

Google Inc.

CONSOLIDATED BALANCE SHEETS (USD \$)

In Millions, unless otherwise specified

COMMON-SIZE BALANCE SHEET

	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	4-Yr Trend	Dec. 31, 2010	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	4-Yr Trend	Industry Average
<b>Current assets:</b>											
Cash and cash equivalents	\$ 13,630	\$ 9,983	\$ 14,778	\$ 18,898		23.56%	13.76%	15.76%	17.04%		11.21%
Accounts receivable, net of allowance of \$581 and \$631	4,252	5,427	7,885	8,882		7.35%	7.48%	8.41%	8.01%		8.27%
Inventories		35	505	426		0.00%	0.05%	0.54%	0.38%		0.29%
Marketable securities	21,345	34,643	33,310	39,819		36.90%	47.73%	35.51%	35.90%		
Receivable under reverse repurchase agreements	750	745	700	100		1.30%	1.03%	0.75%	0.09%		
Deferred income taxes, net	259	215	1,144	1,526		0.45%	0.30%	1.22%	1.38%		3.32%
Income taxes receivable, net		-	-	408		0.00%	0.00%	0.00%	0.37%		
Prepaid revenue share, expenses and other assets	1,326	1,710	2,132	2,827		2.29%	2.36%	2.27%	2.55%		
<b>Total current assets</b>	<b>\$ 41,562</b>	<b>\$ 52,758</b>	<b>\$ 60,454</b>	<b>\$ 72,886</b>		<b>71.84%</b>	<b>72.70%</b>	<b>64.45%</b>	<b>65.71%</b>		<b>23.09%</b>
Property and equipment, net	7,759	9,603	11,854	16,524		13.41%	13.23%	12.64%	14.90%		64.96%
Prepaid revenue share, expenses and other assets, non-current	442	499	2,011	1,976		0.76%	0.69%	2.14%	1.78%		
Deferred income taxes, net, non-current	265	-	-	-		0.46%	0.00%	0.00%	0.00%		11.96%
Non-marketable equity investments	523	790	1,469	1,976		0.90%	1.09%	1.57%	1.78%		
Intangible assets, net	1,044	1,578	7,473	6,066		1.80%	2.17%	7.97%	5.47%		
Goodwill	6,256	7,346	10,537	11,492		10.81%	10.12%	11.23%	10.36%		
<b>Total assets</b>	<b>\$ 57,851</b>	<b>\$ 72,574</b>	<b>\$ 93,798</b>	<b>\$ 110,920</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		<b>100%</b>
<b>Current liabilities:</b>											
Accounts payable	483	588	2,012	2,453		0.83%	0.81%	2.15%	2.21%		3.46%
Short-term debt	3,465	1,218	2,549	3,009		5.99%	1.68%	2.72%	2.71%		2.32%
Accrued compensation and benefits	1,410	1,818	2,239	2,502		2.44%	2.51%	2.39%	2.26%		
Accrued expenses and other current liabilities	961	1,370	3,258	3,755		2.08%	2.36%	4.54%	4.30%		
Accrued revenue share	885	1,168	1,471	1,729		1.53%	1.61%	1.57%	1.56%		11.53%
Securities lending payable	2,361	2,007	1,673	1,374		4.08%	2.77%	1.78%	1.24%		
Deferred revenue	394	547	895	1,062		0.68%	0.75%	0.95%	0.96%		
Income taxes payable, net	37	197	240	24		0.06%	0.27%	0.26%	0.02%		
<b>Total current liabilities</b>	<b>\$ 9,996</b>	<b>\$ 8,913</b>	<b>\$ 14,337</b>	<b>\$ 15,908</b>		<b>17.28%</b>	<b>12.28%</b>	<b>15.28%</b>	<b>14.34%</b>		<b>17.30%</b>
Long-term debt	-	2,986	2,988	2,236		0.00%	4.11%	3.19%	2.02%		
Deferred revenue, non-current	35	44	100	139		0.06%	0.06%	0.11%	0.13%		
Income taxes payable, non-current	1,200	1,693	2,046	2,638		2.07%	2.33%	2.18%	2.38%		42.69%
Deferred income taxes, net, non-current	-	287	1,872	1,947		0.00%	0.40%	2.00%	1.76%		
Other long-term liabilities	379	506	740	743		0.66%	0.70%	0.79%	0.67%		
<b>Total liabilities</b>	<b>\$ 11,610</b>	<b>\$ 14,429</b>	<b>\$ 22,083</b>	<b>\$ 23,611</b>		<b>20.07%</b>	<b>19.88%</b>	<b>23.54%</b>	<b>21.29%</b>		<b>59.99%</b>
<b>Stockholders' equity:</b>											
Common Stock	18,235	20,264	22,835	25,922		31.52%	27.92%	24.34%	23.37%		
Accumulated other comprehensive income	138	276	538	125		0.24%	0.38%	0.57%	0.11%		40.01%
Retained earnings	27,868	37,605	48,342	61,262		48.17%	51.82%	51.54%	55.23%		
<b>Total stockholders' equity</b>	<b>\$ 46,241</b>	<b>\$ 58,145</b>	<b>\$ 71,715</b>	<b>\$ 87,309</b>		<b>79.93%</b>	<b>80.12%</b>	<b>76.46%</b>	<b>78.71%</b>		<b>40.01%</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 57,851</b>	<b>\$ 72,574</b>	<b>\$ 93,798</b>	<b>\$ 110,920</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		<b>100.00%</b>

