AND SOCIAL CHARGES

	2000 USD'000	1999 USD'000
Wages and salaries	16 134	12 938
Social charges	3 198	2 596
	19 332	15 534

15. AVERAGE NUMBER OF EMPLOYEES

The average number of persons employed by the Company during the year ended December 31, 2000 was 165 (1999: 90).

16. RENUMERATION TO BOARD OF DIRECTORS AND SUPERVISORY BOARD MEMBERS

In accordance with Article 383.1 no remuneration information of the director is disclosed.

The aggregate cash compensation accrued for 2000 to members of the Supervisory Board by the Company was approximately USD 505,000, and will be paid in 2001 (1999: NLG 528,000). Information on the Supervisory Board Option Plan, which was adopted in 1997, is presented in Note 10 of the consolidated annual accounts of the Company.

17. CONSOLIDATED FINANCIAL STATEMENTS OF STMICROELECTRONICS N.V.

The consolidated financial statements of the Company for the year ended December 31, 2000 are attached as an appendix to these parent Company accounts.

18. ADDITIONAL DISCLOSURES FOR THE ATTACHED CONSOLIDATED FINANCIAL STATEMENTS TO COMPLY WITH DUTCH REQUIREMENTS AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES 1N THE NETHERLANDS

Intangible fixed assets

	Goodwill	Concessions, licences and rights of intellectual ownership	Total
HISTORICAL COST			
Balance at January 1, 2000	67 417	202 560	269 977
Additions	49 481	112 972	162 453
Balance at December 31, 2000	116 898	315 532	432 430
ACCUMULATED AMORTIZATION			
Balance at January 1, 2000	14 165	75 865	90 030
Charge for the year	9 226	47 053	56 275
Balance at December 31, 2000	23 391	122 918	146 309
NET BOOK VALUE			
At December 31, 2000	93 507	192 614	286 121
At December 31, 1999	53 252	126 695	179 947

18. ADDITIONAL DISCLOSURES FOR THE ATTACHED CONSOLIDATED FINANCIAL STATEMENTS TO COMPLY WITH DUTCH REQUIREMENTS AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN THE NETHERLANDS (Continued)

Tangible fixed assets

	Land and buildings	Machinery and buildings	Other tangible fixed assets	Tangible fixed asset under construction and prepayments on tangible fixed assets	Total
	USD'000	USD'000	USD'000	USD'OOO	USD'000
HISTORICAL COST					
Balance at January 1, 2000	616 035	6 216 830	321 494	354 420	7 508 779
Additions, net	94 421	2 481 403	64 087	141 063	2 780 974
Balance at December 31, 2000	710 456	8 698 233	385 581	495 483	10 289 753
ACCUMULATED DEPRECIATION					
Balance at January 1, 2000	132 973	3 266 819	235 968	-	3 635 760
Depreciation	11 449	423 035	18 438	-	452 922
Balance at December 31, 2000	144 432	3 689 854	254 406	-	4 088 682
NET BOOK VALUE					
At December 31, 2000	566 034	5 008 379	131 175	495 483	6 201 071
At December 31, 1999	483 062	2 950 011	85 526	354 420	3 873 019

STMICROELECTRONICS N.V.

OTHER INFORMATION

DECEMBER 31, 2000

1. AUDITORS' REPORT

The report of the auditors, PricewaterhouseCoopers N. V., is presented on page 14.

2. APPROPRIATION OF RESULT - PROVISIONS IN COMPANY'S ARTICLES OF ASSOCIATION

The Managing Directors, with the approval of the Supervisory Board, are allowed to allocate net income to a reserve fund. The Articles of Association provide that the net result for the year, after deduction of the aforementioned allocation to the reserve fund, is subject to the disposition by the Annual General Meeting of Shareholders.

In the case that a net loss for the year exceeds retained earnings, no dividend payments are allowed until the loss has been recovered from net income in future years.

3. APPROPRIATION OF INCOME

Management proposes that the result for the year ended December 31, 2000 be appropriated to the accumulated reserves.

4. SUBSEQUENT EVENTS

There are no matters to report.

PRICEWATERHOUSECOOPERS [LOGO]

AUDITORS' REPORT

Introduction

We have audited the 2000 financial statements of STMicroelectronics N.V., Amsterdam. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements gives a true and fair view of the financial positions of the Company as of December 31, 2000 and of the results for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book of the Dutch Civil Code.

PricewaterhouseCoopers N.V.
Amsterdam, February 1, 2001

[PRICEWATERHOUSCOOPERS LOGO]

STMicroelectronics N.V.

Consolidated Financial Statements
December 31, 2000

[PRICEWATERHOUSCOOPERS LOGO]

- --

PricewaterhouseCoopers N.V.
Accountants
Strawinskylaan 3127
1077 ZX Amsterdam
Postbus 7067
1007 JB Amsterdam
Telephone (020) 568 41 00
Facsimile (020) 568 41 50

REPORT OF INDEPENDENT ACCOUNTANTS

To the Supervisory Board and Shareholders of
STMicroelectronics N.V.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholder's equity present fairly, in all material respects, the financial position of STMicroelectronics N.V. and its subsidiaries at December 31, 2000 and December 31, 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers N.V.
Amsterdam, February 1, 2001

STMicroelectronics N.V.
CONSOLIDATED STATEMENT OF INCOME

In thousands of U.S. dollars except per share amounts	Twelve months ended December 31, 1998	December 31, 1999	December 31, 2000
Net sales	4 210 618	5 023 109	7 764 404
Other revenues	37 134	33 167	48 799
Net revenues	4 247 752	5 056 276	7 813 203
Cost of sales	-2 622 943	-3 054 476	-4 216 921
Gross profit	1 624 809	2 001 800	3 596 282
Selling, general and administrative	-488 072	-534 178	-703 675
Research and development	-689 785	-835 964	-1 026 348
Other income and expenses	76 458	39 840	-83 533
Operating income	523 410	671 498	1 782 726
Net interest income	8 691	35 624	46 703
Income before income taxes and minority interests	532 101	707 122	1 829 429
Income tax expense	-120 351	-157 214	-375 119
Income before minority interests	411 750	549 908	1 454 310
Minority interests	-629	-2 656	-2 207
Net income	411 121	547 252	1 452 103
Earnings per share (Basic)	0.49	0.64	1.64
Earnings per share (Diluted)	0.48	0.62	1.58

The accompanying notes are an integral part of these consolidated financial statements

