

## Shareholder/Analyst Meeting

### Company Participants

- David C. Drummond, Chief Legal Officer, SVP
- Eric E. Schmidt, Executive Chairman
- Kent Walker, Assistant Secretary
- Prasad Setty, VP
- Ruth Porat, CFO and SVP

### Other Participants

- Bill Preston, Investor, Unknown
- Brad Bates, Investor, Unknown
- Daniel Gluesenkamp, Investor, Unknown
- Ivy Jack, Head of Equity Research, NorthStar Asset Management, Inc.
- John Simpson, Investor, Unknown
- Justin Danhof, Investor, Unknown
- Meredith R. Benton, Research Associate, Walden Asset Management
- Natasha L. Lamb, Managing Partner and MD, Arjuna Capital
- Unidentified Participant, Analyst, Unknown

### Presentation

#### **Eric E. Schmidt** {BIO 1451572 <GO>}

It's a great pleasure to invite all of you back. I hope everybody enjoyed their breakfast. I certainly did. And it's my privilege to invite you and welcome you to our shareholder meeting. I'm, of course, Eric Schmidt, the Executive Chairman. You know me.

Everybody should have registered. If you haven't, please go ahead and get your badge so we know who you are. There is an agenda that includes on the back rules of procedure for the meeting, which we will, of course, be following.

I want to make sure everybody knows we've got a couple of folks here. I'm just going to describe them, starting with John Doerr, one of our longest-serving board members, my personal friend for many decades and a fantastic venture capitalist; John Hennessy, among other things, a brilliant computer scientist and former president, I guess just recently stepped down at Stanford and remaining at Stanford as a computer scientist and also on our board. And of course, we have Larry Page. It's hard to describe the contribution that Larry Page has made to the world. Let's just say that he is one of the most extraordinary human beings alive today. And I'll stop

there. I can go on. But I don't -- he hates this. So I want to be respectful and just say let's start with that as our threshold.

You're going to hear from Ruth Porat, myself and David Drummond and -- who are part of the management.

We also have Maura Stanley. She's a representative of Computershare. Maura, I didn't see where she was. Oh, there she is. I'm sorry, would you raise your hand there? There -- she's right over here on the right. And she is our Inspector of Elections. So make sure the numbers add. That was a problem at another awards show.

And Andrew Cotton and Matthew Taggart, representatives of Ernst & Young. Where are Matt -- where are those 2? Over here. Okay. Sitting in the opposite corner. And they are our independent accountants. And they've done this forever and of course do a great job.

What we normally do here is we have sort of the formal procedural part of the meeting. And then we have -- what'll happen is I'll do a short sort of update of where we are and go right to your questions.

David Drummond, my colleague for 20 years, I think, close to 20 years, will now run the proper part of the meeting. I think you all know he's the Senior Vice President, Corporate Development, Chief Legal Officer and Secretary of everything. Okay, David. Thank you.

## **David C. Drummond** {BIO 1952796 <GO>}

All right. Thank you, Eric. Well thanks, everyone. Welcome to the Annual Meeting of Stockholders as well as the annual opportunity for Eric and myself to wear a tie on the Google premises. So we're really glad to have you here.

So a quick note about logistics. As stated in the rules of procedure that you probably -- should have received, stockholders should not address the meeting until you're recognized. We -- as Eric said, we have a question-and-answer period. So you can ask your questions after we've finished the formal business. So when we get to the Q&A period, if you'd like to ask a question, we have -- we usually have mics. I don't see them, maybe they'll be there in the Q&A period, where you can step up to the mic and ask your question. Once you've been recognized, when you are recognized, please identify yourself and your status as either a stockholder or a representative of a stockholder. And then you can ask your question.

I've received the affidavits of mailing from Computershare and Broadridge, which state that the notice of the meeting was duly given. All stockholders of Class A and/or Class B common stock as of the close of business on April 19, 2017, are entitled to vote at this meeting.

I've also been advised by the Inspector of Elections that holders of our outstanding Class A and Class B common stock representing at least a majority of the voting power of our outstanding Class A and Class B common stock which are entitled to vote is represented in person or by proxy at today's meeting. And I apologize for the longest sentence in the history of mankind that I just read. Therefore, a quorum is present today and the meeting is duly constituted and the business of the meeting can proceed.

So the first item of business, as always, is election of directors. We have 12 directors to be elected at the meeting today. Those directors will hold office until the 2018 Annual Meeting of Stockholders. The Board of Directors has nominated the following: Larry Page; Sergey Brin; Eric Schmidt; John Doerr; Roger Ferguson; Diane Greene; John Hennessy; Ann Mather; Alan Mulally; Paul Otellini; Ram Shriram; and Shirley Tilghman.

Now our bylaws require that stockholders provide advanced notice of their intent to nominate persons as directors. We didn't receive any such notice. So accordingly, I declare the nominations for directors closed.

Now the next matter being submitted to our stockholders is the ratification of the appointment by the board of Ernst & Young as our independent registered public accounting firm. And our board has recommended that our stockholders ratify the appointment of Ernst & Young as our public accounting firm for the 2017 fiscal year.

The next matter that we've submitted to stockholders is the approval of an amendment to our 2012 stock plan to increase the number -- the maximum number of shares of our Class C capital stock that can be issued under the plan by 15 million shares of Class C capital stock. Our board has also recommended that our stockholders approve this amendment to the 2012 stock plan. All of that's described in detail in our proxy statement.

Now the next matter being submitted, on an advisory basis, is the approval of the compensation awarded to Alphabet's named executive officers. Our executive compensation program and the compensation paid to our named executive officers is described in full on Pages 38 to 48 of our proxy statement.

Now our compensation programs are overseen by the Leadership, Development and Compensation Committee of the board. And they reflect our philosophy to pay all of our employees, including our named executive officers, in ways that support our primary business objectives and mission. Our Board of Directors has recommended that our stockholders approve the compensation awarded to our named executive officers.

The next matter being submitted to the stockholders is an advisory vote again to determine the frequency of the future stockholder vote regarding compensation awarded to the named executive officers. So how often we're going to have the advisory vote that we just -- I just discussed. Now our Board of Directors has

recommended that our stockholders vote for a frequency of every three years for the stockholder advisory vote on compensation awarded to named executive officers.

Okay. So now the next 7 items are all stockholder proposals.

Our Board of Directors has unanimously recommended that our stockholders vote against all 7 stockholder proposals that will be presented. You have the arguments for in our proxy statement as well as the company's response to each of the proposals.

So let's start with the first one. It's being brought by John Chevedden, James McRitchie, Myra K. Young and the Northstar Asset Management Funded Pension Plan as the co-lead filers, as well as Boston Common Asset Management as a co-filer. Ms. Ivy Jack, who is representing Northstar Asset Management, will be presenting the proposal. There she is. Ms. Jack, you'll have a total of 3 minutes to make a statement about the proposal. And I'll advise you when your time's up. Go ahead.

**Ivy Jack** {BIO 21633041 <GO>}

Good morning. My name is Ivy Jack from Northstar Asset Management in Boston, the beneficial owner of over \$7.2 million of Alphabet common stock.

Fellow shareholders, I am here to represent resolution #6, a good governance proposal about equal voting rights. When shareholders of common stock do not have an equal right to weigh in on significant governance matters, we subject ourselves to greater financial risk. When Alphabet went public, shareholders already lacked opportunities to give substantive input into matters of policy.

Alphabet's voting structure is heavily weighed to favor insiders, given that Class B shares are granted 10x the voting rights of Class A shares. Matters were made worse when Class B insiders voted in a brand new class of stock with 0 voting rights. The fact that this was approved is particularly remarkable because our calculations show that only 15% of Class A outside shares that voted approved of establishing Class C capital stock.

How is this possible? Well this measure passed because Mr. Brin and Mr. Page, who currently own only 11% of the outstanding shares of the company, together have 51% of the voting power. While we can ignore this reality when profits are up, this voting structure constitutes a considerable risk to governance and shareholder value. Our company's own 10-K identifies this risk when it states that the concentration of our stock ownership limits our stockholders' ability to influence corporate matters and that the Class C structure could prolong the duration of Larry and Sergey's current relative ownership of our voting power and their ability to elect all of our directors to determine the outcome of most matters submitted to a vote of our stockholders.

In other words, it continues to be impossible for outside shareholders to have any meaningful input on company decisions.

Furthermore, the 10-K notes that, as a result of this concentrated control, company management may take actions that our stockholders do not view as beneficial. Since Class C shares have no voting rights. And given the importance of voting at annual meetings, Class A shares are the only way for outside shareholders to have a say in company matters.

We are very concerned about the governance risks that come from relying upon merely 2 or 3 people's vision and ability to reduce threats to the company long term without broad input. The founders brought this company into fruition and led it into profitability. But the company's decision to offer common shares of the company on public exchanges makes Alphabet a public company. And brings with it a responsibility to shareholders to practice good governance.

Shareholders, we urge you to vote for proxy item #6.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you very much, Ms. Jack. The -- thank you.

