

CONSOLIDATED STATEMENTS OF INCOME

Years Ended (In Millions, Except Per Share Amounts)	Dec 28, 2019	Dec 29, 2018	Dec 30, 2017
Net revenue	\$ 71,965	\$ 70,848	\$ 62,761
Cost of sales	29,825	27,111	23,663
Gross margin	42,140	43,737	39,098
Research and development	13,362	13,543	13,035
Marketing, general and administrative	6,150	6,750	7,452
Restructuring and other charges	393	(72)	384
Amortization of acquisition-related intangibles	200	200	177
Operating expenses	20,105	20,421	21,048
Operating income	22,035	23,316	18,050
Gains (losses) on equity investments, net	1,539	(125)	2,651
Interest and other, net	484	126	(349)
Income before taxes	24,058	23,317	20,352
Provision for taxes	3,010	2,264	10,751
Net income	\$ 21,048	\$ 21,053	\$ 9,601
Earnings per share—Basic	\$ 4.77	\$ 4.57	\$ 2.04
Earnings per share—Diluted	\$ 4.71	\$ 4.48	\$ 1.99
Weighted average shares of common stock outstanding:			
Basic	4,417	4,611	4,701
Diluted	4,473	4,701	4,835

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

(In Millions, Except Par Value)	Dec 28, 2019	Dec 29, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,194	\$ 3,019
Short-term investments	1,082	2,788
Trading assets	7,847	5,843
Accounts receivable, net of allowance for doubtful accounts	7,659	6,722
Inventories	8,744	7,253
Other current assets	1,713	3,162
Total current assets	31,239	28,787
Property, plant and equipment, net	55,386	48,976
Equity investments	3,967	6,042
Other long-term investments	3,276	3,388
Goodwill	26,276	24,513
Identified intangible assets, net	10,827	11,836
Other long-term assets	5,553	4,421
Total assets	\$ 136,524	\$ 127,963
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 3,693	\$ 1,261
Accounts payable	4,128	3,824
Accrued compensation and benefits	3,853	3,622
Other accrued liabilities	10,636	7,919
Total current liabilities	22,310	16,626
Debt	25,308	25,098
Contract liabilities	1,368	2,049
Income taxes payable, non-current	4,919	4,897
Deferred income taxes	2,044	1,665
Other long-term liabilities	2,916	2,646
Commitments and Contingencies (Note 20)		
Temporary equity	155	419
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 4,290 shares issued and outstanding (4,516 issued and outstanding in 2018) and capital in excess of par value	25,261	25,365
Accumulated other comprehensive income (loss)	(1,280)	(974)
Retained earnings	53,523	50,172
Total stockholders' equity	77,504	74,563
Total liabilities, temporary equity, and stockholders' equity	\$ 136,524	\$ 127,963

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended (In Millions)	Dec 28, 2019	Dec 29, 2018	Dec 30, 2017
Cash and cash equivalents, beginning of period	\$ 3,019	\$ 3,433	\$ 5,560
Cash flows provided by (used for) operating activities:			
Net income	21,048	21,053	9,601
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,204	7,520	6,752
Share-based compensation	1,705	1,546	1,358
Amortization of intangibles	1,622	1,565	1,377
(Gains) losses on equity investments, net	(892)	155	(2,583)
(Gains) losses on divestitures	(690)	(497)	(387)
Changes in assets and liabilities:			
Accounts receivable	(935)	(1,714)	(781)
Inventories	(1,481)	(214)	(1,300)
Accounts payable	696	211	191
Accrued compensation and benefits	91	(260)	311
Customer deposits and prepaid supply agreements	(782)	1,367	1,105
Income taxes	885	(1,601)	6,778
Other assets and liabilities	2,674	301	(312)
Total adjustments	12,097	8,379	12,509
Net cash provided by operating activities	33,145	29,432	22,110
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(16,213)	(15,181)	(11,778)
Acquisitions, net of cash acquired	(1,958)	(190)	(14,499)
Purchases of available-for-sale debt investments	(2,268)	(3,843)	(2,746)
Sales of available-for-sale debt investments	238	195	1,833
Maturities of available-for-sale debt investments	3,988	2,968	3,687
Purchases of trading assets	(9,162)	(9,503)	(13,700)
Maturities and sales of trading assets	7,178	12,111	13,970
Purchases of equity investments	(522)	(874)	(1,619)
Sales of equity investments	2,688	2,802	5,236
Proceeds from divestitures	911	548	3,124
Other investing	715	(272)	730
Net cash used for investing activities	(14,405)	(11,239)	(15,762)
Cash flows provided by (used for) financing activities:			
Issuance of long-term debt, net of issuance costs	3,392	423	7,716
Repayment of debt and debt conversion	(2,627)	(3,026)	(8,080)
Proceeds from sales of common stock through employee equity incentive plans	750	555	770
Repurchase of common stock	(13,576)	(10,730)	(3,615)
Payment of dividends to stockholders	(5,576)	(5,541)	(5,072)
Other financing	72	(288)	(194)
Net cash provided by (used for) financing activities	(17,565)	(18,607)	(8,475)
Net increase (decrease) in cash and cash equivalents	1,175	(414)	(2,127)
Cash and cash equivalents, end of period	\$ 4,194	\$ 3,019	\$ 3,433
Supplemental disclosures:			
Acquisition of property, plant and equipment included in accounts payable and accrued liabilities	\$ 1,761	\$ 2,340	\$ 1,417
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 469	\$ 448	\$ 624
Income taxes, net of refunds	\$ 2,110	\$ 3,813	\$ 3,824

See accompanying notes.