STMicroelectronics N.V
CONSOLIDATED BALANCE SHEET

In thousands of U.S. dollars	As at December 31, 1999	As at December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	1 823 086	2 295 703
Marketable securities	-	35 155
Trade accounts and notes receivable	913 282	1 496 446
Inventories	619 402	876 476
Other receivables and assets	435 784	554 035
Total current assets	3 791 554	5 257 815
Intangible assets, net	179 947	286 121
Property, plant and equipment, net	3 873 019	6 201 071
Investments and other non-current assets	85 783	135 488
	4 138 749	6 622 680
Total assets	7 930 303	11 880 495
Liabilities and shareholders' equity		
Current liabilities		
Bank overdrafts	26 471	35 599
Current portion of long-term debt	96 669	105 972
Trade accounts and notes payable	998 881	1 745 553
Other payables and accrued liabilities	381 845	509 165
Accrued and deferred income tax	189 308	299 638
Total current liabilities	1 693 174	2 695 927
Long-term debt	1 348 477	2 700 482
Reserves for pension and termination indemnities	108 294	110 244
Other non-current liabilities	191 660	216 235
	1 648 431	3 026 961
Total liabilities	3 341 605	5 722 888
Commitments and contingencies		
Minority interests	24 757	32 958
Common stock	1 112 680	1 133 739
Capital surplus	1 395 307	1 689 824
Accumulated result	2 551 817	3 977 316
Accumulated other comprehensive income	-495 863	-676 230
Shareholders' equity	4 563 941	6 124 649
Total liabilities and shareholders' equity	7 930 303	11 880 495

The accompanying notes are an integral part of these consolidated financial statements

STMicroelectronics N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of U.S. dollars	Twelve months ended December 31, 1998	December 31, 1999	December 31, 2000
Cash flows from operating activities:			
Net income	411 121	547 252	1 452 102
Add (deduct) non-cash items:			
Depreciation and amortization	704 004	806 789	1 108 180
Amortization of discount on convertible debt	4 657	12 576	29 077
Other non-cash items	5 240	4 285	10 133
Minority interest in net income of subsidiaries	629	2 656	2 207
Deferred taxes	34 333	28 711	-4 535
Changes in assets and liabilities:			
Trade accounts and notes receivable	-1l5 879	-164 564	-631 049
Inventories	-18 807	-38 340	-299 993
Trade accounts and notes payable	45 982	208 899	579 436
Other assets and liabilities, net	-58 733	61 018	186 214
Net cash provided by operating activities	1 012 547	1 469 282	2 431 772
Cash flows from investing activities:			
Payment for purchases of tangible assets	-947 253	-1 347 537	-3 317 600
Other investing activities	-18 997	-190 290	-249 543
Net cash used in investing activities	-966 250	-1 537 827	-3 567 143
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	424 955	756 836	1 661 202
Repayment of long-term debt	-72 396	-48 080	-87 223
Increase (decrease) in short-term facilities	-233 261	-1l0 308	30 665
Capital increase	233 334	230 437	38 175
Dividends paid	-	-22 848	-26 603
Net cash provided by financing activities	352 632	806 037	1 616 216
Effect of changes in exchange rates	-334	-15 158	-8 228
Net cash increase	398 595	722 334	472 617
Cash and cash equivalents at beginning of the period	702 157	1 100 752	1 823 086
Cash and cash equivalents at end of the period	1 100 752	1 823 086	2 295 703

The accompanying notes are an integral part of these consolidated financial statements

STMicroelectronics N.V.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of U.S. dollars, except per share amounts

	Common Stock	Capital Surplus	Accumulated Result	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
Balance as of December 31, 1997	1 073 990	930 945	1 616 292	-313 781	3 307 446
Capital increase	22 753	204 581			227 334
Comprehensive income:					
Net Income			411 121		411 121
Other comprehensive income, net of tax				137 409	137 409
Comprehensive income					548 530
Balance as of December 31, 1998	1 096 743	1 135 526	2 027 413	-176 372	4 083 310
Capital increase	15 937	259 781			275 718
Comprehensive income:					
Net Income			547 252		547 252
Other comprehensive loss, net of tax				-319 491	-319 491
Comprehensive income					227 761
Dividends, $0.027 per share			-22 848		-22 848
Balance as of December 31, 1999	1 112 680	1 395 307	2 551 817	-495 863	4 563 941
Capital increase	21 059	294 517			315 576
Comprehensive income:					
Net Income			1 452 103		1 452 103
Other comprehensive loss, net of tax				-180 367	-180 367
Comprehensive income					1 271 736
Dividends, $0.03 per share			-26 604		-26 604
Balance as of December 31, 2000	1 133 739	1 689 824	3 977 316	-676 230	6 124 649

The accompanying notes are an integral part of these consolidated financial statements

1. THE COMPANY

STMicroelectronics N.V. (formerly known as SGS-THOMSON Microelectronics N.V.) (the "Company") was formed in 1987 by the combination of the semiconductor business of SGS Microelettronica (then owned by Societa Finanziaria Telefonica (S.T.E.T.), an Italian corporation) and the non-military business of Thomson Semiconducteurs (then owned by Thomson-CSF, a French corporation) whereby each company contributed their respective semiconductor businesses in exchange for a 50% interest in the Company. The Company designs, develops, manufactures and markets a broad range of semiconductor integrated circuits and discrete devices that are used in a wide variety of microelectronic applications.

The Company is registered in The Netherlands with its statutory domicile in Amsterdam.

At December 31, 2000, the Company was 43.77% (December 31, 1999: 44.80%) owned by STMicroelectronics Holding II B.V. and 56.23% by the public (December 31, 1999: 55.20%).

At December 31, 1999, and at December 31, 2000, STMicroelectronics Holding II B.V. was 100% owned by STMicroelectronics Holding N.V.

At December 31, 1999, STMicroelectronics Holding N.V. was owned as follows:

- 50% by FT1CI, a French holding company, whose shareholders are CEA-Industrie (51%) and France Telecom (49%).

- 50% by Finmeccanica, an Italian holding company, whose shareholders are Istituto per la Ricostruzione Industriale S.p.a. (I.R.I.) (54.2%), the Italian Ministry of Treasury (28.9%) and the public (16.9%).

At December 31, 2000, STMicroelectronics Holding N.V. was owned as follows:

- 50% by FT1CI, a French holding company, whose shareholders are CEA-Industrie (51%) and France Telecom (49%).

- 50% by Finmeccanica, an Italian holding company, whose shareholders are Istituto per la Ricostruzione Industriale S.p.a. (I.R.I.) (5.0%), the Italian Ministry of Treasury (32.4%) and the public (62.6%).

2. SUMMARY OF ACCOUNTING POLICIES

2.1) Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Company's consolidated financial statements include the assets, liabilities and results of operations of its majority-owned subsidiaries. The ownership of other interest holders is reflected as minority interests. Intercompany balances and transactions have been eliminated in consolidation.

