

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Advanced Micro Devices, Inc.
Consolidated Statements of Operations

	Year Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
	(In millions, except per share amounts)		
Net revenue	\$4,272	\$3,991	\$5,506
Cost of sales	3,274	2,911	3,667
Gross margin	998	1,080	1,839
Research and development	1,008	947	1,072
Marketing, general and administrative	460	482	604
Amortization of acquired intangible assets	—	3	14
Restructuring and other special charges, net	(10)	129	71
Licensing gain	(88)	—	—
Goodwill impairment charge	—	—	233
Operating loss	(372)	(481)	(155)
Interest expense	(156)	(160)	(177)
Other income (expense), net	80	(5)	(66)
Loss before equity loss and income taxes	(448)	(646)	(398)
Provision for income taxes	39	14	5
Equity in income (loss) of ATMP JV	(10)	—	—
Net loss	\$ (497)	\$ (660)	\$ (403)
Net loss per share			
Basic	\$ (0.60)	\$ (0.84)	\$ (0.53)
Diluted	\$ (0.60)	\$ (0.84)	\$ (0.53)
Shares used in per share calculation			
Basic	835	783	768
Diluted	835	783	768

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.
Consolidated Balance Sheets ^{(1) (2)}

	December 31, 2016	December 26, 2015
	(In millions, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,264	\$ 785
Accounts receivable, net	311	533
Inventories, net	751	678
Prepayment and other—GLOBALFOUNDRIES	32	33
Prepaid expenses	63	43
Other current assets	109	248
Total current assets	2,530	2,320
Property, plant and equipment, net	164	188
Goodwill	289	278
Investment in ATMP JV	59	—
Other assets	279	298
Total assets	\$ 3,321	\$ 3,084
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ —	\$ 230
Accounts payable	440	279
Payable to GLOBALFOUNDRIES	255	245
Payable to ATMP JV	128	—
Accrued liabilities	391	472
Other current liabilities	69	124
Deferred income on shipments to distributors	63	53
Total current liabilities	1,346	1,403
Long-term debt, net	1,435	2,007
Other long-term liabilities	124	86
Commitments and contingencies (see Notes 16 and 17)		
Stockholders' equity (deficit):		
Capital stock:		
Common stock, par value \$0.01; 1,500 shares authorized on December 31, 2016 and December 26, 2015; shares issued: 949 shares on December 31, 2016 and 806 shares on December 26, 2015; shares outstanding: 935 shares on December 31, 2016 and 792 shares on December 26, 2015	9	8
Additional paid-in capital	8,334	7,017
Treasury stock, at cost (14 shares on December 31, 2016 and December 26, 2015)	(119)	(123)
Accumulated deficit	(7,803)	(7,306)
Accumulated other comprehensive loss	(5)	(8)
Total stockholders' equity (deficit)	416	(412)
Total liabilities and stockholders' equity (deficit)	\$ 3,321	\$ 3,084

(1) Amounts reflected adoption of FASB ASU 2015-17, Balance Sheet Classification of Deferred Taxes beginning in the first quarter of 2016.

(2) Amounts reflected adoption of FASB ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs beginning in the first quarter of 2016.

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.
Consolidated Statements of Cash Flows

	Year Ended		
	December 31, 2016	December 26, 2015	December 27, 2014
	(In millions)		
Cash flows from operating activities:			
Net loss	\$ (497)	\$(660)	\$ (403)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Net gain on sale of equity interests in ATMP JV	(146)	—	—
Equity in loss of ATMP JV	2	—	—
Depreciation and amortization	133	167	203
Provision for deferred income taxes	11	—	—
Stock-based compensation expense	86	63	81
Non-cash interest expense	21	11	17
Goodwill impairment charge	—	—	233
Restructuring and other special charges, net	—	83	14
Net loss on debt redemption	68	—	61
Fair value of warrant issued related to sixth amendment to the WSA	240	—	—
Other	(8)	(3)	(13)
Changes in operating assets and liabilities:			
Accounts receivable	222	280	7
Inventories	(73)	(11)	199
Prepayment and other—GLOBALFOUNDRIES	1	84	(113)
Prepaid expenses and other assets	(166)	(111)	(7)
Payable to ATMP JV	128	—	—
Payable to GLOBALFOUNDRIES	10	27	(146)
Accounts payables, accrued liabilities and other	58	(156)	(231)
Net cash provided by (used in) operating activities	90	(226)	(98)
Cash flows from investing activities:			
Net Proceeds from sale of equity interests in ATMP JV	342	—	—
Purchases of available-for-sale securities	—	(227)	(790)
Purchases of property, plant and equipment	(77)	(96)	(95)
Proceeds from maturities of available-for-sale securities	—	462	873
Proceeds from sale of property, plant and equipment	—	8	—
Other	2	—	—
Net cash provided by (used in) investing activities	267	147	(12)
Cash flows from financing activities:			
Proceeds from (repayments of) borrowings, net	(230)	100	75
Proceeds from issuance of senior notes, net of issuance costs	782	—	1,080
Proceeds from issuance of common stock, net of issuance costs	667	—	—
Proceeds from issuance of common stock under stock-based compensation equity plans	20	5	4
Repayments of long-term debt and capital lease obligations	(1,113)	(44)	(1,115)
Other	(4)	(2)	2
Net cash provided by financing activities	122	59	46
Net increase (decrease) in cash and cash equivalents	479	(20)	(64)
Cash and cash equivalents at beginning of year	785	805	869
Cash and cash equivalents at end of year	\$ 1,264	\$ 785	\$ 805
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 149	\$ 149	\$ 138
Income taxes	\$ 20	\$ 3	\$ 7
Non-cash financing activity:			
Issuance of common stock to partially settle the 7.00% Notes	\$ 8	\$ —	\$ —

See accompanying notes to consolidated financial statements.