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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
Needham & Company, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
445 Park Avenue

JUN 26 2003  
613

OFFICIAL USE ONLY  
FIRM I.D. NO.

New York New York 10022-2606  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Glen W. Albanese 212-705-0301  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
KPMG LLP

(Name - if individual, state last, first, middle name)

345 Park Avenue New York New York 10154  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

JUN 30 2003

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

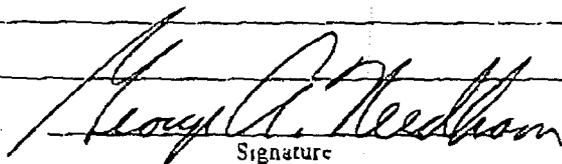
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(c)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, George A. Needham, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Needham & Company, Inc., as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

Chairman & Chief Executive Officer  
Title

  
Notary Public

ANNA L. STRICKLAND  
Notary Public, State of New York  
No. 015T4834341  
Qualified in New York County  
Commission Expires June 25, 2006

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**NEEDHAM & COMPANY, INC.**

Statement of Financial Condition

December 31, 2002

**Assets**

|   |                             |
|---|-----------------------------|
| Cash and cash equivalents   | \$ 28,045,444               |
| Receivable from clearing broker   | 14,797,498                  |
| Securities owned, at market value   | 9,980,418                   |
| Investments, not readily marketable, at fair value  | 13,507,389                  |
| Fees and concessions receivable   | 5,400,098                   |
| Furniture, equipment, and leasehold improvements, at cost, net of<br>accumulated depreciation and amortization of \$5,292,102 | 2,137,478                   |
| Other assets  | 815,586                     |
| <b>Total assets</b>   | <b>\$ <u>74,683,911</u></b> |

**Liabilities and Stockholders' Equity**

**Liabilities:**

|  |                             |
|--|-----------------------------|
| Accounts payable and accrued expenses                  | \$ 8,772,959                |
| Securities sold but not yet purchased, at market value | 8,004,137                   |
| Payable to stockholders                                | 8,208,211                   |
| <b>Total liabilities</b>                               | <b>\$ <u>24,985,307</u></b> |

**Stockholders' equity (note 3):**

|   |                             |
|---|-----------------------------|
| Common stock, par value \$0.01. Authorized 5,000,000 shares;<br>issued 2,818,250 shares | 28,183                      |
| Capital paid in excess of par value   | 8,435,895                   |
| Retained earnings   | 50,976,052                  |
| Treasury stock (631,582 shares)   | (8,004,522)                 |
| Notes receivable from stockholders  | (1,737,004)                 |
| <b>Total stockholders' equity</b>   | <b>\$ <u>49,698,604</u></b> |
| <b>Total liabilities and stockholders' equity</b>                                       | <b>\$ <u>74,683,911</u></b> |

See accompanying notes to financial statements.