2.2) Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes to the financial statements. Actual results could differ from those estimates and may affect amounts reported in future periods.

2.3) Foreign currency

The U.S. dollar is the reporting currency for the Company because the dollar is the currency of reference in terms of market pricing in the world-wide semiconductor industry. Furthermore, there is no currency in which the majority of transactions are denominated, and revenues from external sales in U.S. dollars exceed revenues in any other currency.

The functional currency of each subsidiary throughout the group is generally the local currency. For consolidation purposes, assets and liabilities of these subsidiaries are translated at current rates of exchange at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. The effects of translating the financial position and results of operations from local functional currencies are included in "other comprehensive income".

Assets, liabilities, revenue, expenses, gains or losses arising from foreign currency transactions are recorded in the functional currency of the recording entity at the exchange rate in effect at the date of the transaction. At each balance sheet date, recorded balances denominated in a currency other than the recording entity's functional currency are translated at the exchange rate prevailing at that date. The related exchange gains and losses are recorded in the income statement.

The Company conducts its business on a global basis in various major international currencies. As a result, it is exposed to adverse movements in foreign currency exchange rates. The Company utilizes foreign exchange forward contracts and currency options to cover foreign currency exposure. For the forward contracts and currency options that are considered identifiable hedges, recognition of gains and losses is deferred until settlement of the underlying commitments. Realized gains and losses are recorded as other income or expense when the underlying exposure materializes or the hedged transaction is no longer expected to occur. The discount or premium on these forward contracts designated as a hedge, are recorded as an asset or liability and amortized to interest expense over the term of the contract. For the forward contracts and currency options that are not considered identifiable hedges, recognition of gains and losses is recognized at each reporting period, based on the fair market value of the forward contract. Realized gains or losses are recorded as other income and expense.

2.4) Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

2.5) Income recognition

* Sales

Revenue on sales of semiconductor products is recognized upon transfer of the ownership of the goods at shipment. A portion of the Company's sales are made to distributors who participate in certain programs common in the semiconductor industry whereby the distributors are allowed to return merchandise under certain circumstances and may receive future price reductions. Provision is made at the time of sale for estimated product returns and price protection which may occur under programs the Company has with these customers.

* Fundings

Government fundings are recognized as the related costs are incurred, commencing when the fundings' contract is signed with the relevant government department or agency. Government fundings for research and development are included in "other income and expenses". Government fundings for capital expenditures are deducted from the cost of the related fixed assets and reduce depreciation over the assets' remaining estimated useful lives.

* Other revenue

Other revenue consists of co-development contract fees, certain contract indemnity payments and patent royalty income. Other revenue is recognized rateably over the term of the agreement.

In December 1999, the Securities and Exchange Commission released Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), providing the staff's view on applying generally accepted accounting principles to selected revenue recognition issues. The Company adopted SAB 101 in the fourth quarter of 2000, as required. The adoption of SAB 101 did not have a material effect on the Company's financial position or overall trends in results of operations.

2.6) Advertising costs

Advertising costs are expensed as incurred. Advertising expenses for 1998, 1999 and 2000 were $16,012, $21,102 and $30,421, respectively.

2.7) Research and development

Research and development costs are charged to expense as incurred. Research and development costs include costs incurred by the Company as well as the Company's share of costs incurred by other research and development interest groups.

2.8) Start-up costs

Start-up costs incurred in the Company's new manufacturing facilities, before reaching a minimum level of production, are included in "other income and expenses" in the accompanying consolidated statement of income.

2.9) Income taxes

The provision for current taxes represents the income taxes expected to be payable for the current year. Deferred tax assets and liabilities are recorded for all temporary differences arising between the tax and book bases of assets and liabilities and for the benefits of tax credits and loss carryforwards. Those deferred tax assets and liabilities are measured using the enacted tax rates at which they are expected to be realized or paid. A valuation allowance is provided where necessary to reduce deferred tax assets to the amount expected to be "more likely than not" realized in the future.

2.10) Earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share are computed by dividing net income (less interest expense, net of tax effects, related to convertible debt) by the weighted average number of common shares and common share equivalents outstanding during the period. The weighted average shares used to compute diluted earnings per share include the incremental shares of common stock relating to outstanding options and convertible debt to the extent such incremental shares are dilutive.

2.11) Cash equivalents

All highly liquid investments purchased with an original maturity of ninety days or less are considered to be cash equivalents.

2.12) Marketable securities

Management determines the appropriate classification of debt and equity securities at the time of purchase and reassesses the classification at each reporting date. All marketable securities are classified as available-for-sale and are reported at fair value with net unrealized gains or losses reported as a separate component of comprehensive income in the statement of shareholders' equity. Unrealized losses that are other than temporary are recognized in net income. Gains and losses on securities sold are determined based on the specific identification method and are included in other income and expense.

2.13) Inventories

Inventories are stated at the lower of cost or market. Cost is computed on a currently adjusted standard basis which approximates actual cost on a current average basis.

2.14) Intangible assets

Intangible assets include the cost of technologies and licenses purchased from third parties, amortized over a period ranging from three to seven years, and goodwill acquired in business combinations amortized over its estimated useful life, generally three to five years.

The carrying value of long-lived assets, including intangibles, is evaluated whenever changes in circumstances indicate the carrying amount of such assets may not be recoverable. In performing such review for recoverability, the Company compares the expected future cash flow to the carrying value of long-lived assets and identifiable intangibles. If the anticipated undiscounted future cash flows are less than the carrying amount of such assets, the Company recognizes an impairment loss for the difference between the carrying amount of the assets and their estimated fair value.

2.15) Property, plant and equipment

Property, plant and equipment are stated at cost, net of government fundings. Major renewals and improvements are capitalized; minor replacements, maintenance and repairs are charged to current operations. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	33 years
Leasehold improvements	10 years
Machinery and equipment	6 years
Computer and R&D equipment	3-6 years
Other	2-5 years

Assets subject to leasing agreements and classified as capital leases are included in property, plant and equipment and depreciated over the shorter of the estimated useful life or the lease term.

When property, plant or equipment is retired or otherwise disposed of, the net book value of the asset is removed from the Company's books and the net gain or loss is included in the determination of income.

2.16) Investments

The equity accounting method is used when the Company has both a 20% to 50% equity interest and the ability to exercise significant influence over the investee. The Company also holds certain equity investments constituting less than 20% ownership of the investee. These investments are carried at historical cost. Although the market value of the investments is not readily determinable, management believes the fair value of these investments exceed their carrying amounts.

For those investments with readily determinable market values, the Company has accounted for those investments as available-for-sale. These investments are reported at fair value with the net unrealized gains or losses reported as a separate component of comprehensive income in the statement of shareholders' equity. Unrealized losses that are other than temporary are recognized in net income.