The second stockholder proposal is being brought by Walden Asset Management as the lead filer. They're joined by The Benedictine Sisters of Baltimore, The Benedictine Sisters of Pan de Vida and other organizations as co-filers. We have today Ms. Meredith Benton, who will be presenting the proposal. Ms. Benton, you have 3 minutes.

**Meredith R. Benton**

Thank you. My name is Meredith Benton. I'm here representing Walden Asset Management, the primary sponsor of Proposal 7, seeking information on how Alphabet directly and indirectly works to effect legislation and public policy. Walden owns over 160,000 shares of Alphabet. On behalf of Walden and approximately 20 co-filers, I am pleased to move this resolution.

On their behalf, let me start by thanking Alphabet for its steadfast leadership on climate change, both by reducing its greenhouse emissions, greenhouse gas emissions. But also by speaking out to support the Paris Accord and committing to continuing leadership on climate. It is a part of Alphabet's lobbying for positive public policy solutions. And it matters a great deal. Thank you.

We understand that corporate lobbying can be a positive force and that transparency is an important part of this. This request for transparency on lobbying has been made to hundreds of companies over the last six years. Lobbying is big for Alphabet. We know that in the last five years, Alphabet spent over \$83 million in federal lobbying and has been one of the top 5 companies lobbying. While Alphabet discloses a summary of their direct federal lobbying on their website with links to reports they provide to the Senate, these Senate quarterly reports are very difficult for investors to navigate. Alphabet also does not disclose meaningful details on dues and grants provided to the over 40 trade groups and advocacy

organizations it is a part of, nor how it evaluates whether these lobbying organizations are vetted to be consistent with Alphabet's priorities and values. In order to better understand Alphabet's role in trying to effect legislation and regulation through trade association, additional disclosure is needed for investors.

Once again, we want to congratulate Alphabet for the company's public decision several years ago to withdraw from ALEC, a known climate-denying group actively working to combat renewable energy standards. Alphabet acted on its stated values when it withdrew from ALEC, an action we enthusiastically commend.

However, there are other trade associations whose actions conflict with Alphabet's values. For example, Alphabet is an active member of the U.S. Chamber of Commerce, a group which has spent over \$1.2 billion on lobbying since 1998. This group has been an active force opposing climate change solutions, including suing the EPA to block the EPA's Clean Power Plan to address climate change. Clearly, this creates an outright conflict with our stated environmental position. Apple was so offended by the Chamber's policies and actions that they withdrew membership. We urge Alphabet to seek out challenging the Chamber's actions against climate policies and to lobby inside the Chamber with other companies to change the Chamber's policies.

Another item of concern to investors is the Financial CHOICE Act, which will soon be before the House for a vote. This seeks to eliminate the filing of shareholder resolutions, an important tool for investor communication and trust-building within the financial markets. We urge Alphabet to speak up for the rights of investors to file resolutions.

One final point. For several years, investors have written letters to top management and filed resolutions on lobbying disclosure and transparency issues, seeking opportunity simply to meet and talk. But the letter and calls have gone unanswered. The filers of this resolution are perplexed. Alphabet doesn't have a bad Investor Relations record in general. So why doesn't the company agree to meet or talk on the phone with investors who want a hearing and to seek a middle ground? Thank you.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you very much, Ms. Benton.

The third stockholder proposal is being brought by Clean Yield Asset Management as the lead filer on behalf of John Fedor-Cunningham and David Fedor-Cunningham and the Benedictine Sisters of Mount St. Scholastica as the co-filer. Ms. Ivy Jack is back to present this proposal.

**Ivy Jack** {BIO 21633041 <GO>}

Good morning, Mr. Chairman, Board of Directors and my fellow shareholders. My name is Ivy Jack. And I have been asked to read the following statement by the filers

of this proposal, Clean Yield Asset Management.

Our proposal, #8 on the proxy ballot, calls on Alphabet to fully disclose the extent of its political spending. Specifically, Alphabet has refused calls to disclose what it contributes to so-called dark money nonprofits such as trade associations and 501c [ph] 4 [ph]s. These are entities that can receive payments from corporations but do not have to disclose the source of those contributions. Since 2012, dark money groups spent more than \$670 million to influence electoral outcomes.

We've been trying to have this conversation with Alphabet for three years and are surprised and disappointed at management's continuing unwillingness to dialogue with us on this matter. At the 2014 shareholder meeting, responding to another shareholder raising questions about political spending, Mr. Schmidt pledged to come back with "some ideas." It's been three years without any ideas. In those three years, the amount of dark money spent in American elections rose by nearly \$200 million. Also, in those three years, we have seen an erosion of faith in this country's democratic institutions. The 2 trends are not unrelated.

We'd like to know why it's okay for Alphabet to secretly contribute the company's money to groups that spend it however they wish, even in ways that may conflict with the company's stated values. Nearly 1/5 of the S&P 500 either restrict their payments to 501c [ph] 4 [ph] groups and trade associations or disclose them.

Alphabet showed real spine when it quit the American Legislative Exchange Council, an organization that consistently fights legislation designed to curb climate change. But it still has an expensive political footprint supporting about 140 trade associations and other nonprofits across the political spectrum. The reputation risks are not hypothetical, as Alphabet has come under heavy criticism in the media for its aggressive lobbying of the European Commission.

Google users trade away a great deal of privacy for the privilege of using the world's most sophisticated and powerful search engine. This transparency should be a 2-way street. As a company with this extraordinary power over its users' personal information, Alphabet has a special obligation to be fully transparent about its policy aims and relationships which affect so many aspects of our lives and relationships to this company.

Fellow shareholders, cast your vote in favor of Proposal #7 (sic Proposal #8) to encourage management to stop hiding its political contributions and rise to the best practices of its peers.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you, Ms. Jack.

The fourth stockholder proposal is being brought by Arjuna Capital as co-filer on behalf of a client, Eleanor Shorter. And Proxy Impact as a co-filer on behalf of CB

Wealth Generation LLC. Ms. Natasha Lamb, there you are, you'll be presenting the proposal. You have 3 minutes.

**Natasha L. Lamb** {BIO 18796096 <GO>}

Thank you. Good morning, Mr. Chairman, Mr. Page, members of the board and fellow shareholders. My name is Natasha Lamb. And I'm here to move Proposal #9, filed on behalf of Arjuna Capital's client and co-filed by Baldwin Brothers and Proxy Impact. Specifically, we are asking the board to publish a report on gender pay equity. This is the second year that we have submitted this proposal.

The median income for women working full time in the United States is reported to be 79% of that of her male counterparts. And forecasts indicate that women will not reach pay parity until 2059. Of note, the gap for African-American and Latina women is wider at 60% and 55%, respectively.

Gender pay disparity is not only one of the biggest social justice issues of our time; it poses a risk to companies' performance, brand and investor returns. This issue is particularly salient to the technology industry, which struggles to attract, retain and move women into positions of leadership. A 2016 Glassdoor study finds an unexplained 5.9% gender pay gap in the information technology industry after statistical controls such as job title and seniority, noting, "Many tech jobs top the list for the largest gender pay gaps."

And while Alphabet has not reported its company-wide pay gap, PayScale reports the company has a mean pay gap of 13%, over \$13,000; and Glassdoor has reported a \$25,000 gap at the senior engineering level. I will note, however, that investors should not be reliant on third-party analysis. The onus is on our company to disclose. Of further note, Alphabet is now the subject of an investigation by the Department of Labor alleging extreme gender pay disparity.

Research indicates gender-diverse teams are more productive, innovative and drive better results. So clearly, a failure to attract and retain qualified female employees is detrimental to Alphabet's ability to innovate and compete. Alphabet has disclosed that 31% of our company's workforce is female, yet only 24% of our management team is female. Our company is best served by a proactive approach to address the structural biases, including pay inequities, that prevent women from moving into positions of leadership.

So given the material business risks gender and equity presents, investors expect transparent, honest disclosures and quantitative goals. Employees expect a new level of structural support that addresses root causes and empowers fair negotiation, promotion and, ultimately, equal pay. Implementing the proposal would represent a proactive step toward closing the gender pay gap. We believe the company would benefit from taking a leadership position on this issue along with technology peers, including Intel, Apple, Expedia, Adobe, Amazon, Microsoft, GoDaddy and eBay, as research indicates attracting and retaining diverse teams yield strong financial performance benefits.



**David C. Drummond** {BIO 1952796 <GO>}

I'll have to ask you to wrap up. You're over time. Thank you.

**Ivy Jack** {BIO 21633041 <GO>}

Thank you. Proxy adviser Institutional Shareholders Services agrees, stating, "A vote for this resolution is warranted, as Alphabet lags its peers in addressing gender pay disparity. By not addressing the issue at the same level as its peers, Alphabet is put at a competitive disadvantage in the recruitment of candidates and the retention of employees." Thank you.

**David C. Drummond** {BIO 1952796 <GO>}

Thanks very much.

The fifth proposal is being brought by the National Center for Public Policy Research as the lead filer. Mr. Justin Danhof is here. Hi, Justin. And he'll be presenting the proposal. Three minutes.

**Justin Danhof**

Thanks. Good to see you again, David. The tie looks good. I feel underdressed now. But we're not here for fashion.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you. Hi. we're trying.

