

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

**Advanced Micro Devices, Inc.**  
**Consolidated Statements of Operations <sup>(1)</sup>**

	Year Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
(In millions, except per share amounts)			
Net revenue	\$ 6,475	\$ 5,253	\$ 4,319
Cost of sales	4,028	3,466	3,316
Gross margin	2,447	1,787	1,003
Research and development	1,434	1,196	1,008
Marketing, general and administrative	562	516	466
Restructuring and other special charges, net	—	—	(10)
Licensing gain	—	(52)	(88)
Operating income (loss)	451	127	(373)
Interest expense	(121)	(126)	(156)
Other income (expense), net	—	(9)	80
Income (loss) before income taxes and equity loss	330	(8)	(449)
Provision (benefit) for income taxes	(9)	18	39
Equity loss in investee	(2)	(7)	(10)
Net income (loss)	\$ 337	\$ (33)	\$ (498)
Earnings (loss) per share			
Basic	\$ 0.34	\$ (0.03)	\$ (0.60)
Diluted	\$ 0.32	\$ (0.03)	\$ (0.60)
Shares used in per share calculation			
Basic	982	952	835
Diluted	1,064	952	835

(1) Prior year amounts adjusted to reflect the retrospective application of ASU 2014-09, *Revenue from Contracts with Customers*. Refer to Note 2.

See accompanying notes to consolidated financial statements.

**Advanced Micro Devices, Inc.**  
**Consolidated Balance Sheets <sup>(1)</sup>**

	December 29, 2018	December 30, 2017
(In millions, except par value amounts)		
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,078	\$ 1,185
Marketable securities	78	—
Accounts receivable, net	1,235	454
Inventories, net	845	694
Prepayment and receivables - related parties	52	33
Prepaid expenses	57	77
Other current assets	195	191
<b>Total current assets</b>	<b>3,540</b>	<b>2,634</b>
Property and equipment, net	348	261
Goodwill	289	289
Investment: equity method	58	58
Other assets	321	310
<b>Total assets</b>	<b>\$ 4,556</b>	<b>\$ 3,552</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	\$ 136	\$ 70
Accounts payable	528	384
Payables to related parties	533	412
Accrued liabilities	763	555
Other current liabilities	24	92
<b>Total current liabilities</b>	<b>1,984</b>	<b>1,513</b>
Long-term debt, net	1,114	1,325
Other long-term liabilities	192	118
Commitments and contingencies (see Notes 18 and 19)		
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value \$0.01; 2,250 shares authorized, 1,010 shares issued and 1,005 shares outstanding as of December 29, 2018; 1,500 shares authorized, 979 shares issued and 967 shares outstanding as of December 30, 2017	10	9
Additional paid-in capital	8,750	8,464
Treasury stock, at cost (5 shares as of December 29, 2018 and 12 shares as of December 30, 2017)	(50)	(108)
Accumulated deficit	(7,436)	(7,775)
Accumulated other comprehensive income (loss)	(8)	6
<b>Total stockholders' equity</b>	<b>1,266</b>	<b>596</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,556</b>	<b>\$ 3,552</b>

(1) Prior year amounts adjusted to reflect the retrospective application of ASU 2014-09, *Revenue from Contracts with Customers*. Refer to Note 2.

See accompanying notes to consolidated financial statements.

**Advanced Micro Devices, Inc.**  
**Consolidated Statements of Cash Flows <sup>(1)</sup>**

	Year Ended		
	December 29, 2018	December 30, 2017	December 31, 2016
	(In millions)		
Cash flows from operating activities:			
Net income (loss)	\$ 337	\$ (33)	\$ (498)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Net gain on sale of equity interests in ATMP JV	—	(3)	(146)
Net loss on disposal of property and equipment	27	—	1
Impairment of technology licenses	45	—	—
Depreciation and amortization	170	144	133
Deferred income taxes	(4)	—	11
Stock-based compensation expense	137	97	86
Amortization of debt discount and issuance costs	38	36	21
Loss on debt redemption	12	12	68
Fair value of warrant issued related to sixth amendment to the WSA	—	—	240
Other	(1)	3	(7)
Changes in operating assets and liabilities:			
Accounts receivable	(806)	(103)	178
Inventories	(151)	(3)	(48)
Prepayment and receivables - related parties	(19)	(1)	1
Prepaid expenses and other assets	(79)	(172)	(163)
Payables to related parties	121	29	138
Accounts payable, accrued liabilities and other	207	6	66
Net cash provided by operating activities	34	12	81
Cash flows from investing activities:			
Net proceeds from sale of equity interests in ATMP JV	—	1	342
Purchases of available-for-sale debt securities	(123)	(222)	—
Purchases of property and equipment	(163)	(113)	(77)
Proceeds from maturity of available-for-sale debt securities	45	222	—
Collection of deferred proceeds on sale of receivables	71	60	10
Other	—	(2)	2
Net cash provided by (used in) investing activities	(170)	(54)	277
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issuance costs	—	—	667
Proceeds from issuance of convertible senior notes, net of issuance costs	—	—	782
Proceeds from issuance of common stock through employee equity incentive plans	70	20	20
Proceeds from (repayments of) short-term borrowings, net	—	70	(230)
Repayments of long-term debt	(41)	(110)	(1,113)
Other	(1)	(13)	(4)
Net cash provided by (used in) financing activities	28	(33)	122
Net increase (decrease) in cash and cash equivalents, and restricted cash	(108)	(75)	480
Cash, cash equivalents, and restricted cash at beginning of year	1,191	1,266	786
Cash, cash equivalents, and restricted cash at end of year	\$ 1,083	\$ 1,191	\$ 1,266