2.17) Pension and termination indemnities

The Company sponsors various retirement plans for its employees; such plans include both defined benefit and defined contribution plans. Upon retirement, the Company's employees receive benefits provided by the pension plan arrangements. These plans conform with local regulations and practices of the countries in which the Company operates.

2.18) Comprehensive income

Comprehensive income is defined as the change in equity of a business during a period from transactions and circumstances related to non-owner sources, and includes all changes in equity except those resulting from investment by owners and distributions to owners. In the Company's case, "other comprehensive income" consists of foreign currency translation adjustments and the unrealized gain or loss on marketable securities.

2.19) Stock splits

In May 1999, the Company's shareholders approved a two-for-one stock split of the Company's common stock. The record date for the stock split was June 16, 1999, and the distribution date was June 17, 1999. In April 2000, the Company's shareholders approved a three-for-one stock split of the Company's common stock. The record date for the stock split was May 5, 2000, and the distribution date was May 6, 2000. All earnings per share amounts, references to common stock, shareholders' equity amounts and stock option plan data have been restated as if the stock splits had occurred as of the earliest period presented.

2.20) New accounting pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities". FAS 133 is required to be adopted for fiscal years beginning after June 15, 2000. This statement establishes accounting and reporting standards for derivative instruments and requires recognition of all derivatives as assets or liabilities in the balance sheet, and the measurement of those instruments at fair value. The Company will adopt the standards required by this statement in the first quarter of 2001. Management is in the process of fully evaluating the impact, if any, that this new standard may have on future consolidated results of operations, financial position, or financial statement disclosure.

3. CONSOLIDATED ENTITIES

The consolidated financial statements include the accounts of STMicroelectronics N.V. and the following entities as of December 31, 2000:

Legal Seat		Name	Percentage Ownership (Direct or Indirect)
United Kingdom	London	STMicroelectronics LTD	100
	London	Thomson Components LTD	100
	Bristol	STMicroelecrtonics E.E.I.G.	100
Canada	Nepean	STMicroelectronics (Canada), Inc.	100
Israel	Netania	W.S.I. Ltd.	100
Sweden	Stockholm	STMicroelectronics A.B.	100
Germany	Munich	STMicroelectronics GmbH	100
Switzerland	Geneva	STMicroelectronics S.A.	100
Malta	Malta	STMicroelectronics LTD	100
Spain	Madrid	STMicroelectronics S.A.	100
France	Paris	STMicroelectronics S.A.	100
	Paris	STMicroelectronics S.A.S.	100
Italy	Milano	STMicroelectronics S.R.L.	100
	Catania	CO.RI.M.ME.	100
	Milano	Accent S.R.L.	51
Singapore	Singapore	STMicroelectronics PTE LTD	100
	Singapore	STMicroelectronics ASIA PACIFIC PTE LTD	100
Malaysia	Muar	STMicroelectronics SDN BHD	100
	Muar	STMicroelectronics (Malaysia) SDN BHD	100
Japan	Tokyo	STMicroelectronics KK	100
Hong Kong	Hong Kong	STMicroelectronics LTD	100
Australia	Sydney	STMicroelectronics PTY LTD	100
United States	Dallas	STMicroelectronics Inc	100
	Rancho Bernardo	STMicroelectronics (RB), Inc.	100
	Dallas	STMicroelectronics Leasing Co. Inc.	100
	La Jolla	Metaflow Technologies Inc.	100
	Wilsonville	The Portland Group, Incorporated	100
Brazil	Sao Paulo	STMicroclectronics Ltda	100
Morocco	Casablanca	STMicroelectronics S.A.	100
	Casablanca	Electronic Holding S.A.	100
China	Shenzhen	Shenzhen STS Microelectronics Co. LTD	60
	Shenzhen	STMicroelectronics (Shenzen) Co. LTD.	100
India	New Delhi	STMicroelectronics PTE LTD	100
Finland	Helsinki	STMicroelectronics OY	100

4. MARKETABLE SECURITIES AND CERTAIN INVESTMENTS

The marketable securities and certain investments had a cost basis of $31,831 and a fair value of $42,093 at December 31, 2000. The unrealized gain at December 31, 2000 related to these investments was $10,262. The Company did not own any marketable securities or investments accounted for at fair value at December 31, 1999. For fiscal years 1998, 1999 and 2000, gross realized gains and losses were $0, $0 and $8,952, respectively.

5. TRADE ACCOUNTS AND NOTES RECEIVABLE

Trade accounts and notes receivable consist of the following:

	December 31, 1999	December 31, 2000
Trade accounts and notes receivable	924 872	1 512 270
Less valuation allowance	-11 590	-15 824
Total	913 282	1 496 446

During 1998 no customer individually represented over ten percent of consolidated net revenues. In 1999, one customer represented 11.4% of consolidated net revenues and in 2000 one customer represented 13.4% of consolidated net revenues.

6. INVENTORIES

Inventories consist of the following:

	December 31, 1999	December 31, 2000
Raw materials	101 590	88 501
Work-in-process	395 320	588 263
Finished products	122 492	199 712
Total	619 402	876 476

7. OTHER RECEIVABLES AND ASSETS

Other receivables and assets consist of the following:

	December 31, 1999	December 31, 2000
Receivables from government agencies	152 237	139 418
Taxes and other government receivables	61 523	99 499
Down payment to suppliers	11 394	20 283
Loans to employees	3 557	3 914
Prepaid expenses	17 648	71 800
Sundry debtors	35 053	97 708
Deferred tax assets	73 079	71 651
Other	81 293	49 762
Total	435 784	554 035

Receivables from government agencies relate to research and development contracts, industrialization contracts and capital expenditures.

8. INTANGIBLE ASSETS

Intangible assets consist of the following:

	December 31, 1999	December 31, 2000
Goodwill	67 417	116 898
Technologies and licenses	202 560	315 532
Less accumulated amortization	-90 030	-146 309
Total	179 947	286 121

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

December 31, 1999	Gross	Depreciation	Net
Land and buildings	616 035	-132 973	483 062
Machinery and equipment	6 216 830	-3 266 819	2 950 011
Other tangible fixed assets	321 494	-235 968	85 526
Construction in progress	354 420	-	354 420
Total	7 508 779	-3 635 760	3 873 019

December 31, 2000	Gross	Depreciation	Net
Land and buildings	710 456	-144 422	566 034
Machinery and equipment	8 698 233	-3 689 854	5 008 379
Other tangible fixed assets	385 581	-254 406	131 175
Construction in progress	495 483	-	495 483
Total	10 289 753	-4 088 682	6 201 071

10. INVESTMENTS AND OTHER NON-CURRENT ASSETS

Investments and other non-current assets consist of the following:

	December 31, 1999	December 31, 2000
Investments	20 056	18 132
Long-term deposits and receivables	12 435	66 426
Deferred tax assets	33 373	15 916
Debt issuance costs, net	19 919	35 014
Total	85 783	135 488

11. SHAREHOLDERS' EQUITY

Public offerings of shares

In connection with a secondary offering of common stock in June 1998, the Company issued 18,000,000 new shares of common stock, which resulted in an increase in common stock and capital surplus of $20,378 and $188,320, respectively. In connection with a secondary offering of common stock in September 1999, the Company issued 8,970,000 new shares of common stock, which resulted in an increase in common stock and capital surplus of $9,740 and $207,027, respectively.