# Google Inc.

## CONSOLIDATED STATEMENTS OF INCOME (USD \$)

In Millions, except Per Share data, unless otherwise specified

## COMMON-SIZE INCOME STATEMENT

	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	3-Yr Trend	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	3-Yr Trend	Industry Average
<b>Revenues:</b>									
Total Google Revenues	\$ 37,905	\$ 46,039	\$ 55,519		100.00%	91.76%	92.80%		100%
Total Motorola Revenues	-	4,136	4,306		0.00%	8.24%	7.20%		
<b>Total revenues</b>	<b>\$ 37,905</b>	<b>\$ 50,175</b>	<b>\$ 59,825</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>		<b>100%</b>
<b>Costs and expenses:</b>									
Cost of Revenues	13,188	20,634	25,858		34.79%	41.12%	43.22%		20.45
Sales and marketing	4,589	6,143	7,253		12.11%	12.24%	12.12%		1.96
General and administrative	2,724	3,845	4,796		7.19%	7.66%	8.02%		22.58%
Research and development	5,162	6,793	7,952		13.62%	13.54%	13.29%		42.81%
Charge related to the resolution of Department of Justice investigation	500	-	-		1.32%	0.00%	0.00%		0.00%
<b>Total costs and expenses</b>	<b>26,163</b>	<b>37,415</b>	<b>45,859</b>		<b>69.02%</b>	<b>74.57%</b>	<b>76.66%</b>		<b>87.80%</b>
<b>Income from operations</b>	<b>\$ 11,742</b>	<b>\$ 12,760</b>	<b>\$ 13,966</b>		<b>30.98%</b>	<b>25.43%</b>	<b>23.34%</b>		<b>12.20%</b>
Interest and other income, net	584	626	530		1.54%	1.25%	0.89%		0.09%
<b>Income from continuing operations before income taxes</b>	<b>\$ 12,326</b>	<b>\$ 13,386</b>	<b>\$ 14,496</b>		<b>32.52%</b>	<b>26.68%</b>	<b>24.23%</b>		<b>12.29%</b>
Provision for income taxes	2,589	2,598	2,282		6.83%	5.18%	3.81%		1.93%
<b>Net income from continuing operations</b>	<b>\$ 9,737</b>	<b>\$ 10,788</b>	<b>\$ 12,214</b>		<b>25.69%</b>	<b>21.50%</b>	<b>20.42%</b>		<b>10.36%</b>
Net income (loss) from discontinued operations	-	-51	706		0.00%	-0.10%	1.18%		0.67%
<b>Net income</b>	<b>\$ 9,737</b>	<b>\$ 10,737</b>	<b>\$ 12,920</b>		<b>25.69%</b>	<b>21.40%</b>	<b>21.60%</b>		<b>11.03%</b>
<b>Net income (loss) per share of Class A and Class B common stock - diluted:</b>									
Continuing operations (in dollars per share)	30	32	36		0.08%	0.06%	0.06%		
Discontinued operations (in dollars per share)	-	-0	2		0.00%	0.00%	0.00%		
<b>Net income (loss) per share of Class A and Class B common stock - diluted (in dollars per share)</b>	<b>30</b>	<b>32</b>	<b>38</b>		<b>0.08%</b>	<b>0.06%</b>	<b>0.06%</b>		
<b>Additional Information:</b>									
Number of Common Stock Shares (In Million)	322.778	327.213	332.846		0.00%	0.00%	0.00%		
					0.85%	0.65%	0.56%		