**Justin Danhof**

As David said, I'm Justin Danhof with the National Center for Public Policy Research. And I rise today to move Proposal 10. Our proposal requests that the board issue a report analyzing the company's charitable activities. The report should list the rationale and benefits to society at large produced through the company's charitable contributions. It should be noted that the report would not change any of the company's policies, goals or values or place them in the hands of shareholders. It would simply explain whether management believes that its donations have lived up to the company's goals and values.

The company donates to numerous organizations. Some of these organizations may end up using funds provided by the company in unintended and unwanted ways. Donations to controversial groups, particularly political ones, may also eventually result in harm to Alphabet's reputation.

For example, the company has donated to the Center for American Progress, known as CAP. CAP is an extreme political group that has been accused of anti-Semitism. In

2010, under the direction of John Podesta, who would go on to become chairman of Hillary Clinton's presidential campaign, CAP actually wrote the blueprint for the Obama administration's expansion of executive power. Even The New York Times towards the end of Mr. Obama's presidency said that he expanded the executive branch power so much, more than we had ever seen in modern times, that it would change the presidency for decades to come.

Well we all know presidents change. And now with President Trump in office, Alphabet has actually lodged complaints about the very same use of executive power that was designed and endorsed because of the company's decision to fund CAP. That's hypocritical.

The company has also donated to the Clinton Foundation, which has been under FBI investigation. Media reports strongly imply that parts of the Clinton Foundation may have operated as a pay-for-play scheme whereby individuals and corporations may have sought preferential treatment from government actors in exchange for donations to the foundation. Such speculation is further fueled by the closing of some of the Clinton Foundation operations following her unsuccessful bid for the White House.

While liberals in the room may cheer donations to CAP and the Clinton Foundation just as conservatives may bemoan them, there is no question that donations to highly politicized organizations are controversial. The report requested by our proposal would increase transparency and accountability and may also help the company avoid unnecessary issues. Please join me in supporting Proposal 10. Thank you.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you, Justin.

The sixth proposal is being brought by Holy Land Principles, Inc. as the lead filer and Azzad Asset Management as the co-filer. Mr. Declan Keogh is here to present. Mr. Keogh?

## **Unidentified Participant**

Good morning, Mr. Chairman and fellow Google shareholders. My name is Declan Keogh. I am here to request that Google adopt the Holy Land Principle resolution. These principles require that companies that do business in Israel and in Palestine have fair employment policies and procedures. Google must have a workforce in Israel that reflects the ethnic diversity in Israel. In Israel, diversity means diversity of religious affiliation. It does not mean skin color. Having a diverse workforce means a workforce that includes Christians and Muslims, who make up more than 20% of the Israeli population. The government of Israel requires that everyone carry an identity card that is color-coded to their religion. It is very easy for anyone to see which religion a person has.

American people expect American companies that do business overseas to have employee policies that reflect American values. This includes equal opportunity, equal pay and no favored group. Google's board has recommended that we stockholders vote against this resolution because they say Google already has an equal opportunity policy in place in Israel. If that is true, then we would like to see the numbers. If Israel is very -- sorry. In Israel, it is very easy for Google to count how many of its employees are Jewish, how many are Christian and how many are Muslim.

I grew up in Ireland during the Irish troubles which were caused by the discrimination against Catholics in Northern Ireland. The Holy Land Principles are based on the MacBride Principles, which require companies that did business in Northern Ireland to be fair in their hiring policies. I know firsthand what discrimination can do to a nation.

By definition, Israel is an apartheid state where Christians and Muslims are subjected to institutionalized discrimination. Google must oppose Israel's apartheid laws and take whatever steps it can to provide a safe and fair work environment for all of its employees. Apartheid is glaringly obvious in Israel's illegal settlements in Palestine. To employ Jewish Israelis that live in illegal settlements and not to employ Christians and Muslim Palestinians that live in Palestine is a flagrantly discriminatory practice. Google's credibility in the Arab world is at risk. Without a verifiable policy that provides proof of their fair employment, Google will be seen to have its own unofficial version of Donald Trump's Muslim ban. In the words of Archbishop Desmond Tutu, apartheid is both intrinsically evil and morally reprehensible. Please remember, Google's motto is "Don't be evil." Thank you.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you, Mr. Keogh.

So our final stockholder proposal is being brought also by Arjuna Capital on behalf of its clients, Susanna L. Hoffs and Matthew Joseph Roach. Ms. Lamb is back to present this proposal.

**Natasha L. Lamb** {BIO 18796096 <GO>}

Good morning. Again, my name is Natasha Lamb. And I'm here to move proposal #12 on behalf of Arjuna Capital's clients asking the board to publish a report on public policy issues associated with managing fake news and associated hate speech, including the impact on a democratic process, free speech and a cohesive society. To be clear, we are talking about content posted and disseminated with the intent to mislead, not the mainstream media which the President refers to as fake news.

Of note, research has shown that fake news has affected elections in the U.K., France and the U.S.. And Pew confirms broad misperception caused by fake news, noting 64% of U.S. adults say fabricated news stories cause a great deal of confusion about

the basic facts of current issues and events. That confusion cuts across political lines. And there's a study that just came out this morning that shows that the same number, 64% of Americans, now trust content on the Internet less than they did one year ago.

Fake news is not about spin or confirmation bias. It's about fabrication. And when fabrication is disseminated so easily at scale, the way we have seen through Google's AdSense platform, it represents a threat to our democracy. Google has faced sharp criticism for providing a financial mechanism supporting fabricated content on the Internet, as fake news promoters hack their way to visibility and revenue through strategically gaming ad buys and algorithms.

Hate speech is a related concern. A number of major advertisers have suspended advertising on Google platforms for fear of being associated with objectionable content. And one prominent Wall Street firm estimates Google lost \$750 million in advertising revenue for this very reason.

Alphabet is highly vulnerable for its apparent mismanagement of the issue. And while our company has recently announced some steps to deal with these problems, they are too little and too late. Indeed, Alphabet's challenge is how to address fake news and hate speech without curbing freedom of expression for billions of users. And a lack of self-regulation could invite government regulation.

So investors seek assurance that fake news, fabricated content and hate speech is being handled responsibly over time. We do not expect it will be solved through a simple algorithm tweak or better user education, although those are important pieces of a larger puzzle. Fake news is a complex issue that needs to be managed systematically. And investors expect transparency and accountability so we may understand the full scope of the issue. We expect annual reporting on public policy risk, impacts on free speech and analysis on how fake news is impacting a cornerstone of our democracy and informed electorate. Thank you.

**David C. Drummond** {BIO 1952796 <GO>}

Thank you very much, Ms. Lamb.

So that concludes the proposals and the formal business for the meeting. So most stockholders have voted in advance of the meeting via proxy. But we do want to give folks an opportunity who have not voted or those who want to change votes the opportunity to do that at the meeting. So if -- you don't need to do anything if you don't want to change your vote. But we have ballots available if you don't have them already. And if you do and you voted, you can hand them in to the folks who are roving the room here. So we'll give you a few moments to do that.

I should note, of course, that we've received sufficient proxies before the meeting to know that the proposals we discussed today will pass or fail in accordance with the recommendations made by our Board of Directors as laid out in the proxy statement.

But we do want to make sure that everybody has the opportunity to vote or change a vote, if you so desire. So we'll pause for another few moments and then proceed.

(Voting)

Okay. Thanks very much. There seems to be a couple more left. Okay. So I'll now declare that the polls for each matter that are being voted upon at the meeting are now closed and directing the Inspector of Elections to collect any other ballots that are still out there. If you do have one, please hold up your hand. It looks like we got everybody. There's one more -- 2 more.

All right. So let's get to the results. I've been advised by the Inspector of Elections that the nominees for election to the Board of Directors have been duly elected. I've also been advised that a majority of the shares of our Class A and Class B common stock entitled to vote and are present at the meeting in person or by proxy have voted in favor of the ratification of an appointment of Ernst & Young to act as our independent registered public accounting firm for 2017; as well as the approval of an amendment to our 2012 stock plan; the approval of compensation awarded to our named executive officers; and the proposal that every three years, we have a stockholder advisory vote on compensation awarded to our named executive officers. So therefore, each of these proposals has been approved by our stockholders.

I've also been advised by the Inspector of Elections that a majority of the shares of the Class A and Class B common stock entitled to vote and are present here in person or by proxy have voted against the stockholder proposal on -- regarding equal voting; the stockholder proposal regarding a lobbying report; the proposal regarding a political contributions report; the proposal regarding a report on gender pay; the proposal regarding a charitable contributions report; the proposal regarding the implementation of Holy Land Principles; and finally, the stockholder proposal regarding a report on fake news. So therefore, each of those proposals has not been approved by our stockholders.

As soon as possible after the meeting, we will complete the final vote tabulations, incorporating everything we received today. And will provide a final vote tally of those results on our Investor Relations website. We also will be filing those with the SEC.

So that ends the official business of the meeting. And I declare the formal portion of the meeting adjourned. Eric will now come up and make a few remarks. And then we'll go to Q&A. Eric?