Outstanding shares

The authorized share capital of the Company is EUR 1,809,600,000, consisting of 1,200,000,000 common shares and 540,000,000 preference shares each with a nominal value of EUR 1.04. As of December 31, 1998, 1999 and 2000, the number of shares of common stock outstanding at a par value of EUR 1.04 was 854,868,636 shares, 869,424,420 shares and 889,881,287 shares, respectively. There were no preference shares outstanding as of December 31, 1998, 1999 and 2000.

Preference shares

In May 1999, the Company's shareholders approved the creation of 540,000,000 preference shares. The preference shares entitle a holder to full voting rights and to a preferential right to dividends and distributions upon liquidation. In May 1999, the Company entered into an option agreement with ST Holding II B.V. in order to protect the Company from a hostile takeover or other similar action. The option agreement provides for 540,000,000 preference shares to be issued to ST Holding II B.V. upon their request based on approval by the Company's Supervisory Board. ST Holding II B.V. would be required to pay at least 25% of the par value of the preference shares to be issued, and to retain ownership of at least 33% of the Company's issued share capital.

Stock option plans

In 1995, the Shareholders voted to adopt the 1995 Stock Option Plan (the "1995 Plan") whereby options for up to 33,000,000 shares may be granted in installments over a five year period. Under the 1995 Plan, the options may be granted to purchase shares of common stock at a price not lower than the market price of the shares on the date of grant, and generally vest over four years and are exercisable over a period of eight years.

In 1996, the Shareholders voted to adopt the Supervisory Board Option Plan whereby each member of the Supervisory Board was eligible to receive, during the three year period 1996-1998, 18,000 options for 1996 and 9,000 options for both 1997 and 1998, to purchase shares of common stock at the closing market price of the shares on the date of the grant. In the same three-year period, each professional of the Supervisory Board was eligible to receive 9,000 options for 1996 and 4,500 options for both 1997 and 1998. Under the Plan, the options vest over one year and are exercisable for a period expiring eight years from the date of grant.

In 1999, the Shareholders voted to renew the Supervisory Board Option Plan whereby each member of the Supervisory Board may receive, during the three year period 1999-2001, 18,000 options for 1999 and 9,000 options for both 2000 and 2001, to purchase shares of capital stock at the closing market price of the shares on the date of the grant. In the same three-year period, each professional of the Supervisory Board may receive 9,000 options for 1999 and 4,500 options for both 2000 and 2001. Under the Plan, the options vest over one year and are exercisable for a period expiring eight years from the date of grant.

A summary of stock option activity for the plans for the three years ended December 31, 2000, follows:

		Price Per Share	
	Number of Shares	Range	Weighted Average
Outstanding at December 31, 1997	12 000 180	$1.50 - $14.23	$8,48
Options granted:			
1995 Plan	3 900 000	$12.03	$12.03
Supervisory Board Plan	90 000	$12.03	$12.03
Options cancelled	-57 390	$6.04 - $14.23	$8.00
Options exercised	-344 460	$1.54 - $ 9.00	$2.14
Outstanding at December 31, 1998	15 588 330	$1.54 - $14.23	$9.53
Options granted:			
1995 Plan	8 878 200	$24.88	$24.88
Supervisory Board Plan	180 000	$24.88	$24.88
Options cancelled	-161 640	$6.04 - $24.88	$14.30
Options exercised	-2 767 200	$1.33 - $14.23	$5.47
Outstanding at December 31, 1999	21 717 690	$6.04 - $24.88	$16.41
Options granted:			
1995 Plan	7 570 890	$50.69 - $62.01	$58.77
Supervisory Board Plan	103 500	$62.01	$62.01
Options cancelled	-253 950	$6.04 - $62.01	$27.57
Options exercised	-1 988 195	$6.04 - $24.88	$6.94
Outstanding at December 31, 2000	27 149 935	$6.04 - $62.01	$28.98

Stock options exercisable were as follows:

	December 31, 1998	December 31, 1999	December 31, 2000
Options exercisable	820 920	2 631 330	5 149 338
Weighted average exercise price	$4.92	$6.46	$9.72

The weighted average remaining contractual life of options outstanding as of December 31, 1999 and December 31, 2000 was 6.4 and 6.1 years respectively.

The range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life of options outstanding as of December 31, 2000 was as follows:

Number of shares	Option price range	Weighted average exercise price	Weighted average remaining contractual life
3 017 360	$6.04	$6.04	3.2 years
3 657 455	$14.23	$14.23	4.7 years
3 885 840	$12.03	$12.03	5.6 years
8 918 100	$24.88	$24.88	6.7 years
126 840	$55.25	$55.25	7.1 years
5 391 700	$62.01	$62.01	7.5 years
70 000	$52.88	$52.88	7.7 years
2 019 640	$50.69	$50.69	7.9 years
63 000	$9.00	$9.00	3.8 years

The range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life of options exercisable as of December 31, 2000 was as follows:

Number of shares	Option price range	Weighted average exercise price	Weighted average remaining contractual life
3 017 360	$6.04	$6.04	3.2 years
1 843 978	$14.23	$14.23	4.7 years
63 000	$9.00	$9.00	3.8 years
45 000	$12.03	$12.03	5.6 years
180 000	$24.88	$24.88	6.7 years

Employee stock purchase plans

In June 1998, the Company offered to certain of its employees world-wide the right to acquire up to 2,400 shares of capital stock per employee, at a price of $10.59 (63 French francs, 18,467 Italian lira) per share, representing a discount of twelve percent from the market price. A total of 1,729,794 shares were issued to participating employees world-wide as a result of the offering. In November 2000, the Company offered to certain of its employees world-wide the right to acquire up to 275 shares of capital stock per employee, at a price of $38.675 (45 Euro) per share, representing a discount of fifteen percent from the market price. A total of 559,929 shares were issued to participating employees world-wide as a result of the offering.