# Google Inc.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (USD \$)

In Millions, unless otherwise specified

	12 Months Ended			3-Yr Trend
	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	
<b>Operating activities</b>				
Net income	\$ 9,737	\$ 10,737	\$ 12,920	
<b>Adjustments:</b>				
Depreciation and amortization of property and equipment	1,396	1,988	2,781	
Amortization of intangible and other assets	455	974	1,158	
Stock-based compensation expense	1,974	2,692	3,343	
Excess tax benefits from stock-based award activities	-86	-188	-481	
Deferred income taxes	343	-266	-437	
Impairment of equity investments	110	-	-	
Gain on divestiture of businesses	-	188	700	
Other	6	-28	106	
<b>Changes in assets and liabilities, net of effects of acquisitions:</b>				
Accounts receivable	-1,156	-787	-1,307	
Income taxes, net	731	1,492	401	
Inventories	-30	301	-234	
Prepaid revenue share, expenses and other assets	-232	-833	-696	
Accounts payable	101	-499	605	
Accrued expenses and other liabilities	795	762	713	
Accrued revenue share	259	299	254	
Deferred revenue	162	163	233	
<b>Net cash provided by operating activities</b>	<b>\$ 14,565</b>	<b>\$ 16,619</b>	<b>\$ 18,659</b>	
<b>Investing activities</b>				
Purchases of property and equipment	\$ -3,438	\$ -3,273	\$ -7,358	
Purchases of marketable securities	-61,672	-33,410	-45,444	
Maturities and sales of marketable securities	48,746	35,180	38,314	
Investments in non-marketable equity investments	-428	-696	-569	
Cash collateral related to securities lending	-354	-334	-299	
Investments in reverse repurchase agreements	5	45	600	
Proceeds from divestiture of businesses	-	-	2,525	
Acquisitions, net of cash acquired, and purchases of intangibles and other assets	-1,900	-10,568	-1,448	
<b>Net cash used in investing activities</b>	<b>\$ -19,041</b>	<b>\$ -13,056</b>	<b>\$ -13,679</b>	
<b>Financing activities</b>				
Net payments related to stock-based award activities	\$ -5	\$ -287	\$ -781	
Excess tax benefits from stock-based award activities	86	188	481	
Proceeds from issuance of debt, net of costs	10,905	16,109	10,768	
Repayments of debt	-10,179	-14,781	-11,325	
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 807</b>	<b>\$ 1,229</b>	<b>\$ -857</b>	
Effect of exchange rate changes on cash and cash equivalents	22	3	-3	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ -3,647</b>	<b>\$ 4,795</b>	<b>\$ 4,120</b>	
Cash and cash equivalents at beginning of period	13,630	9,983	14,778	
<b>Cash and cash equivalents at end of period</b>	<b>\$ 9,983</b>	<b>\$ 14,778</b>	<b>\$ 18,898</b>	
<b>Supplemental disclosures of cash flow information</b>				
Cash paid for taxes	1,471	2,034	1,932	
Cash paid for interest	40	74	72	
<b>Non-cash investing and financing activities:</b>				
Receipt of Arris shares in connection with divestiture of Motorola Home	-	-	175	
Fair value of stock-based awards assumed in connection with acquisition of Motorola	-	41	-	
Property under capital lease	-	-	258	

## Google Inc.

### STATEMENT OF PROFITABILITY, RISK, CF, AND Z-SCORE RATIO

	2011	2012	2013	3-Yr Trend	Industry Avg	ROT
<b>Profitability Ratios</b>						
Profit Margin for ROA	27.23%	22.65%	22.48%		18.70%	10%
Profit Margin for ROCE	25.34%	21.07%	21.21%		18.80%	
Current Asset Turnover	0.80	0.89	0.90			
Fixed Asset Turnover	4.37	4.68	4.22			
Total Asset Turnover	0.58	0.60	0.58		0.565	>1
ROA	15.83%	13.66%	13.14%			
Capital Structure Leverage	3.39	3.86	4.20			2
ROCE	49.90%	49.06%	52.06%			
AR Turnover	7.83	7.54	7.14			>6
Average Collection period	46.60	48.42	51.15			45-60 days
Inventory Turnover	753.60	76.42	55.55		198.27	0
Days Inventory Held	0.48	4.78	6.57			
AP Turnover	12.35	8.12	5.77			1.5
Days AP outstanding	29.56	44.97	63.22			
Days Other Financing Required	17.52	8.23	-5.50			
Cash Turnover	3.21	4.05	3.55			
<b>Risk Ratios</b>						
Current Ratio	5.92	4.22	4.58		1.33	>2
Quick Ratio	5.62	3.90	4.25		1.13	>1
Liabilities to Assets Ratio	0.20	0.24	0.21			<0.5
Liabilities to Equity Ratio (Financial Leverage)	0.25	0.31	0.27		0.31	<0.5
LT Debt to Equity Ratio	0.05	0.04	0.03			
Interest Coverage Ratio (Cash Flow Basis)	401.90	253.07	286.99			
<b>Cash Flow Ratios</b>						
Cash Flow Realization Ratio	1.50	1.55	1.44			>1
Inverse Measure of Earnings Quality	0.07	0.07	0.06			
Capital Expenditures Ratio	7.90	7.38	4.00			>1
Cash Debt Coverage Ratio	1.01	0.75	0.79			>1
Cash Return on Sales Ratio	0.38	0.33	0.31			> 0.5
<b>Z-score Analysis:</b>						
Working Capital/Total Assets	0.51	0.49	0.60			
Retained Earnings/Total Assets	0.55	0.52	0.52			
Earnings Before Interest & Tax/Total Assets	0.13	0.14	0.17			
Market Value of Equity/Total Liabilities	3.70	3.25	4.03			
Sales/Total Assets	0.54	0.53	0.52			
<b>Z-score Analysis:</b>	<b>4.58</b>	<b>4.27</b>	<b>4.95</b>			>3.0