

**Alphabet Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
(In millions, except share and par value amounts which are reflected in thousands,  
and par value per share amounts)

	As of December 31, 2016	As of December 31, 2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,918	\$ 10,715
Marketable securities	73,415	91,156
Total cash, cash equivalents, and marketable securities	86,333	101,871
Accounts receivable, net of allowance of \$467 and \$674	14,137	18,336
Income taxes receivable, net	95	369
Inventory	268	749
Other current assets	4,575	2,983
Total current assets	105,408	124,308
Non-marketable investments	5,878	7,813
Deferred income taxes	383	680
Property and equipment, net	34,234	42,383
Intangible assets, net	3,307	2,692
Goodwill	16,468	16,747
Other non-current assets	1,819	2,672
Total assets	<u>\$ 167,497</u>	<u>\$ 197,295</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 2,041	\$ 3,137
Accrued compensation and benefits	3,976	4,581
Accrued expenses and other current liabilities	6,144	10,177
Accrued revenue share	2,942	3,975
Deferred revenue	1,099	1,432
Income taxes payable, net	554	881
Total current liabilities	16,756	24,183
Long-term debt	3,935	3,969
Deferred revenue, non-current	202	340
Income taxes payable, non-current	4,677	12,812
Deferred income taxes	226	430
Other long-term liabilities	2,665	3,059
Total liabilities	28,461	44,793
Commitments and Contingencies (Note 10)		
Stockholders' equity:		
Convertible preferred stock, \$0.001 par value per share, 100,000 shares authorized; no shares issued and outstanding	0	0
Class A and Class B common stock, and Class C capital stock and additional paid-in capital, \$0.001 par value per share: 15,000,000 shares authorized (Class A 9,000,000, Class B 3,000,000, Class C 3,000,000); 691,293 (Class A 296,992, Class B 47,437, Class C 346,864) and 694,783 (Class A 298,470, Class B 46,972, Class C 349,341) shares issued and outstanding	36,307	40,247
Accumulated other comprehensive loss	(2,402)	(992)
Retained earnings	105,131	113,247
Total stockholders' equity	139,036	152,502
Total liabilities and stockholders' equity	<u>\$ 167,497</u>	<u>\$ 197,295</u>

See accompanying notes.

**Alphabet Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In millions, except per share amounts)

	Year Ended December 31,		
	2015	2016	2017
Revenues	\$ 74,989	\$ 90,272	\$ 110,855
Costs and expenses:			
Cost of revenues	28,164	35,138	45,583
Research and development	12,282	13,948	16,625
Sales and marketing	9,047	10,485	12,893
General and administrative	6,136	6,985	6,872
European Commission fine	0	0	2,736
Total costs and expenses	55,629	66,556	84,709
Income from operations	19,360	23,716	26,146
Other income (expense), net	291	434	1,047
Income before income taxes	19,651	24,150	27,193
Provision for income taxes	3,303	4,672	14,531
Net income	\$ 16,348	\$ 19,478	\$ 12,662
Less: Adjustment Payment to Class C capital stockholders	522	0	0
Net income available to all stockholders	\$ 15,826	\$ 19,478	\$ 12,662
Basic net income per share of Class A and B common stock	\$ 23.11	\$ 28.32	\$ 18.27
Basic net income per share of Class C capital stock	\$ 24.63	\$ 28.32	\$ 18.27
Diluted net income per share of Class A and B common stock	\$ 22.84	\$ 27.85	\$ 18.00
Diluted net income per share of Class C capital stock	\$ 24.34	\$ 27.85	\$ 18.00

See accompanying notes.

**Alphabet Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)

	Year Ended December 31,		
	2015	2016	2017
<b>Operating activities</b>			
Net income	\$ 16,348	\$ 19,478	\$ 12,662
Adjustments:			
Depreciation and impairment of property and equipment	4,132	5,267	6,103
Amortization and impairment of intangible assets	931	877	812
Stock-based compensation expense	5,203	6,703	7,679
Deferred income taxes	(179)	(38)	258
Loss on marketable and non-marketable investments, net	334	275	194
Other	212	174	137
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(2,094)	(2,578)	(3,768)
Income taxes, net	(179)	3,125	8,211
Other assets	(318)	312	(2,164)
Accounts payable	203	110	731
Accrued expenses and other liabilities	1,597	1,515	4,891
Accrued revenue share	339	593	955
Deferred revenue	43	223	390
Net cash provided by operating activities	26,572	36,036	37,091
<b>Investing activities</b>			
Purchases of property and equipment	(9,950)	(10,212)	(13,184)
Proceeds from disposals of property and equipment	35	240	99
Purchases of marketable securities	(74,368)	(84,509)	(92,195)
Maturities and sales of marketable securities	62,905	66,895	73,959
Purchases of non-marketable investments	(2,326)	(1,109)	(1,745)
Maturities and sales of non-marketable investments	154	494	533
Cash collateral related to securities lending	(350)	(2,428)	0
Investments in reverse repurchase agreements	425	450	0
Acquisitions, net of cash acquired, and purchases of intangible assets	(236)	(986)	(287)
Proceeds from collection of notes receivable	0	0	1,419
Net cash used in investing activities	(23,711)	(31,165)	(31,401)
<b>Financing activities</b>			
Net payments related to stock-based award activities	(2,375)	(3,304)	(4,166)
Adjustment Payment to Class C capital stockholders	(47)	0	0
Repurchases of capital stock	(1,780)	(3,693)	(4,846)
Proceeds from issuance of debt, net of costs	13,705	8,729	4,291
Repayments of debt	(13,728)	(10,064)	(4,377)
Proceeds from sale of subsidiary shares	0	0	800
Net cash used in financing activities	(4,225)	(8,332)	(8,298)
Effect of exchange rate changes on cash and cash equivalents	(434)	(170)	405
<b>Net decrease in cash and cash equivalents</b>	<b>(1,798)</b>	<b>(3,631)</b>	<b>(2,203)</b>
Cash and cash equivalents at beginning of period	18,347	16,549	12,918
<b>Cash and cash equivalents at end of period</b>	<b>\$ 16,549</b>	<b>\$ 12,918</b>	<b>\$ 10,715</b>
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for taxes, net of refunds	\$ 3,651	\$ 1,643	\$ 6,191
Cash paid for interest, net of amounts capitalized	\$ 96	\$ 84	\$ 84

See accompanying notes.