Fair value of stock-based compensation

The Company has various stock option plans and employee stock purchase plans, as described above. The Company applies the intrinsic-value-based method prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock lssued to Employees" (APB 25), and related Interpretations, in accounting for stock-based awards to employees. Under APB 25, the Company generally recognizes no compensation expense with respect to such awards.

Pro forma information regarding net income and earnings per share is required by Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" (FAS 123) as if the Company had accounted for its stock-based awards to employees under the fair value method prescribed by FAS 123. The fair value of the Company's stock-based awards to employees was estimated using a Black-Scholes option pricing model. The fair value was estimated using the following weighted-average assumptions:

	1998	1999	2000
Expected life (years)	5	5	5
Volatility	38.2%	41.0%	42.2%
Risk-free interest rate	5.4%	5.8%	6.0%
Dividend yield	-	0.10%	0.05%

The weighted average fair value of options granted during 1998, 1999 and 2000 was $5.65, $11.08 and $27.12 per option, respectively.

If compensation cost for the Company's stock-based compensation plans had been determined based on the fair value at the grant dates consistent with FAS 123, the Company's net income and earnings per share would have been adjusted to the pro forma amounts indicated below:

	Year ended Dec 31, 1998	Year ended Dec 31, 1999	Year ended Dec 31, 2000
Net income			
Pro forma	393 398	522 593	1 387 278
Pro forma earnings per share			
Basic	0.47	0.61	1.57
Diluted	0.46	0.59	1.51

These pro forma amounts include amortized fair values attributable to stock-based awards granted after December 31, 1995 only, and are therefore not representative of future pro forma amounts.

Retained earnings

At December 31, 2000, the amount of retained earnings available to pay dividends under Dutch law was approximately $5,263,500 (1999: $3,653,000). Retained earnings for purposes of this calculation are based upon generally accepted accounting principles in The Netherlands. The Company's subsidiaries are subject to the laws of the countries in which they are domiciled. These laws may restrict the ability of the subsidiaries to transfer funds to the Company. Such restrictions are not considered to be significant as of December 31, 2000.

Other comprehensive income

The accumulated balances related to each component of other comprehensive income were as follows:

	Foreign Currency Translation gains (losses)	Unrealized gains (losses) on securities	Accumulated other comprehensive income (loss)
Balance as of December 31, 1997	-313 781	-	-313 781
Other comprehensive income, net of tax	137 409	-	137 409
Balance as of December 31, 1998	-176 372	-	-176 372
Other comprehensive income, net of tax	-319 491	-	-319 49l
Balance as of December 31, 1999	-495 863	-	-495 863
Other comprehensive income, net of tax	-190 629	10 262	-180 367
Balance as of December 31, 2000	-686 492	10 262	-676 230

12. EARNINGS PER SHARE

For the years ended December 31, 1998, 1999 and 2000 earnings per share (EPS) was calculated as follows:

	Year ended Dec 31, 1998	Year ended Dec 31, 1999	Year ended Dec 31, 2000
Basic EPS			
Net income	411 121	547 252	1 452 103
Weighted average shares outstanding	845 112 048	859 111 668	885 728 493
Basic EPS	0.49	0.64	1.64
Diluted EPS			
Net income	411 121	547 252	1 452 103
Convertible debt interest, net of tax	4 566	13 387	28 204
Net income adjusted	415 687	560 639	1 480 307
Weighted average shares outstanding	845 112 048	859 111 668	885 728 493
Dilutive effect of stock options	3 795 378	7 995 558	13 831 539
Dilutive effect of convertible debt	15 425 754	34 116 684	36 499 180
Number of shares used in calculating EPS	864 333 180	901 223 910	936 059 212
Diluted EPS	0.48	0.62	1.58

13. RETIREMENT PLANS

The Company and its subsidiaries have a number of defined benefit pension plans covering employees in various countries. The plans provide for pension benefits, the amounts of which are calculated based on factors such as years of service and employee compensation levels. Eligibility is generally determined in accordance with local statutory requirements.

	December 31, 1999	December 31, 2000
Change in benefit obligation:		
Benefit obligation at beginning of year	87 949	102 363
Service cost	8 087	7 762
Interest cost	5 693	6 189
Benefits paid	-3 110	-2 532
Actuarial losses	9 137	14 053
Foreign currency translation adjustments	-3 656	-5 964
Other	-1 737	634
Benefit obligation at end of year	102 363	122 505
Change in plan assets:		
Plan assets at fair value at beginning of year	83 287	99 448
Actual return on plan assets	13 424	1 266
Employer contributions	8 080	2 777
Benefits paid	-3 110	-2 532
Foreign currency translation adjustments	-2 286	-6 076
Other	53	405
Plan assets at fair value at end of year	99 448	95 288
Funded status	-2 915	-27 217
Unrecognized prior service cost	7 853	6 967
Unrecognized transition obligation	-3 022	-2 310
Unrecognized net actuarial gain (loss)	-2 034	16 957
Accrued benefit cost	-118	-5 603

Net amount recognized in the balance sheet consists of the following:

	December 31, 1999	December 31, 2000
Prepaid benefit cost	5 663	7 423
Accrued benefit liability	-8 005	-15 174
Intangible asset	2 224	2 148
Net amount recognized	-118	-5 603

The components of the net periodic benefit cost includes the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Service cost	5 618	8 087	7 762
Interest cost	5 202	5 693	6 189
Expected return on plan assets	-6 147	-5 956	-7 020
Amortization of unrecognized transition obligation	-366	-324	-303
Recognized gains and losses	56	503	70
Recognition of prior service cost	762	850	847
Net periodic benefit cost	5 125	8 853	7 545

The weighted average assumptions used in the determination of the net pension cost for the pension plans were as follows:

Assumptions	1998	1999	2000
Discount rate	7.16%	6.30%	6.22%
Salary increase rate	4.49%	3.81%	4.15%
Expected rate of return on funds	8.42%	7.04%	6.20%

The Company also has defined contribution pension plans which provide retirement benefits to certain of its employees. The benefit accrues to the employees on a pro-rata basis, adjusted for inflation, during their employment period and is based on the individuals' salary. As of December 31, 1999 and 2000, the Company accrued $100,290 and $99.961 respectively, for these defined contribution pension plans. The annual cost of these plans amounted to approximately $13,800, $15,200 and $18,000 in 1998, 1999 and 2000 respectively.