**Eric E. Schmidt** {BIO 1451572 <GO>}

Let's have a video. Thank you, David, very much.

I love that video because I think it shows you where your company is headed. And where we're headed is to help people live their lives. I don't know that, that was the original idea that Larry and Sergey had when they founded the company. But it now informs and drives everything that we think about. And that's what I want to talk to you about for a few minutes and review a little bit of the things that have happened in what has been an exceptional year for the corporation.

We had this sort of notion that we would give people the answers that they needed whenever they wanted. But we then added this notion of trying to address the life challenges of literally billions of people. And you see this in everything we do. And what's happened is that the company has become this sort of source of optimism in an otherwise difficult world or challenging world, at least as I perceive it, because it's a natural consequence of wanting to help people and help people make their lives better.

When I think about my own beliefs, for example, I believe very strongly that science and critical thinking matter, right, that it's important that we state those principles right up front. And that it is possible today, because of the technologies I'm going to highlight, to invent things that will substantially change the world for the better, right? Not in small ways but in extraordinary ways. And I think that they are very much coming. It's sort of defined as limitless imagination because of a technological opportunity.

And we're in an era of almost limitless communications and information, which is a huge change for all of us in our lifetimes. And I think, as a result, we can solve some very, very profound problems. And there's no industry in the world that is as brutally competitive and brutally dynamic as the technological industry globally. And we're in the middle of this. And we're -- we win some and we lose some, right. But the important point is that, that competition, sort of the raw capitalistic competition, along with the innovation, is driving these platforms, these inventions, these things which solve people's problems and, of course, ultimately deliver shareholder value.

To me, the most undertold story is the story of the genesis of Alphabet. We've deliberately focused on the companies rather than Alphabet. And I wanted to spend at least a minute telling you about Alphabet. I felt so strongly about this that in the new version of How Google Works, we added a whole chapter on How Alphabet Works, right, available for \$9.99 from your favorite online bookstore using Google Play.

The -- in August, it's two years since we adopted Alphabet. And to me, the genesis of Alphabet is a meeting that Larry and Sergey and I had about a decade ago where we flew -- technically, I flew them, shocking, to Omaha. And we visited with Warren Buffett. And I remember sitting on, I think, the 14th floor and being struck by the extraordinary success of his model with one floor, right, that he had figured out a problem that had bedeviled all of us in our industry for years, which was how to establish scalability, right? And he had a particular formula, which was the independence of the companies, strong CEOs, independent operation and strong branding of those corporations.

So 2 to three years ago, when it was clear that the company's ambitions were well beyond the traditional definition of Google, we kept going back and back and back to this sort of principle that you need genuine autonomy. And Larry would say over and over again, let's think about how do we solve this in a structural way. All of these things that companies do are -- they're sort of half solutions. But there is one solution that we know works well in capitalism, which is boards, shareholders, CEOs and independent. And you see that in capitalism today.

So what's interesting is that with this idea, right, formed a decade ago, we started with Alphabet. And we began the process of creating these corporations. And this structure, I think, is at the beginning. And I am convinced that the structure that Larry and Sergey adopted, right, as the sort of next structure of the company that they founded, where a small team has helped architect, in particular Ruth and David working with them, has really built a sort of corporation scaling mechanism that we've never seen in the world. So my bet is that the traditional lessons of business organization will, in fact, result in success at Alphabet over time and to the benefit of all of us.

And there are reasons why this structure is likely to work. And it starts with the fact that we're trying -- that we're focused on finding solutions to big problems with the applications of science and technology, right? Again, it goes back to that fact that science matters and that facts matter and that technology matters and that this structure that I'll highlight is helping the entrepreneurs that we've either promoted or brought in to create these corporations with the kind of global impact that Google had in its early years. And we're beginning to see that. It's tantalizing to me.

But in order to make that happen, we had to have a strong leader and a strong structure for Google. And indeed, that person is Sundar. And I think -- we don't need to go on and on about how successful Google as a corporation has been over the last year under his leadership. But let me give you some examples of things that we've recently announced.

You saw a lot of innovation at I/O. The Assistant, the ability to do it across devices and services and ways that you do it. A product called Google Lens, which is a new way for the computers to sort of see what's going on, again, with your permission, that you can then use to understand things going on around you. When you use Google Home, right, this interesting little device, you're using a supercomputer of analysis and knowledge around -- about the world around you. And this is version 1. Imagine what version 2 will be and version 3 will be as we get more and more capable of making your lives more powerful.

So all sorts of new hardware devices. We are very excited about all the Pixel products that we announced. And we have more than 2 billion monthly active devices at Android, right? So it gives you a sense of the scale and touch and reach that Google now has with Android.

On the machine learning side. And when Sundar came in, he took the older phrase, my phrase, mobile first. And he said the new phrase is AI first. He said let's use machine learning and intelligence to make our systems smarter throughout. And over and over again he said, let's be the world's leader in the most emerging technology in computer science in 50 years, speaking as a computer scientist who's been doing it for about 50 years. It's that important.

We recently announced something called AutoML. One of the problems with machine learning is that it's a very complicated thing to understand. It's hard for me to even understand it. And I have a PhD in this area. But by building tools that generate neural networks automatically, the sort of more traditional person, the more traditional person just trying to solve a problem can find these models generated for them automatically. This requires invention and investment in computation and algorithms at a scale that's hard to describe. But this is where your shareholder investment in capital and those data centers is allowing us to literally have neural networks design other neural networks.

This autogeneration is a core part of a strategy that we talk about internally called learning to learn. How do you learn how to think, or can the computer help you in -- at the scale we're doing it?

In translation, we used neural machine translation and had a huge improvement in entire sentences rather than just in phrases. We're working with Stanford to use TensorFlow, which is the underlying open source platform for this, runs on all the interesting hardware, including our competitors', to detect skin cancer as well as or better than dermatologists. So again, in the future, when you go to the dermatologist, your dermatologist will have something to make sure that they're giving you the right diagnosis that might be slightly better than he or she.

If you take a look at YouTube, more than 1 billion hours of watch time per day. We launched YouTube TV for the people who don't have traditional television service but they have an Internet. They can now watch the majority of television programs on top of their Internet connection. It's the next step in over-the-top. It's interesting, we used machine learning, there we are again, AI first, thanks to Sundar, to automatically caption over 1 billion videos in 10 languages, making them accessible to the more than 300 million people who are deaf or hard of hearing. Again, think about it from their perspective, how we changed their lives. I could not be prouder of the impact that we've had on that.

Think about Google Photos, my current obsession, uploading all my pictures and videos of my life. We have more than 500 million users of Google Photos now. And we're uploading more than 1 billion photos per day. And I predict that number will only go up.

In cloud, we've decided to make a major investment in cloud. Cloud is important to us for many, many reasons, both strategically as well as business and competitive and so forth in that marketplace. But for example, we hired an incredible computer



scientist named Fei-Fei Li to lead our AI machine learning for cloud. That will be one of our great differentiators. We're doing all sorts of interesting APIs. We've designed these hardware accelerators. They're called Cloud TPUs. Think of it as a specialized computer that can do this computation incredibly fast. And when I say incredibly fast, I mean much, much faster than the fastest computers that have been available today.

Let's have a -- so just to finish on Google. Google has had an extraordinary year since we met. And I think a lot of that has to do with the coalescing around the missions that I've just described. And I'm sure that it will continue to do well.

Let's switch. Let me show you a video about Loon. We've talked about Loon before.

This is a very good example, right? Thank you very much. This is a very good example of Googlers who just saw a problem, saw a technological solution and saw a way to make some progress on something that will affect a lot of us. Loon is now operational and running well in those areas. And it's a good example of how nobody else could solve the problem and this new technology could do so. We are, of course, as a result, getting a great deal of learning as we learn how to fly around Peru in terms of balloon-to-balloon communication and those sorts of things that will continue.

Let me mention -- I'll mention a few more. And then we'll go ahead to questions. Waymo. Waymo graduated from X in December. We have one of the cars outside. It's a rare event for people in California to see these cars for various boring legal reasons. And so I encourage you to take a look at it. We did this huge partnership with Fiat Chrysler. We've got another 500 Pacifica minivans for a total of 600. And we are -- we've done more than 3 million miles of fully autonomous driving as of May. We have this incredibly entertaining program called the Early Rider Program in Phoenix, where we picked a set of families and we provide them essentially automatic driving to watch how families actually use cars, right, on the theory that we should do some beta testing with actual families in Arizona. And we'll see how that goes. So far, they're doing well. And we've done a big partnership with Lyft as our next (inaudible). Much more to come in the next relatively short period of time.

Verily, our life science business. We're doing a baseline study of human health. It's important to remember that we're all the same as a medical matter. And the baseline study of how people's health, both sort of locally as well as with a disease and so forth and so on, varies over time. We're doing that with Stanford and Duke, to map the health of 10,000 individuals to, again, build the data to begin to do the machine learning, to do the kind of prediction that's now possible. Again, there's that AI first principle.

