

# **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

## **Advanced Micro Devices, Inc.** **Consolidated Statements of Operations**

	Year Ended		
	December 26, 2015	December 27, 2014	December 28, 2013
	(In millions, except per share amounts)		
Net revenue	\$3,991	\$5,506	\$5,299
Cost of sales	2,911	3,667	3,321
Gross margin	1,080	1,839	1,978
Research and development	947	1,072	1,201
Marketing, general and administrative	482	604	674
Amortization of acquired intangible assets	3	14	18
Restructuring and other special charges, net	129	71	30
Goodwill impairment charge	—	233	—
Legal settlements, net	—	—	(48)
Operating income (loss)	(481)	(155)	103
Interest expense	(160)	(177)	(177)
Other expense, net	(5)	(66)	—
Loss before income taxes	(646)	(398)	(74)
Provision for income taxes	14	5	9
Net loss	\$ (660)	\$ (403)	\$ (83)
Net loss per share			
Basic	\$ (0.84)	\$ (0.53)	\$ (0.11)
Diluted	\$ (0.84)	\$ (0.53)	\$ (0.11)
Shares used in per share calculation			
Basic	783	768	754
Diluted	783	768	754

See accompanying notes to consolidated financial statements.

**Advanced Micro Devices, Inc.**  
**Consolidated Statements of Comprehensive Loss**

	Year Ended		
	December 26, 2015	December 27, 2014	December 28, 2013
		(In millions)	
Net loss .....	\$(660)	\$(403)	\$ (83)
Other comprehensive income (loss):			
Unrealized gains (losses) on available-for-sale securities:			
Unrealized gains (losses) arising during period, net of tax effect of \$0 .....	(2)	—	(1)
Reclassification adjustment for (gains) losses realized and included in net loss, net of tax effect of \$0 .....	—	—	2
Total change in unrealized gains (losses) on available-for-sale securities, net of tax .....	(2)	—	1
Unrealized gains (losses) on cash flow hedges:			
Unrealized gains (losses) arising during period, net of tax effect of \$0 .....	(22)	(9)	(6)
Reclassification adjustment for (gains) losses realized and included in net loss, net of tax effect of \$0, \$0 and \$3 ....	21	6	6
Total change in unrealized gains (losses) on cash flow hedges, net of tax .....	(1)	(3)	—
Total other comprehensive income (loss) .....	(3)	(3)	1
Total comprehensive loss .....	\$(663)	\$(406)	\$ (82)

See accompanying notes to consolidated financial statements.

**Advanced Micro Devices, Inc.**

**Consolidated Balance Sheets**

	December 26, 2015	December 27, 2014
	(In millions, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents . . . . .	\$ 785	\$ 805
Marketable securities . . . . .	—	235
Accounts receivable, net . . . . .	533	818
Inventories, net . . . . .	678	685
Prepayments and other—GLOBALFOUNDRIES . . . . .	33	113
Prepaid expenses . . . . .	43	32
Other current assets . . . . .	248	48
Total current assets . . . . .	2,320	2,736
Property, plant and equipment, net . . . . .	188	302
Acquisition related intangible assets, net . . . . .	—	65
Goodwill . . . . .	278	320
Other assets . . . . .	323	344
Total assets . . . . .	\$ 3,109	\$ 3,767
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt . . . . .	\$ 230	\$ 177
Accounts payable . . . . .	279	415
Payable to GLOBALFOUNDRIES . . . . .	245	218
Accrued liabilities . . . . .	472	518
Other current liabilities . . . . .	124	40
Deferred income on shipments to distributors . . . . .	53	72
Total current liabilities . . . . .	1,403	1,440
Long-term debt . . . . .	2,032	2,035
Other long-term liabilities . . . . .	86	105
Commitments and contingencies (see Notes 15 and 16)		
Stockholders' equity:		
Capital stock: . . . . .		
Common stock, par value \$0.01; 1,500 shares authorized on December 26, 2015 and December 27, 2014; shares issued: 806 shares on December 26, 2015 and 788 shares on December 27, 2014; shares outstanding: 792 shares on December 26, 2015 and 776 shares on December 27, 2014 . . . . .	8	8
Additional paid-in capital . . . . .	7,017	6,949
Treasury stock, at cost (14 shares on December 26, 2015 and 12 shares on December 27, 2014 ) . . . . .	(123)	(119)
Accumulated deficit . . . . .	(7,306)	(6,646)
Accumulated other comprehensive loss . . . . .	(8)	(5)
Total stockholders' equity (deficit) . . . . .	(412)	187
Total liabilities and stockholders' equity (deficit) . . . . .	\$ 3,109	\$ 3,767

See accompanying notes to consolidated financial statements.

**Advanced Micro Devices, Inc.**  
**Consolidated Statements of Cash Flows**

	Year Ended		
	December 26, 2015	December 27, 2014	December 28, 2013
	(In millions)		
Cash flows from operating activities:			
Net loss	\$(660)	\$ (403)	\$ (83)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	167	203	236
Net loss on disposal of property, plant and equipment	—	—	31
Stock-based compensation expense	63	81	91
Non-cash interest expense	11	17	25
Goodwill impairment charge	—	233	—
Restructuring and other special charges, net	83	14	—
Net loss on debt redemptions	—	61	1
Other	(3)	(13)	(1)
Changes in operating assets and liabilities:			
Accounts receivable	280	7	(200)
Inventories	(11)	199	(322)
Prepayments and other—GLOBALFOUNDRIES	84	(113)	—
Prepaid expenses and other assets	(111)	(7)	(103)
Accounts payables, accrued liabilities and other	(156)	(231)	266
Payable to GLOBALFOUNDRIES	27	(146)	(89)
Net cash used in operating activities	(226)	(98)	(148)
Cash flows from investing activities:			
Purchases of available-for-sale securities	(227)	(790)	(1,043)
Purchases of property, plant and equipment	(96)	(95)	(84)
Proceeds from sales and maturities of available-for-sale securities	462	873	1,344
Proceeds from sale of property, plant and equipment	8	—	238
Net cash provided by (used in) investing activities	147	(12)	455
Cash flows from financing activities:			
Proceeds from borrowings, net	100	1,155	55
Proceeds from issuance of common stock	5	4	3
Repayments of long-term debt and capital lease obligations	(44)	(1,115)	(55)
Other	(2)	2	10
Net cash provided by financing activities	59	46	13
Net increase (decrease) in cash and cash equivalents	(20)	(64)	320
Cash and cash equivalents at beginning of year	805	869	549
Cash and cash equivalents at end of year	\$ 785	\$ 805	\$ 869
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 149	\$ 138	\$ 152
Income taxes	\$ 3	\$ 7	\$ 9

See accompanying notes to consolidated financial statements.