14. LONG-TERM DEBT

Long-term debt, all of which is unsecured, includes debt held by the following subsidiaries:

	December 31, 1999	December 31, 2000
STMicroelectronics S.A. (France)		
- 4.90% Bank loan due 2002	30 718	21 278
- 4.88% Bank loan due 2002	30 718	21 278
- 5.21 % Other bank loans	21 557	157 037
STMicroelectronics s.r.l. (Italy)		
- 5.68% Bank loan due 2002	52 033	32 928
- 5.35% Bank loan due 2006	34 322	27 501
- 4.22% Other bank loans	95 234	57 955
STMicroelectronics N.V. (Netherlands)		
- 1.75% Liquid Yield Option Notes (LYONS due 2008)	398 251	112 520
- 2.44% Liquid Yield Option Notes (LYONS due 2009)	725 813	743 371
- 3.75% Convertible Bonds (due 2010)	-	1 486 738
STMicroelectronics (other countries)		
- 6.53% Other bank loans	56 500	145 848
Total long-term debt	1 445 146	2 806 454
Less current portion	96 669	105 972
Long-term debt, less current portion	1 348 477	2 700 482

Long-term debt is denominated in the following currencies:

	December 31, 1999	December 31, 2000
U.S. dollar	1 157 366	2 445 569
Italian lira	192 432	128 398
French franc	82 993	199 593
Other	12 355	32 894
Total	1 445 146	2 806 454

Aggregate future maturities of long-term debt outstanding are as follows:

	December 31, 2000
2001	105 972
2002	111 572
2003	84 457
2004	57 555
2005	47 492
Thereafter	2 399 406
Total	2 806 454

In June 1998, the Company issued $513,852 face value of zero-coupon subordinated convertible notes (LYONs), due 2008, for net proceeds of $421,837. The notes are convertible at any time by the holders at the rate of 53.712 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on June 10, 2003 or by the Company on or after that date at the book value, payable in cash. The notes are subordinated to all the other existing and future indebtedness of the Company.

In September 1999, the Company issued $918,530 face value of zero-coupon subordinated convertible notes (LYONs), due 2009, for net proceeds of $708,288. The notes are convertible at any time by the holders at the rate of 26.292 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on September 22, 2004 or by the Company on or after that date at the book value, payable in cash. The notes are subordinated to all the other existing and future indebtedness of the Company.

In November 2000, the Company issued $2,145,923 face value of zero-coupon unsubordinated convertible bonds, due 2010, for net proceeds of $1,457,828. The debt discount of $665,923 is amortized straight-line over the term of the debt and recorded as interest expense. The notes are convertible at any time by the holders at the rate of 9.32 shares of the Company's common stock for each one thousand dollar face value of the notes. The notes may be redeemed by the holders on November 16, 2005 or by the Company on or after that date at the book value, payable in cash. The notes are unsubordinated to all the other existing and future indebtedness of the Company.

During 1999, $52,476 face amount of convertible bonds were converted into 939,528 shares of common stock. During 2000, $333,580 face amount of convertible bonds were converted into 17,908,743 shares of common stock.

Credit facilities

The Company has revolving line of credit agreements with several financial institutions totaling $884,000. At December 31, 2000, amounts available under the lines of credit are reduced by borrowings of $35,599 at an average interest rate of 6.47%.

15. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities consist of the following:

	December 31, 1999	December 31, 2000
Taxes other than income taxes	64 950	50 228
Salaries and wages	111 125	181 516
Social charges	53 781	70 957
Advances received on fundings	38 686	10 562
Commercial rebates	23 775	32 755
Royalties payable	13 195	42 313
Other	76 333	120 834
Total	381 845	509 165

16. OTHER REVENUES

Other revenues consist of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Licensing revenues	1 765	-	-
Miscellaneous sales	27 833	30 205	41 229
Other	7 536	2 962	7 570
Total	37 134	33 167	48 799

17. OTHER INCOME AND EXPENSES

Other income and expenses consist of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Research and development funding	63 531	60 352	42 065
Start-up costs	-12 609	-24 736	-115 137
Exchange gain, net	19 019	14 653	15 767
Other	6 517	-10 429	-26 228
Total	76 458	39 840	-83 533

18. NET INTEREST INCOME

Net interest income consists of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Income	54 294	81 888	111 403
Expense	-45 603	-46 264	-64 700
Total	8 691	35 624	46 703

Cash paid for interest was $48,569 in 1998, $48,086 in 1999 and $64,681 in 2000. Capitalized interest was $5,487 in 1998, $8,317 in 1999 and $1,846 in 2000.

19. INCOME TAX

Income before income tax expense is comprised of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Loss recorded in The Netherlands	-18 730	-17 494	-6 393
Income from foreign operations	550 831	724 616	1 835 822
Income before income tax expense	532 101	707 122	1 829 429

STMicroelectronics N.V. and its subsidiaries are individually liable for income tax. Tax losses can only offset profits generated by the taxable entity incurring such loss.

Income tax expense is comprised of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Domestic taxes - current	-3 886	-4 353	-7 585
Foreign taxes - current	-82 132	-130 904	-342 837
Current taxes	-86 018	-135 257	-350 422
Deferred	-34 333	-21 957	-24 697
Income tax expense	-120 351	-157 214	-375 119

The principal items comprising the differences in income taxes computed at The Netherlands statutory rate (35%) and the effective income tax rate are the following:

Income tax expense is comprised of the following:

	December 31, 1998	December 31, 1999	December 31, 2000
Income tax expense computed at statutory rate	-186 235	-247 493	-640 300
Benefit (deductions) for financial reporting with no tax effect	7 864	-699	-13 349
Variation in valuation allowance	397	3 107	-7 185
Other tax and credits	2 995	8 549	-4 770
Earnings of subsidiaries taxed at different rates	54 628	79 322	290 485
Income tax expense	-120 351	-157 214	-375 119

Permanent differences reflect mainly the effects of capital allowance programs and special tax incentive programs existing in some Asia Pacific and Mediterranean countries, and of various non-deductible items. Included in the line "Earnings of subsidiaries taxed at different rates" are benefits related to certain tax holidays totalling $41,758 in 1998, $49,911 in 1999, $225,193 in 2000.

Deferred tax assets and liabilities consist of the following:

	December 31, 1999	December 31, 2000
Tax loss carryforwards and capital allowances	74 321	22 672
Inventory	41 256	32 702
Other assets	111 447	67 375
Total deferred tax assets	227 024	122 749
Valuation allowance	-12 251	-5 066
Deferred tax assets, net	214 773	117 683
Fixed assets depreciation	-272 184	-191 632
Other liabilities	-52 979	-25 086
Deferred tax liabilities	-325 163	-216 718
Net deferred income tax liability	-110 390	-99 035

Deferred income taxes were classified in the consolidated balance as follows:

	December 31, 1999	December 31, 2000
Other receivables and assets	73 079	71 651
Investments and other non-current assets	33 373	15 916
Accrued and deferred income tax	-31 072	-8 041
Other non-current liabilities	-185 770	-178 561
Net deferred income tax liability	-110 390	-99 035

As of December 31, 2000, the Company and its subsidiaries have net operating loss carryforwards of $66,323 which expire between 2001 and 2006.