We're doing something with Nikon around retinal images of diabetes, related eye disease, diabetic retinopathy. It's a disease that affects a lot of people in the developing world. Literally many, many millions of people go blind because of this. We think we can detect it just like that. Wow, that's amazing.

With Sanofi, we've announced -- diabetes, of course, can be a huge problem globally, not just in the U.S.. But around the world. For example, 51% of the people in China are thought to be prediabetic at this point. So we've got a national, global health problem. There's a big opportunity to solve problems and build a business there.

With GSK, we announced a joint venture called Galvani to help develop bioelectronic medicine, where we use electronic detection of certain kinds of things that are going on to, again, detect early kinds of diseases in your body. They will do well, in my opinion.

Nest has, of course, just announced. Nest Cam IQ, which is a piece of software with Nest Aware that can apply facial recognition that can help you understand if there's someone unwelcome in your home. Probably a pretty good and useful technique for all of us.

Over and over again, Calico, Sidewalk Labs, the fiber projects are all basically working on this core principle of excelling technical innovation.

If you think of Alphabet as innovation through business organization, an important bet which I think will ultimately serve as a marker for the next 100 years in how corporations at scale should operate, you're also going to see the innovation in each of the corporations. You have invested, in my view, in a truly revolutionary company in the form of Alphabet. If I go back to the 2013 Founders' Letter, Larry and Sergey wrote that incrementalism in technology leads to irrelevance over time because change tends to be revolutionary, not evolutionary.

We have taken the position that with this structure and with this kind of innovation, we can bring revolutionary benefits to billions of people globally. I am so proud to be in front of you to represent the many people and companies that are part of the Alphabet, who I can tell you are all committed to this broad mission. Our goal remains the same: serve billions of people and help them live better.

I have been privileged to be here as part of this 16 years. The company is 18 years old. We're tackling the most important and hardest problems, the most impossible problems that you can imagine, to have the greatest impact on the greatest number of people. I want to thank you all for your support to make the impossible possible. And thank you very much.

We have a good amount of time. And I always look forward to your comments, questions, thoughts. And it is my privilege to -- let's see, we have Ruth Porat, who I think everybody knows, Senior Vice President and Chief Financial Officer; David I've already introduced; and Kent Walker, who's the General Counsel and many other functions, including all of PR and policy in Google. So I think between the 4 of us we can probably answer questions or comments.

Yes, sir? Why don't you go in the beginning?

## Questions And Answers

### Q - Bill Preston {BIO 3104022 <GO>}

Yes. Good morning. And thank you, guys, for the great work you guys are doing. I'm a new shareholder. My name is Bill Preston with the Rosa & Raymond Parks Institute for Self Development out of Detroit, Michigan. My comment is in the area of Alzheimer's. I've been caring for a loved one for over a decade. I'm just hoping that really, in a scientific side, I come from a big pharma background, we've had so many setbacks, the biggest one obviously coming with the one from Eli Lilly back at the end of November. And it was really hard. So it's the sixth leading cause of death. I'm just praying that you guys will partner with big pharma. We've got to come up with a solution by 2025. Otherwise, it's going to bankrupt Medicare. So this is a major public health problem, not only in the U.S.. But globally. So I pray that you guys will look in that area and look for somebody to partner with and make a difference. God bless you all and continued success. Thank you.

### A - Eric E. Schmidt {BIO 1451572 <GO>}

Thank you. If you look at Verily, its core strategy is to do precisely what you described. What Verily is trying to do is trying to invent some new technological solutions and apply them in the medical industry, which has not had access to machine learning and so forth. The research I read in, for example, autism and Alzheimer's all have the property that it looks like machine learning could make healthcare progress there. And those diseases, in particular Alzheimer's, is a \$1 trillion industry, right, negatively. It's \$1 trillion of costs to our society if we cannot fix it, right? It's crucial. And it's one of the things that we're thinking about.

Yes, sir?

### Q - John Simpson {BIO 21041348 <GO>}

Good morning, fellow shareholders. I'm John Simpson. I'm a shareholder. And I should also say I'm a privacy project director for Consumer Watchdog. I'm asking this question on behalf of Nicole S., whose story was featured in the film, I Am Jane Doe, about online child sex trafficking and the legal shield that protects it. She could not be here today.

"Good morning, Dr. Schmidt; Alphabet, Inc.; and Google executives; board members and shareholders." I'm reading her question. "I am Nicole S. I hope you have seen I Am Jane Doe. It is available on Google Play and Netflix. It documents how my 15-year-old daughter was sold repeatedly for sex through the notorious website, backpage.com. Consumer Watchdog's recent report how Google's backing of Backpage protects child sex trafficking details how Alphabet Inc.'s Google has funded nonprofit groups and legal scholars who continue to defend Backpage in the name of Internet freedom. Internet freedom can't be about helping sell children for sex. That's got to end. Will you stop funding groups in their misguided effort to defend Backpage no matter what harm it causes? And more importantly perhaps, going forward, will you support a narrow amendment to Section 230 of the

Communications Decency Act that would allow victims like my daughter and me to hold Backpage accountable for facilitating child sex trafficking?"

**A - Kent Walker** {BIO 15242895 <GO>}

Let me take that one. Welcome back, John. Obviously, the topic is a very important one. We take the issue of human sex trafficking very seriously, as we do the abuse of our systems with child sexual abuse imagery. We've taken a variety of steps to try and combat this problem throughout society. We've invested in and funded a number of groups that are working on the problem. We've hired people at Google to work on the question of human rights advocacy. And our engineers have actually worked with the National Center for Missing and Exploited Children and other groups around the world to develop tools and technologies to identify and help them combat and get to the root of some of these rings that are at the issue of this.

Now when you raise the question of Section 230, we think that the Congress, when it formed 230, was actually striking a blow in favor of the ability of good samaritan review by Internet platforms. You don't want to create liability for review of platforms. And we think Congress got that balance right. We continue to think it's a robust platform for the kind of innovative stuff we've been able to do on top of our platforms and what other Internet companies...

**Q - John Simpson** {BIO 21041348 <GO>}

So you won't support an amendment?

**A - Kent Walker** {BIO 15242895 <GO>}

We think that the -- Section 230, as it stands, has actually been a great thing for both the ability of companies to be able to review their platforms and to preserve their right for free expression and free speech...

**Q - John Simpson** {BIO 21041348 <GO>}

Have the 4 of you seen the movie I Am Jane Doe?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I have.

**Q - John Simpson** {BIO 21041348 <GO>}

You have?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I have, yes.

**Q - John Simpson** {BIO 21041348 <GO>}

Okay. We sent you a letter, by the way, with our report. Have you received our report?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Sir, this is not actually a debate. We have heard your question.

**Q - John Simpson** {BIO 21041348 <GO>}

I'm not trying to debate you. I'm trying to get a response from you.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I have seen it. Sir, we have given you the response.

**Q - John Simpson** {BIO 21041348 <GO>}

Have you seen our report?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Yes. Thank you.

**Q - John Simpson** {BIO 21041348 <GO>}

You have? I was going to give you a copy to make sure.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

You may give me another copy if you wish.

**Q - John Simpson** {BIO 21041348 <GO>}

I will do that.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Thank you. Yes, sir?

**Q - Unidentified Participant**

My name is Eric Sprague [ph]. I'm a shareholder from the Sacramento area. And I'm wondering about your plans in the online travel space for the next few years. I think Oliver Heckmann at the Skift Forums had said that you don't plan on becoming an online travel agency in the near future. But as you enter spaces directly, it would affect some of your biggest customers like the PriceLine Group, where I'm also a shareholder. And also, as you enter new spaces, it's a balance of organizing information. But there was a recent Reuters story about the -- what might be an upcoming fine from the EU in the shopping space. So I was wondering, like with spaces like travel, as you think about entering them more directly, how you calibrate all these factors.

**A - Kent Walker** {BIO 15242895 <GO>}

So as you allude to the question of some of the antitrust investigations that are going on, let me take that one. I think our general policy has been to try and look for areas where we can deliver the most benefit to the most number of consumers around the world. We try and provide streamlined experiences that are faster and more comprehensive. Travel is one area, where Google Flight Search has delivered phenomenal value to consumers. We continue to look for opportunities to do that. And we think that we are in an extraordinarily competitive market with a number of large and small platforms in the U.S. and around the world. And that we've actually been remarkably successful over the last decade reducing consumer prices, improving the quality of offerings and improving consumer choice. So that's been a dramatic improvement in social welfare. So we think that's been a very good thing.

**Q - Unidentified Participant**

So do you see yourselves getting involved more directly like with the Google Trips app and those types of tools?

**A - Kent Walker** {BIO 15242895 <GO>}

We can't preannounce product decisions. But I think we continue to be looking for ways to benefit consumers.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Okay. Thank you very much. Yes, sir?

**Q - Justin Danhof**

Hi. Good morning. I'm still Justin Danhof, still from the National Center. I'd be remiss if I didn't say your tie looks very nice, too, Mr. Schmidt. I had a quick question about the company's diversity and inclusiveness initiatives. When the company takes public policy positions, does it consider all of its employees? What I mean by that is when, for example, the company publicly opposed President Trump's position on immigration, right? The company opposed the President's decision to withdraw from the Paris Accord quite publicly. The company also recently opposed decency legislation in the State of Texas.

