

# CONSOLIDATED STATEMENTS OF INCOME

Years Ended (In Millions, Except Per Share Amounts)	Dec 29, 2018	Dec 30, 2017	Dec 31, 2016
<b>Net revenue</b>	<b>\$ 70,848</b>	<b>\$ 62,761</b>	<b>\$ 59,387</b>
Cost of sales	27,111	23,663	23,154
<b>Gross margin</b>	<b>43,737</b>	<b>39,098</b>	<b>36,233</b>
Research and development	13,543	13,035	12,685
Marketing, general and administrative	6,750	7,452	8,377
Restructuring and other charges	(72)	384	1,744
Amortization of acquisition-related intangibles	200	177	294
<b>Operating expenses</b>	<b>20,421</b>	<b>21,048</b>	<b>23,100</b>
<b>Operating income</b>	<b>23,316</b>	<b>18,050</b>	<b>13,133</b>
Gains (losses) on equity investments, net	(125)	2,651	506
Interest and other, net	126	(349)	(703)
<b>Income before taxes</b>	<b>23,317</b>	<b>20,352</b>	<b>12,936</b>
Provision for taxes	2,264	10,751	2,620
<b>Net income</b>	<b>\$ 21,053</b>	<b>\$ 9,601</b>	<b>\$ 10,316</b>
<b>Earnings per share—Basic</b>	<b>\$ 4.57</b>	<b>\$ 2.04</b>	<b>\$ 2.18</b>
<b>Earnings per share—Diluted</b>	<b>\$ 4.48</b>	<b>\$ 1.99</b>	<b>\$ 2.12</b>
Weighted average shares of common stock outstanding:			
<b>Basic</b>	<b>4,611</b>	<b>4,701</b>	<b>4,730</b>
<b>Diluted</b>	<b>4,701</b>	<b>4,835</b>	<b>4,875</b>

See accompanying notes.

# CONSOLIDATED BALANCE SHEETS

(In Millions, Except Par Value)	Dec 29, 2018	Dec 30, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,019	\$ 3,433
Short-term investments	2,788	1,814
Trading assets	5,843	8,755
Accounts receivable, net of allowance for doubtful accounts of \$33 (\$25 in 2017)	6,722	5,607
Inventories	7,253	6,983
Other current assets	3,162	2,908
<b>Total current assets</b>	<b>28,787</b>	<b>29,500</b>
<b>Property, plant and equipment, net</b>	<b>48,976</b>	<b>41,109</b>
<b>Equity investments</b>	<b>6,042</b>	<b>8,579</b>
<b>Other long-term investments</b>	<b>3,388</b>	<b>3,712</b>
<b>Goodwill</b>	<b>24,513</b>	<b>24,389</b>
<b>Identified intangible assets, net</b>	<b>11,836</b>	<b>12,745</b>
<b>Other long-term assets</b>	<b>4,421</b>	<b>3,215</b>
<b>Total assets</b>	<b>\$ 127,963</b>	<b>\$ 123,249</b>
<b>Liabilities, temporary equity, and stockholders' equity</b>		
Current liabilities:		
Short-term debt	\$ 1,261	\$ 1,776
Accounts payable	3,824	2,928
Accrued compensation and benefits	3,622	3,526
Deferred income	—	1,656
Other accrued liabilities	7,919	7,535
<b>Total current liabilities</b>	<b>16,626</b>	<b>17,421</b>
<b>Debt</b>	<b>25,098</b>	<b>25,037</b>
<b>Contract liabilities</b>	<b>2,049</b>	<b>—</b>
<b>Income taxes payable, non-current</b>	<b>4,897</b>	<b>4,069</b>
<b>Deferred income taxes</b>	<b>1,665</b>	<b>3,046</b>
<b>Other long-term liabilities</b>	<b>2,646</b>	<b>3,791</b>
<b>Commitments and Contingencies (Note 21)</b>		
<b>Temporary equity</b>	<b>419</b>	<b>866</b>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 4,516 shares issued and outstanding (4,687 issued and outstanding in 2017) and capital in excess of par value	25,365	26,074
Accumulated other comprehensive income (loss)	(974)	862
Retained earnings	50,172	42,083
<b>Total stockholders' equity</b>	<b>74,563</b>	<b>69,019</b>
<b>Total liabilities, temporary equity, and stockholders' equity</b>	<b>\$ 127,963</b>	<b>\$ 123,249</b>

See accompanying notes.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended (In Millions)	Dec 29, 2018	Dec 30, 2017	Dec 31, 2016
<b>Cash and cash equivalents, beginning of period</b>	<b>\$ 3,433</b>	<b>\$ 5,560</b>	<b>\$ 15,308</b>
Cash flows provided by (used for) operating activities:			
Net income	21,053	9,601	10,316
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,520	6,752	6,266
Share-based compensation	1,546	1,358	1,444
Amortization of intangibles	1,565	1,377	1,524
(Gains) losses on equity investments, net	155	(2,583)	(432)
Loss on debt conversion and extinguishment	260	476	—
(Gains) losses on divestitures	(497)	(387)	—
Deferred taxes	(1,749)	1,548	257
Changes in assets and liabilities:			
Accounts receivable	(1,714)	(781)	65
Inventories	(214)	(1,300)	119
Accounts payable	211	191	182
Accrued compensation and benefits	(260)	311	291
Customer deposits and prepaid supply agreements	1,367	1,105	—
Income taxes payable and receivable	148	5,230	1,382
Other assets and liabilities	41	(788)	394
Total adjustments	8,379	12,509	11,492
<b>Net cash provided by operating activities</b>	<b>29,432</b>	<b>22,110</b>	<b>21,808</b>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(15,181)	(11,778)	(9,625)
Acquisitions, net of cash acquired	(190)	(14,499)	(15,470)
Purchases of available-for-sale debt investments	(3,843)	(2,746)	(9,269)
Sales of available-for-sale debt investments	195	1,833	2,847
Maturities of available-for-sale debt investments	2,968	3,687	5,654
Purchases of trading assets	(9,503)	(13,700)	(12,237)
Maturities and sales of trading assets	12,111	13,970	10,898
Purchases of equity investments	(874)	(1,619)	(963)
Sales of equity investments	2,802	5,236	1,080
Proceeds from divestitures	548	3,124	—
Other investing	(272)	730	1,268
<b>Net cash used for investing activities</b>	<b>(11,239)</b>	<b>(15,762)</b>	<b>(25,817)</b>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	460	12	(15)
Issuance of long-term debt, net of issuance costs	423	7,716	2,734
Repayment of debt and debt conversion	(3,026)	(8,080)	(1,500)
Proceeds from sales of common stock through employee equity incentive plans	555	770	1,108
Repurchase of common stock	(10,730)	(3,615)	(2,587)
Payment of dividends to stockholders	(5,541)	(5,072)	(4,925)
Other financing	(748)	(206)	(554)
<b>Net cash provided by (used for) financing activities</b>	<b>(18,607)</b>	<b>(8,475)</b>	<b>(5,739)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(414)</b>	<b>(2,127)</b>	<b>(9,748)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,019</b>	<b>\$ 3,433</b>	<b>\$ 5,560</b>
Supplemental disclosures:			
Acquisition of property, plant and equipment included in accounts payable and accrued liabilities	\$ 2,340	\$ 1,417	\$ 979
Non-marketable equity investment in McAfee from divestiture	\$ —	\$ 1,078	\$ —
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 448	\$ 624	\$ 682
Income taxes, net of refunds	\$ 3,813	\$ 3,824	\$ 877

See accompanying notes.