The Company paid $75,886 cash for income taxes in 1998, $99,930 cash for income taxes in 1999 and $242,929 cash for income taxes in 2000.

20. COMMITMENTS

Lease commitments

The Company leases land, building, plant and equipment under non-cancellable lease agreements. As of December 31, 2000 the future minimum lease payments to which the Company was committed under operating leases were as follows:

Year	
2001	16 231
2002	12 524
2003	11 331
2004	9 681
2005	7 629
Thereafter	19 124
Total	76 520

Other commitments

As of December 31, 2000, the Company had commitments of $1,670,263 for equipment purchases.

21. CONTINGENCIES

The Company is involved in various lawsuits, claims, investigations and proceedings incidental to the normal conduct of its operations. These matters mainly include the risks associated with external patents utilization, various investigations, claims from customers and tax disputes. Management has accrued for these loss contingencies when the loss is probable and can be estimated. Management believes that these contingencies will not have a material adverse effect on the business, financial condition or results of operations of the Company.

During 2000, the Company acquired a manufacturing facility. The terms of the agreement require the Company to pay additional amounts up to $40,000 if certain conditions are met during the next three years. The contingent payments have not been recorded as of December 31, 2000, as it is not beyond a reasonable doubt that the amounts will be paid.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments and derivatives are used exclusively for purposes other than trading.

Foreign exchange forward contracts and currency options

The Company enters into foreign exchange forward contracts and currency options to manage exposure to fluctuations in foreign currency exchange rates and to cover a portion of both its probable anticipated, but not firmly committed, transactions and transactions with firm foreign currency commitments. These transactions include international sales by various subsidiaries in foreign currencies, foreign currency denominated purchases, intercompany sales and other intercompany transactions. Such contracts outstanding as of December 31, 2000 have remaining terms of one to three months, maturing mainly during the first quarter of 2001.

The notional amounts of foreign exchange forward contracts totaled $611,567 and $780,423 at December 31, 1999 and 2000, respectively. The principal currencies covered are the US dollar, the Euro, the Italian lira, the Japanese Yen, and the Swiss franc.

The risk of loss associated with purchased options is limited to premium amounts paid for the option contracts. The risk of loss associated with forward contracts is equal to the exchange rate differential from the time the contract is entered into until the time it is settled.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of interest-bearing investments, financial instruments with off-balance sheet risks (primarily forward contracts), and trade receivables. The Company places its cash and cash equivalents and certain other financial instruments with a variety of high credit quality financial institutions and has not experienced any material losses relating to such instruments. The Company invests its excess cash in accordance with its investment policy which aims to minimize credit risk.

The Company controls the credit risks associated with financial instruments through credit approvals, investment limits and centralized monitoring procedures but does not normally require collateral or other security from the parties to the financial instruments with off-balance sheet risk. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers and their dispersion across many geographic areas. The Company monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The Company does not anticipate non-performance by counterparties which could have a significant impact on its financial position or results of operations.

Fair value of financial instruments

The estimates of fair value were obtained using prevailing financial market information resulting from various valuation techniques. The methodologies used to estimate fair value are as follows:

Cash and cash equivalents, accounts and notes receivable, bank overdrafts, short-term borrowings, accounts and notes payables

The carrying amounts reflected in the consolidated financial statements are reasonable estimates of fair value because of the relatively short period of time between the origination of the instruments and their expected realization.

Long-term debt and current portion of long-term debt

The fair values of long-term debt were determined based on quoted market prices, and by estimating future cash flows on a borrowing-by-borrowing basis and discounting these future cash flows using the Company's incremental borrowing rates for similar types of borrowing arrangements.

Foreign exchange forward contracts

The fair values of these instruments are estimated based upon quoted market prices for the same or similar instruments.

	1999		2000	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Balance sheet				
- Bank loans (including current portion)	321 082	323 482	463 825	465 922
- Convertible debt	1 124 064	2 521 752	2 342 629	2 859 756
Off-balance sheet				
- Forward exchange contracts	10 412	7 939	8 886	10 943

23. RELATED PARTY TRANSACTIONS

Transactions with significant shareholders and their affiliates were as follows:

	December 31, 1998	December 31, 1999	December 31, 2000
Sales	5 608	19 033	196
Research and development expenses	-16 215	-16 958	-13 663
Other purchases and expenses	-12 406	-2 772	-17 991
Accounts receivable	1 872	6 222	774
Accounts payable	10 509	1 876	1 346

24. SEGMENT INFORMATION

In June 1997, the United States Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" (FAS 131), which the Company adopted effective December 31, 1998. FAS 131 requires that enterprises report certain information about operating segments. It also requires that enterprises report certain information about their products and services, the geographic areas in which they operate, and their major customers. The Company concluded that it has two principal businesses and operates in two segments: the Semiconductor segment and the Subsystems segment. In the Semiconductor segment, the Company designs, develops, manufactures and markets a broad range of products, including discrete, memories and standard commodity components, ASICSs (full custom devices and semicustom devices) and ASSPs for analog, digital, and mixed-signal applications. In the Subsystems segment, the Company designs, develops, manufactures and markets subsystems and modules for the Telecom, Automotive and Industrial markets including mobile phone accessories, battery chargers, ISDN power supplies and in-vehicle equipment for electronic toll payment. The Subsystems segment does not meet the requirements for a reportable segment as defined in FAS 131. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The following is a summary of operations by entities located within the indicated geographic areas for 1998, 1999 and 2000. Long-lived assets consist of net property and equipment and other intangible assets.

Net revenues

	December 31, 1998	December 31, 1999	December 31, 2000
France	474 580	451 243	651 116
Italy	171 143	174 087	249 588
Germany	444 362	470 554	611 115
Other European countries	737 112	828 879	1 484 654
USA	978 662	1 222 743	1 761 783
Singapore	1 261 165	1 669 129	2 277 772
Other countries	180 728	239 641	777 175
Total	4 247 752	5 056 276	7 813 203

Long-lived assets

	December 31, 1998	December 31, 1999	December 31, 2000
France	1 169 273	1 239 540	1 889 729
Italy	899 689	1 117 241	1 650 506
Germany	1 134	1 094	1 620
Other European countries	19 922	236 202	345 359
USA	587 734	736 187	1 081 327
Singapore	216 817	245 386	649 116
Other countries	472 007	477 316	869 530
Total	3 366 576	4 052 966	6 487 187

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, STMicroelectronics N.V. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 9, 2001

STMicroelectronics N.V.

By: /s/ Pasquale Pistorio

Name: Pasquale Pistorio

Title: President and Chief Executive Officer