While the executive suite likely consists largely of more -- of the liberal elite mindset, surely the company employs a few conservatives who would rightfully view all of these actions as offending their worldview and their public policy positions. So when you take these publicly -- these very public positions, are you concerned that conservative employees here or libertarian-minded employees here at Alphabet and Google, that they don't feel that this is an inclusive environment for their opinions because they know that the hierarchy doesn't share their values?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I would start with my answer, which is we start from the principles of science at Google and at Alphabet.

**A - Kent Walker** {BIO 15242895 <GO>}

And in general, the filter we use for a lot of these issues are, do questions affect our business operations. For example, we are a significant consumer of green power and so we have a business interest in getting that right. Or does it affect our relationships with our employees in the way we are able to provide employee benefit programs, for example. We do take lots of perspectives into account. We value all kinds of ideas and diversity of every flavor at Google, including diversity of perspective and ideas.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

David?

**A - David C. Drummond** {BIO 1952796 <GO>}

Yes, I would just say that these positions that we're taking are not -- these are not partisan positions. We're not in the middle of the political fray. These have to do with principles that we've long held at the company. And we've got folks of various political stripes who believe in those principles. And so I think what you see is not our attempt to jump on the scales for one political party or another. But to express things that are very deeply -- very important to the company, whether it's free expression or whether it's the openness of -- we have lots of folks at Google from all over the world. And we took a stand to protect them. Many of them were personally affected by what was going on with that policy that I think you referred to. And so I think our employees were very strongly behind taking these positions because they reflect a principle, not partisanship.

**Q - Justin Danhof**

I just want to sure you don't redline the fact I work in the D.C. conservative circles. And your applications for your public policy teams, many conservatives in D.C. would never even consider applying to this company because they wouldn't feel welcome. I just know that as...

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Well I'm happy to have that discussion some other time. I will tell you that we operate the company under the principles that David and Kent and I have outlined. We're not going to change that. The company was founded under the principles of freedom of expression, diversity, inclusiveness and science-based thinking. You'll also find that all of the other companies in our industry agree with us.

Yes, sir?

**Q - Unidentified Participant**

My name is Tom Zhang [ph]. I'm an ex-Google employee and also a...

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Go ahead. Yes, sir?

## Q - Unidentified Participant

Ex-Google employee and also an immigrant from China. I'm impressed of the video you played since the Google Alphabet new mission is help people live better. I remember the old mission is organize the world's information and make it successful to everyone. So the population -- so Google new mission will make millions of people's lives better. I assume that you're also including the Chinese, because Chinese -- number of Chinese users is double the U.S. population. So my question is, some of the Chinese cannot use that Google service and product. So any ideas or any initiatives to make some product or service available in China?

## A - Kent Walker {BIO 15242895 <GO>}

We continue to express the thought that we would like to be able to serve the citizens of China with our services. It's a complex area and it's one we continue to explore.

## A - Eric E. Schmidt {BIO 1451572 <GO>}

And I was in China this past week as part of our AlphaGo tournament where we had a joint program around man versus machine in the Go game, which was successful, I think, on all parts. And we also did a great deal of education around AI in China. It was very impressive.

Yes, ma'am? I'm sorry. I keep -- I didn't realize you guys had separate -- my error. And I apologize, sir. Yes, sir, in the back.

## Q - Unidentified Participant

No problem. No offense taken. I just wanted to ask. My name is Tony Lavia [ph] and I'm a stockholder. I wanted to ask about the area of augmented reality. I didn't hear very much, if anything, about that. And I wondered, it seems to be a fairly promising area with a lot of people competing. So number one, what is the strategy for making products in that area? What do you see, maybe some of the high running ones that we might see that aren't just going to be Pokémon games? And two, how will you compete against, say, Apple, who controls both the platform and the software, which Google does not do. So far?

## A - Eric E. Schmidt {BIO 1451572 <GO>}

Ruth?

## A - Ruth Porat {BIO 2536317 <GO>}

So our augmented reality area is part of the virtual reality area. And going back to Eric's opening comments, I think one of the very fascinating elements of innovation at Google, now Alphabet, started with what we call the 20% time. And the first virtual reality effort came out of that in cardboard. And that has grown into our virtual reality/augmented reality effort. We're really excited about the direction it's taking. You're absolutely right; it's not just about games. We think there's a broader set of applications. And at this point there's -- we're not going into detail on what the



products are but have it under a terrific leader, Clay Bavor. And are excited about the direction we're taking. We agree with you; it's an important area.

**Q - Unidentified Participant**

Can you just say whether Google Glass is going to play a major part again? Because that seems to have gone in the background.

**A - Ruth Porat** {BIO 2536317 <GO>}

That is not a part of -- that's a different effort.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

In the back. And I apologize for not seeing you guys. There's a separate mic.

**Q - Brad Bates**

Not a problem. My name is Brad Bates. I'm from Turlock. I have been a fortunate shareholder since the IPO. And congratulations on joining the 4-digit club of stocks. So now go chase down Berkshire. A few years ago, several years ago, an interesting question was asked. And I thought it had an interesting answer. And the question was, if Google were a person, in terms of development, what grade would that person be in? And the answer, I believe, that came from one of the founders was the third grade. And I thought, that's a pretty precocious 8-year-old. So as you're beginning to enter your third decade as a public company, I would ask that same question again. If Alphabet were a person, what grade would we or would that person be in?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

This is a Ruth question.

**A - Ruth Porat** {BIO 2536317 <GO>}

I would say we maybe are now in fourth grade.

**A - David C. Drummond** {BIO 1952796 <GO>}

Exactly.

**A - Ruth Porat** {BIO 2536317 <GO>}

But we're still very, very early. And that's what so extraordinary. I mean, when you look at Google, I'm often asked what's my biggest surprise coming here, having now been here two years. And the answer is how early we still are. Eric talked a lot about machine learning and the importance of it. You saw in the video what the Assistant will be doing for us, opening up ways of query that we didn't have before and the opportunity to provide more effective responses, to use recommendation engines with YouTube, to help us as we're moving into the cloud and the opportunity there, all that we're doing with hardware, all that we're doing with YouTube subscriptions suggest that Google has quite a long runway ahead of it.

I often describe it as 3 arcs. We've got all that's going on in ads. And then we're adding on with cloud, hardware and YouTube subscriptions and then all of the magical things coming out of the other bets, whether it's self-driving cars or transforming cities or life sciences or Loon. And so I've given us one year because I couldn't say we stalled in third grade. But I'd say fourth grade.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Well save some money for college. Thank you. Yes, sir?

**Q - Unidentified Participant**

My name is George Beyon [ph], Beyon Capital Partners Private Equity. And my question is, with the new administration offering to repatriate capital back to the U.S., what's Google or Alphabet's stance on that, since they have \$50 billion plus in capital? And -- well, I have another one.

**A - Ruth Porat** {BIO 2536317 <GO>}

So one of the key questions, I think, when we look at cash is what's the most effective use of that cash for shareholders. And as we look at it, we go back to our core principles from day 1, which is we have been and remain committed to long-term growth. And the most exciting opportunity, really building off of the prior question, is all of the areas in which we can invest. And so we're first looking at the organic investment opportunities.

We also have a great history of acquisitions, things like YouTube or DoubleClick, Maps, where we've really done things which at the time seemed crazy but have worked out quite well for everyone. And so that is another area where we're considering uses of cash.

And when we look at the overall potential requirements, we then ask the question, what else might be available with cash? And we were pleased to have been able to start doing the modest share repurchase program. But when we look at globally that cash, it doesn't change the overall arching objective, which is investing in the business, investing in the growth opportunities, whether that's organic or through acquisition, to enable us to continue driving the types of growth that you've seen. There's too many opportunities out there. And so where it actually is has not been really the constraint. It's really what's the opportunity set.

**Q - Unidentified Participant**

And would Google ever consider 1 share of Google for 1 share of Apple, since Apple does have \$250 billion of capital that could be repatriated?

**A - Ruth Porat** {BIO 2536317 <GO>}

I'm sorry?

**Q - Unidentified Participant**

Would you consider 1 share of Google...

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Are you suggesting we do a stock swap?

**A - Ruth Porat** {BIO 2536317 <GO>}

A stock swap. Interesting.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I think Apple would have to want to do that.

**Q - Unidentified Participant**

Well it's called a bear hug.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Go ahead.

**A - Ruth Porat** {BIO 2536317 <GO>}

I'll leave that one to you. That would be...

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Not in your current list?

**A - Ruth Porat** {BIO 2536317 <GO>}

No.

**A - David C. Drummond** {BIO 1952796 <GO>}

Probably not.

**A - Ruth Porat** {BIO 2536317 <GO>}

No. I did not even understand the question.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I think you heard -- did I hear a no and a no? What do you think, Kent?

**A - Ruth Porat** {BIO 2536317 <GO>}

A no and a no and a no.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I think it's a no. Yes, ma'am?

