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	

Advanced Micro Devices, Inc.

Consolidated Balance Sheets (1) (2)

	December 31, 2016	December 26, 2015
		xcept par value unts)
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.

See accompanying notes to consolidated financial statements.

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

Advanced Micro Devices, Inc.

Consolidated Statements of Cash Flows

Image: Propertion of the properting activities: Image: Properting activities:<		Year Ended		
Cash flows from operating activities: Net loss Section Sec			2015	December 27, 2014
Net loss	Coch flows from energting activities:		(In millions)	
Adjustments to reconcile net loss to net eash provided by (used in) operating activities: Net gain on sale of equity interests in ATMP JV 2 2 -		\$ (497)	\$(660)	\$ (403)
Net gain on sale of equity interests in ATMP JV	Adjustments to reconcile net loss to net cash provided by (used in)	Ψ (427)	Φ(000)	Ψ (+03)
Depreciation and amortization 133 167 203 Provision for deferred income taxes 11	Net gain on sale of equity interests in ATMP JV	` /	_	_
Provision for deferred income taxes	Depreciation and amortization		167	203
Stock-based compensation expense 86 63 81 Non-cash interest expense 21 11 17 Goodwill impairment charge - - 233 Restructuring and other special charges, net - 68 - 61 Fair value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Other Start value of warrant issued related to sixth amendment to the WSA - - - Inventories 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 IV 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: - (227) (790) Purchases of available-for-sale securities - (227) (790) Purchases of property, plant and equipment (77) (96) (95) 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 267 147 (12) Cash flows from financing activities 267 147 (12) Cash flows from financing activities 267 27 (160) Proceeds from issuance of senior notes, net of issuance costs 782 - Proceeds from issuance of senior notes, net of issuance costs 782 - Proceeds from issuance of ommon stock under stock-based (1113) (44) (11			107 —	203
Non-cash interest expense 21 11 17 233			63	81
Restructuring and other special charges, net -6 83 14 Net loss on debt redemption 68 -7 61 Fair value of warrant issued related to sixth amendment to the WSA -8 (8) -8 (13) 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) Prepayine expenses and other assets (166) (111) (7) Payable to ATMP IV 128 -7 (146) Payable to ATMP IV 128 -7 (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 -7 (227) (790) Purchases of available-for-sale securities -7 (227) (790) Purchases of available-for-sale securities -7 (462 873) Proceeds from sale of equity interests in ATMP IV 342 -7 Purchases of available-for-sale securities -7 (462 873) Proceeds from atturities of available-for-sale securities -7 (462 873) Proceeds from activities: -7 (462 873) Proceeds from investing activities -7 (462 873) Proceeds from sale of property, plant and equipment -7 (462 873) Proceeds from investing activities -7 (462 873) P	Non-cash interest expense	21	11	17
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Non-cash financing activity: Issuance of common stock to partially settle the 7.00% Notes	_			
Issuance of common stock to partially settle the 7.00% Notes \$ 8 \$ — \$ —	Non-cash financing activity:		_	_
	Issuance of common stock to partially settle the 7.00% Notes	\$ 8	\$ —	\$ —

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