

# Alphabet Inc.

## Consolidated Balance Sheets

<i>(In millions, except share and par value amounts which are reflected in thousands, and par value per share amounts)</i>	<b>As of December 31, 2014</b>	<b>As of December 31, 2015</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,347	\$ 16,549
Marketable securities	46,048	56,517
Total cash, cash equivalents, and marketable securities (including securities loaned of \$4,058 and \$4,531)	64,395	73,066
Accounts receivable, net of allowance of \$225 and \$296	9,383	11,556
Receivable under reverse repurchase agreements	875	450
Income taxes receivable, net	591	1,903
Prepaid revenue share, expenses and other assets	3,412	3,139
Total current assets	78,656	90,114
Prepaid revenue share, expenses and other assets, non-current	3,187	3,181
Non-marketable investments	3,079	5,183
Deferred income taxes	176	251
Property and equipment, net	23,883	29,016
Intangible assets, net	4,607	3,847
Goodwill	15,599	15,869
Total assets	\$129,187	\$147,461
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,715	\$ 1,931
Short-term debt	2,009	3,225
Accrued compensation and benefits	3,069	3,539
Accrued expenses and other current liabilities	4,408	4,768
Accrued revenue share	1,952	2,329
Securities lending payable	2,778	2,428
Deferred revenue	752	788
Income taxes payable, net	96	302
Total current liabilities	16,779	19,310
Long-term debt	3,228	1,995
Deferred revenue, non-current	104	151
Income taxes payable, non-current	3,340	3,663
Deferred income taxes	758	189
Other long-term liabilities	1,118	1,822
Commitments and contingencies (Note 11)		
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); 680,172 (Class A 286,560, Class B 53,213, Class C 340,399) and par value of \$680 (Class A \$287, Class B \$53, Class C \$340) and 687,348 (Class A 292,297, Class B 50,295, Class C 344,756) and par value of \$687 (Class A \$292, Class B \$50, Class C \$345) shares issued and outstanding	28,767	32,982
Accumulated other comprehensive income (loss)	27	(1,874)
Retained earnings	75,066	89,223
Total stockholders' equity	103,860	120,331
Total liabilities and stockholders' equity	\$129,187	\$147,461

See accompanying notes.

# Alphabet Inc.

## Consolidated Statements of Income

<i>(In millions, except per share amounts)</i>	Year Ended December 31,		
	2013	2014	2015
Revenues	\$55,519	\$66,001	\$74,989
Costs and expenses:			
Cost of revenues	21,993	25,691	28,164
Research and development	7,137	9,832	12,282
Sales and marketing	6,554	8,131	9,047
General and administrative	4,432	5,851	6,136
Total costs and expenses	40,116	49,505	55,629
Income from operations	15,403	16,496	19,360
Other income (expense), net	496	763	291
Income from continuing operations before income taxes	15,899	17,259	19,651
Provision for income taxes	2,739	3,639	3,303
Net income from continuing operations	\$13,160	\$13,620	\$16,348
Net income (loss) from discontinued operations	(427)	516	0
Net income	\$12,733	\$14,136	\$16,348
Less: Adjustment Payment to Class C capital stockholders	0	0	522
Net income available to all stockholders	\$12,733	\$14,136	\$15,826
Basic net income (loss) per share of Class A and B common stock:			
Continuing operations	\$ 19.77	\$ 20.15	\$ 23.11
Discontinued operations	(0.64)	0.76	0.00
Basic net income per share of Class A and B common stock	\$ 19.13	\$ 20.91	\$ 23.11
Basic net income (loss) per share of Class C capital stock:			
Continuing operations	\$ 19.77	\$ 20.15	\$ 24.63
Discontinued operations	(0.64)	0.76	0.00
Basic net income per share of Class C capital stock	\$ 19.13	\$ 20.91	\$ 24.63
Diluted net income (loss) per share of Class A and B common stock:			
Continuing operations	\$ 19.42	\$ 19.82	\$ 22.84
Discontinued operations	(0.63)	0.75	0.00
Diluted net income per share of Class A and B common stock	\$ 18.79	\$ 20.57	\$ 22.84
Diluted net income (loss) per share of Class C capital stock:			
Continuing operations	\$ 19.42	\$ 19.82	\$ 24.34
Discontinued operations	(0.63)	0.75	0.00
Diluted net income per share of Class C capital stock	\$ 18.79	\$ 20.57	\$ 24.34

See accompanying notes.

# Alphabet Inc.

## Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31,		
	2013	2014	2015
<b>Operating activities</b>			
Net income	\$ 12,733	\$ 14,136	\$ 16,348
Adjustments:			
Depreciation and impairment of property and equipment	2,781	3,523	4,132
Amortization and impairment of intangible assets	1,158	1,456	931
Stock-based compensation expense	3,343	4,279	5,203
Excess tax benefits from stock-based award activities	(481)	(648)	(548)
Deferred income taxes	(437)	(104)	(179)
Gain on divestiture of business	(700)	(740)	0
(Gain) loss on marketable and non-marketable investments, net	(166)	(390)	334
Other	272	192	212
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(1,307)	(1,641)	(2,094)
Income taxes, net	588	591	(179)
Prepaid revenue share, expenses and other assets	(930)	459	(318)
Accounts payable	605	436	203
Accrued expenses and other liabilities	713	757	1,597
Accrued revenue share	254	245	339
Deferred revenue	233	(175)	43
<b>Net cash provided by operating activities</b>	<b>18,659</b>	<b>22,376</b>	<b>26,024</b>
<b>Investing activities</b>			
Purchases of property and equipment	(7,358)	(10,959)	(9,915)
Purchases of marketable securities	(45,444)	(56,310)	(74,368)
Maturities and sales of marketable securities	38,314	51,315	62,905
Purchases of non-marketable investments	(569)	(1,227)	(2,172)
Cash collateral related to securities lending	(299)	1,403	(350)
Investments in reverse repurchase agreements	600	(775)	425
Proceeds from divestiture of business	2,525	386	0
Acquisitions, net of cash acquired, and purchases of intangibles and other assets	(1,448)	(4,888)	(236)
<b>Net cash used in investing activities</b>	<b>(13,679)</b>	<b>(21,055)</b>	<b>(23,711)</b>
<b>Financing activities</b>			
Net payments related to stock-based award activities	(781)	(2,069)	(2,375)
Excess tax benefits from stock-based award activities	481	648	548
Adjustment Payment to Class C capital stockholders	0	0	(47)
Repurchases of capital stock	0	0	(1,780)
Proceeds from issuance of debt, net of costs	10,768	11,625	13,705
Repayments of debt	(11,325)	(11,643)	(13,728)
<b>Net cash used in financing activities</b>	<b>(857)</b>	<b>(1,439)</b>	<b>(3,677)</b>
Effect of exchange rate changes on cash and cash equivalents	(3)	(433)	(434)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,120</b>	<b>(551)</b>	<b>(1,798)</b>
Cash and cash equivalents at beginning of period	14,778	18,898	18,347
<b>Cash and cash equivalents at end of period</b>	<b>\$ 18,898</b>	<b>\$ 18,347</b>	<b>\$ 16,549</b>
<b>Supplemental disclosures of cash flow information</b>			
Cash paid for taxes	\$ 1,932	\$ 2,819	\$ 3,338
Cash paid for interest	\$ 72	\$ 86	\$ 96

See accompanying notes.