**Q - Natasha L. Lamb** {BIO 18796096 <GO>}

Hi, Natasha Lamb with Arjuna Capital. The company has paid lip service to the gender pay gap, says that it's not an issue. But it's been unwilling to give a quantitative disclosure, to give that number that so many of Google's and Alphabet's peers have given. The company has also been unwilling to dialogue with us since last year when we had begun what we thought was a productive dialogue. So the company has gone quiet, despite the fact that last year's vote on this proposal from non-insider -- from the non-insider voting block was 48%, which I think is pretty remarkable for outside shareholders from a voting standpoint.

So one, I would ask that we continue the dialogue. And two, I'm curious if Google is willing to join its peers in providing those transparent quantitative disclosures? And if this is not an issue, if the issue is moot and women are paid 100% of what men are paid, then can you say 100%? Because what investors are looking for are those transparent quantitative numbers that we've seen your peers give as well. Thank you.

**A - Kent Walker** {BIO 15242895 <GO>}

As you probably have seen, we're currently in litigation with the Department of Labor over some issues related to this. We feel very strongly that gender pay equity is an important principle at Google. We run internal surveys on a regular basis. And we do believe we pay equally across genders throughout the company. So we're continuing to make progress on that. We've said that publicly. So that is in itself a form of disclosure of where we think we are. But we're always happy to talk more. And we'd be happy to chat after the meeting to continue that dialogue.

**Q - Natasha L. Lamb** {BIO 18796096 <GO>}

Thank you. And I appreciate that. I mean, last year certainly you weren't under investigation by the Department of Labor and our dialogue went quiet. So I would appreciate that continued conversation. Thank you.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

One of our traditions is we produce the actual expert when a hard question is asked. This is Prasad.

**A - Prasad Setty**

Good morning. I'm Prasad. Today I'm a Vice President in our people operations organization. And one of the functions that I have responsibility for is compensation. Pay equity is one of our most important tenets that we look into when we think about compensation. And all of our pay practices are designed such that no demographic information is ever taken into account. It's all about skills and capabilities. But in addition to that, we also go through rigorous analysis every year to make sure that we are living up to the principles that we hold very dear. And last year, around this time, we published externally that our aggregate analysis showed that there is no gender pay gap.

At the end of last year, after the completion of our annual pay planning cycle, we went into in-depth analysis of 52 different jobs at Google. We went into really, really gory detail out there and found that for every one of those, again, we did not see any gender pay gap, which Eileen Naughton, who heads up people operations, recently published in a blog post externally as well. So we feel that we are really committed to this and absolutely confident in our processes. Thank you.

**Q - Natasha L. Lamb** {BIO 18796096 <GO>}

Thank you. And again, we're looking for a number. So if it's 100%, please say that. Thanks.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Okay. Thank you, Prasad. Let's see. Continuing to add my -- correct for my error. Yes, sir?

**Q - Daniel Gluesenkamp**

I'm Dan Gluesenkamp. I'm the Executive Director of the California Native Plant Society. I'm a shareholder. And you might recognize CNPS, the Native Plant Society. We've designed the native plant pallet for the landscaping that's coming in here for the pollinator your gardens. That was one of our local chapter projects. We've got 35 chapters covering California and Baja California. And I just want to talk a little bit about kind of the great repository of information that is untapped in California, this biodiversity hotspot. We also have a super bloom. The plants and animals that have evolved in California, if you can imagine the Alphabet evolution going on for 1 billion years instead of a decade or so, the information that is coded in there, the ability to survive various challenges is absolutely priceless. And as we move toward an era where we can lasso asteroids and drop the price of gold, as we can do anything, the one thing that we will not be able to do is to develop the information that codes the genes that those things hold that provide engineering feedstock for what we will need to do on this planet in the future.

And I want to thank you guys. I want to thank Google for all of the tools that have been developed that have helped conservationists to try and save some of those species. It's a globally significant biodiversity hotspot. We're really blessed here. The mapping applications you've built, the Google Earth outreach to put it into the hands of people have really transformed our ability to, first, figure out what we have. And then to figure out how everything is connected.

What I want to ask is, I want to encourage Alphabet to look at this as an incredible resource, a great opportunity, both a business opportunity to capture the most valuable information on the planet, extremely inaccessible, coded in a language that we are only just learning how to read. And yet they're free for the taking, with many people excited to work on it, being paid low wages. For the price of one stabilizing spoon, we could probably map the entire flora. And I know that individuals in the leadership, Eric, Diane, are very interested in saving this stuff, individually, personally committed. It would be revolutionary if the organization took advantage of this opportunity that is left lying on the table and actually focused on it in a way to develop specific tools to help us understand what biodiversity we have, to try and

map it so that we understand where the important plant areas are, for example. So we don't accidentally bulldoze something that has a cure for something in the future. And get some really positive press for it and potentially start a revolution that bumps us out of this slow evolution we're facing. So...

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

So thank you. We've actually had, over the last decade, a number of projects to provide underlying tools to such research projects. These are generally known as the code for life projects, because we need to understand the biodiversity, not just at the plant level. But at sort of nature's level. And it advances science in really fundamental ways. We've not made the vertical tools that you're describing. But I think it's a good idea, for both us and also for private philanthropists.

**Q - Daniel Gluesenkamp**

I know you've -- there's been involvement in your New York Botanical Garden, I believe.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Yes, of course. We did a...

**Q - Daniel Gluesenkamp**

California has more plants than any state in the union. We have more rare plants than any state in the union. And if you see an opportunity to connect with CNPS, I'm at dan@cnps.org, to really focus on the California treasure, we'd be excited to partner.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Okay. Thank you very much. Yes, sir?

**Q - Unidentified Participant**

My name is Juan Cortez [ph]. I'm a relatively new shareholder. And I don't know what the world would look like without Alphabet and all of the value it's created for billions of people. But what do you think are some of the negative societal drawbacks and consequences of creating such a powerful and omnipresent corporation?

**A - Kent Walker** {BIO 15242895 <GO>}

So there's been a lot of talk about sort of the rise of tech platforms generally. We think it's actually, on balance, been a remarkable opportunity for people to have access to information that they never would have had access to before, typically for free, in many of the services and projects that we provide. And it's opened up new opportunities for competitive marketplaces at the same time, empowering not just consumers. But small businesses to be able to come on and sell their goods and services around the world. So that, on balance, has been a really powerful and positive development.

We take the responsibility seriously. And we're recognizing some of the issues that have been discussed today and elsewhere. And we do an awful lot as a company to try and invest in making sure that the Internet is a positive and constructive place and that the work that Google does outside of the Internet is also sort of investing in the larger benefit of society and the community.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

We're sort of running out of time. But I want to make sure we get everybody's questions. So we'll need to accelerate the Q&A process. Yes, sir?

**Q - Unidentified Participant**

My name is Andrei Crandall. I'm a junior at Berkeley High School and a shareholder. In your annual report, you stated that 80% of your profits come from advertising. You also said that a risk to this company is online blocks -- blocking software. What do you plan -- how do you plan on combating this issue?

**A - Kent Walker** {BIO 15242895 <GO>}

So we recently announced an effort to use Google Chrome to address some of the concerns that many consumers have about annoying ads, targeting a small number of ads that are disruptive to the consumer experience, that are leading some people to actually using broader kinds of ad-blocking software. We think that's a very positive development. We're working together with partners across the publishing industry, the advertising industry. Because it's not a problem that any given company can solve on its own. It really is making sure that the ecosystem is moving in a positive direction so that the online browsing experience for consumers is better and they don't see a need for online blocking software.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

And thank you for being one of our youngest shareholders. Thank you. Yes. That's good. Quickly, yes, ma'am?

**Q - Meredith R. Benton**

It's Meredith Benton. I want to speak in support of the request around increased transparency around the gender data. But beyond that, racial, ethnic and religious. Google works in so many different parts of the world where we know there's entrenched discrimination. And the ability of this company to address those problems through its data and through its desire to make the world a better place, to report back to the community at large over what initiatives it's taking internally make a difference, how they've made a difference, what hasn't worked, it's just the possibility for the positive benefit that could be made is extraordinary, not just for the world at large. But also for your existing and potential employees.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Ruth, would you like to?

## **A - Prasad Setty**

I can take this one as well. As you all recall, three years back, we were one of the first companies in the tech industry to report on our diversity demographics. And we are continuing with that practice. And we are glad to see that the rest of the tech industry is following suit as well. And so that shows you our commitment. And certainly internally as well we have lots and lots of dialogue around diversity and inclusion. And so we want to make sure that our workplace is one that has a tremendous amount of respect for everyone and that we are the champions of diversity and inclusion throughout. So we're certainly continuing on that quest.

## **A - Eric E. Schmidt** {BIO 1451572 <GO>}

Thank you. Yes, sir?

## **Q - Unidentified Participant**

Hi, my name is Scott Chapman [ph]. Thank you very much for all the great work you're doing. I have a financial question to elaborate a little bit more on capital allocation, Ruth. Earlier, Eric, you alluded to your meeting -- influential meeting with Warren Buffett and Berkshire Hathaway. One of the things that Buffett does so ingeniously is come up with the right incentive systems for all of the autonomous units to incent them to allocate capital, excess capital back to headquarters so he can reinvest that. When you have cash flow generators and cash users within the organization, can you share with us a little bit about how -- what you've brought to the table here in your way of thinking about doing a similar parallel type of thing with capital allocation, allocating costs of capital to the divisions and how they are incented to bring back capital and how you prioritize that capital at headquarters?

## **A - Ruth Porat** {BIO 2536317 <GO>}

I think one of the many benefits of the move to the Alphabet structure was that we got focused within Google, as Eric described. And then across this portfolio of other bet companies. And what we've done is really push expenses down to the business level. So business leaders have a much greater sense of -- much greater visibility about all the resources that they're using within any particular effort. And quoting also from Eric's book where he says anchor everything in data and the rest will follow, that's what we're doing. And it's provided a level of transparency about how much is being used, what does it look like over a multiyear period. And we've been working tightly with our leaders on how do you stack rank the opportunity so you can identify where are there places where maybe we've overinvested, should scale back, in order to put more weight behind some of the big new opportunities.

But it really -- it starts with data. We announced, as some of you may have seen within the last year, that we moved from what was called non-GAAP reporting to GAAP. And I think that it was really profound internally. We heard a lot of positive feedback from investors. But the beauty of it internally is we're giving great leaders more visibility about how they're using resources and so they can stack rank where they want to apply those resources.



That's true across Alphabet. What's been really extraordinary with this move as well is the opportunity to work so closely with the founders, looking at how much is needed within each one of the other bets, how do we shape it so that we set it up to be as nimble and potent as possible, with very much a philosophy that over-resourcing can be as counterproductive as under-resourcing.

So it's a lot of iterative work. It's different type of businesses than in the Berkshire family of companies. And it really goes very much to what are -- who's the leader, what's the mission, what's the scale of opportunity and what are the milestones along the way to achieve it and how do we make sure we're giving them that runway. And so it has been, I think, a very productive process.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

David?

**A - David C. Drummond** {BIO 1952796 <GO>}

I would just chime in to say, unlike Berkshire Hathaway, we're mostly dealing with start-ups and tech start-ups. And so we're trying to replicate that experience for the great -- the talented technical people and great businesspeople that we're recruiting. And an important part of that is setting up sort of incentive programs that -- where people get, if they perform in the other bet, they do very well, as opposed to being sort of attached to the overall Google or Alphabet compensation plan. So I think we're trying to replicate that start-up feel as a way to really get the kind of innovation and great business creation that you see out in the world here in the Valley.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

And a lot of the success we're seeing in Alphabet has been because Ruth and David have spent the majority of their time trying to get the structure right. So they, in my view, are the real heroes of the implementation of this truly brilliant idea.

Let's go. Yes, sir. And we'll need to pick it up even quicker. Yes, sir.

**Q - Unidentified Participant**

My name is Hong Chen [ph]. I take Google Maps to here. It saved me a couple minutes.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Good.

**Q - Unidentified Participant**

And I am environmental-concerned person. Can Google Map tell me which way is more green?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Is more green.

**Q - Unidentified Participant**

Yes, less CO2.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Yes. In many, many ways.

**A - David C. Drummond** {BIO 1952796 <GO>}

That's interesting.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

In many, many ways.

**A - Ruth Porat** {BIO 2536317 <GO>}

Well I would say that it does tell you the time to walk and the best route or the time to bike. So that's one part of the answer. And I think it's a great question, something we will keep looking at.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Maybe we should highlight...

**A - David C. Drummond** {BIO 1952796 <GO>}

A good product suggestion.

**Q - Unidentified Participant**

To drive, between mileage, would be less, consume more gas and something. Thank you.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Thank you very much. Let's do these 2 folks at the microphone. So yes, sir?

**Q - Unidentified Participant**

My name is Deepak Kumar [ph]. I'm a shareholder. So first of all, I would like to thank you to making the whole world so closer and connected. When I came in '94, it was so difficult to talk to the back home and we are holding all the AAA maps, everything. So I really like to thank you for making all our lives so easy and productive. So I would like everybody to have a big applause for this achievement.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Thank you.

**Q - Unidentified Participant**

So my main question is for the job. So like -- because this is like a very star company and everybody would like to help to the company to move to the new direction. Right now it's very difficult to apply for like Google and all these things, like the recruiter. You will be very lucky to get a chance to return back. Otherwise, they're just hanging around. So what is the best way to connect to the company so that the bright people in the industry, they can get a chance to talk with you and get -- show their ability to see that, oh, we are the one who can help to the company also.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I think we're going to make Prasad a permanent member of our panel here.

**A - Prasad Setty**

Thank you for that question. We're always looking for the most amazing talent, right? Like all the innovations that Eric and Ruth and Kent and David have talked about would not come alive if it were not for the people that we have out here. As you know, we have been recognized as the #1 Best Place to Work in the U.S. for seven years in a row. That wouldn't happen if we didn't place this kind of a commitment on finding and developing and retaining our talent. We get 3 million applications every year and we hire a few thousand people. So we are more selective than pretty much any educational institution you can think of. And that does provide its own challenges. On the one hand, we are blessed that we are such a popular organization that everyone wants to work. But it does make it difficult for us to go back and talk to everyone about their applications. Rest assured, though, that with our people, our machine learning technology, all of that, we're always looking for who are the best people that should be part of this organization. So we're committed to that.

**Q - Unidentified Participant**

Personally I faced a problem with one of the recruiter, like they're just quiet and they're not updating. So I was just lucky to get that call. But actually it was not well professionally way to move forward.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Why don't you give that feedback to Prasad off stage? I would tell you, by the way, that Prasad is the architect of why we have such extraordinary talent in this corporation, right? Thank you very much. Next question?

**Q - Unidentified Participant**

Tom Kane [ph] from Menlo Park. Warren Buffett is famous for running the entire -- his entire corporation with that staff that fits on one floor in Omaha. Is the top Alphabet staff of the same scale? Are you that lean? How do you do it?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

I think it's smaller.

**A - David C. Drummond** {BIO 1952796 <GO>}

Actually, I think it's maybe 1/4 of a floor, a couple -- a few offices. We're actually -- Ruth and I visited the headquarters several months ago in Omaha. And we realized that our Alphabet staff was actually much, much smaller than Berkshire Hathaway's.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

By the way, this is not a goal. Yes. Okay. We have -- sir, it looks like you have the honor of the -- oh, we have -- would you like one more question?

**Q - Unidentified Participant**

Mine will be quick.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Okay. So we'll have -- I'm sorry. Did we have somebody on the last -- yes. So we'll have you, you. And then you'll have a quick question. Yes, sir?

**Q - Unidentified Participant**

Barry Wood, Washington, D.C. Following from the last question and from Mr. Chapman's questions about what you said, Mr. Schmidt, about scalability from the Warren Buffett model. Yes. There's only a few people in that. But this is -- Berkshire is a very diversified, almost 100 different companies spread all over the planet, mostly in the U.S. You're operating here from one -- essentially one big campus. I don't understand what you really mean by scalability. I don't think most people who are not shareholders understand the difference between the 2 types of shares, or what Alphabet is vis-À-vis the company. And also the question of, aren't you just one big company with several divisions?

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Well again, I can assure you, in the spirit of a quick answer, that we created Alphabet because we needed at least 26 letters, right. And that each of those letters in the form of corporations will really be quite independent. And that's my core message, is that they'll have clear, distinct, different ownership, leadership, possibility for partial investment. We've already done that with Verily. Different kinds of incentive programs, different kind of compensation programs, different branding, different cost structures. Ruth and David have architected that so that scalability is possible. I believe that, that will be what Alphabet will look like in 5 or 10 years. That is my opinion.

Let's see. We have a -- yes, ma'am? Come on up.

**Q - Unidentified Participant**

My name is Marion Lowe [ph] from Salinas, California. And it's about Alphabet, the name Alphabet. Many are wondering why Google to Alphabet. Well I read about it, how the board chose and why and how it did and it was the most refreshing enlightenment. Anyway, there are many reasons. But I chose this one, which is pertinent to my nephew and me. And it's coined Alpha-Bet. Alpha means investment returned above benchmark. And that's what I like about it. Thank you.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Thank you very much. Thank you for asking your question. Ruth, would you like to comment?

**A - Ruth Porat** {BIO 2536317 <GO>}

Just to say thank you.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

Okay. Excellent. And sir, a quick final comment.

**Q - Unidentified Participant**

Thank you. Michael Walsh. I'm a stockholder. I live in Beverly Hills. Ruth, can you give us any color, are auditors carrying any items on their unadjusted error schedule. And anything significant with that?

**A - Ruth Porat** {BIO 2536317 <GO>}

We're very comfortable. They're here. We have a very strong relationship with them and encourage them to push us as hard as possible and feel very good about where we are.

**A - Eric E. Schmidt** {BIO 1451572 <GO>}

On behalf of the corporation, the Board of Directors, the senior leadership and Prasad, our newest member, thank you very, very much for staying for our shareholder meeting. We'll see you in one year, same place. Thank you very much.

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