

Alphabet Inc.
Quarterly Consolidated Statements of Income

(In millions, except per share amounts; unaudited)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Revenues	\$ 17,258	\$ 17,727	\$ 18,675	\$ 21,329	\$ 20,257	\$ 21,500	\$ 22,451	\$ 26,064	\$ 24,750
Costs and expenses:									
Cost of revenues	6,356	6,583	7,037	8,188	7,648	8,130	8,699	10,661	9,795
Research and development	2,753	2,789	3,230	3,510	3,367	3,363	3,596	3,622	3,942
Sales and marketing	2,065	2,080	2,223	2,679	2,387	2,415	2,565	3,118	2,644
General and administrative	1,637	1,450	1,477	1,572	1,513	1,624	1,824	2,024	1,801
Total costs and expenses	12,811	12,902	13,967	15,949	14,915	15,532	16,684	19,425	18,182
Income from operations	4,447	4,825	4,708	5,380	5,342	5,968	5,767	6,639	6,568
Other income (expense), net	157	131	183	(180)	(213)	151	278	218	251
Income before income taxes	4,604	4,956	4,891	5,200	5,129	6,119	6,045	6,857	6,819
Provision for income taxes	1,089	1,025	912	277	922	1,242	984	1,524	1,393
Net income	\$ 3,515	\$ 3,931	\$ 3,979	\$ 4,923	\$ 4,207	\$ 4,877	\$ 5,061	\$ 5,333	\$ 5,426
Less: Adjustment Payment to Class C capital stockholders	—	(522)	—	—	—	—	—	—	—
Net income available to all stockholders	\$ 3,515	\$ 3,409	\$ 3,979	\$ 4,923	\$ 4,207	\$ 4,877	\$ 5,061	\$ 5,333	\$ 5,426
Basic net income per share of Class A and B common stock	\$ 5.16	\$ 4.99	\$ 5.80	\$ 7.16	\$ 6.12	\$ 7.11	\$ 7.36	\$ 7.73	\$ 7.85
Basic net income per share of Class C capital stock	\$ 5.16	\$ 6.51	\$ 5.80	\$ 7.16	\$ 6.12	\$ 7.11	\$ 7.36	\$ 7.73	\$ 7.85
Diluted net income per share of Class A and B common stock	\$ 5.10	\$ 4.93	\$ 5.73	\$ 7.06	\$ 6.02	\$ 7.00	\$ 7.25	\$ 7.56	\$ 7.73
Diluted net income per share of Class C capital stock	\$ 5.10	\$ 6.43	\$ 5.73	\$ 7.06	\$ 6.02	\$ 7.00	\$ 7.25	\$ 7.56	\$ 7.73

Alphabet Inc.
Quarterly Consolidated Balance Sheets

(In millions, except share amounts which are reflected in thousands and par value per share; unaudited)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Assets									
Current assets:									
Cash and cash equivalents	\$ 16,976	\$ 18,453	\$ 18,068	\$ 16,549	\$ 15,111	\$ 13,627	\$ 9,406	\$ 12,918	\$ 18,132
Marketable securities	48,460	51,327	54,699	56,517	60,153	64,833	73,650	73,415	74,307
Total cash, cash equivalents, and marketable securities (including securities loaned)	65,436	69,780	72,767	73,066	75,264	78,460	83,056	86,333	92,439
Accounts receivable, net of allowance	8,584	9,394	9,749	11,556	10,818	11,686	11,979	14,137	12,913
Receivable under reverse repurchase agreements	825	625	400	450	350	500	—	—	—
Income taxes receivable, net	109	—	287	1,903	1,804	576	416	95	56
Inventory	160	125	200	491	374	263	559	268	280
Prepaid revenue share, expenses and other assets	3,560	2,924	2,488	2,648	2,345	2,753	2,536	4,575	3,106
Total current assets	78,674	82,848	85,891	90,114	90,955	94,238	98,546	105,408	108,794
Prepaid revenue share, expenses and other assets, non-current	3,501	3,308	3,236	3,181	3,297	3,275	3,276	1,819	1,846
Non-marketable investments	4,090	4,409	4,813	5,183	5,577	5,820	5,705	5,878	6,131
Deferred income taxes	168	197	354	251	233	253	273	383	365
Property and equipment, net	25,448	27,008	28,338	29,016	30,162	31,413	32,753	34,234	35,936
Intangible assets, net	4,380	4,213	4,023	3,847	3,657	3,452	3,367	3,307	3,137
Goodwill	15,573	15,610	15,675	15,869	15,866	15,841	16,028	16,468	16,547
Total assets	\$ 131,834	\$ 137,593	\$ 142,330	\$ 147,461	\$ 149,747	\$ 154,292	\$ 159,948	\$ 167,497	\$ 172,756
Liabilities and Stockholders' Equity									
Current liabilities:									
Accounts payable	\$ 1,688	\$ 1,315	\$ 1,549	\$ 1,931	\$ 1,667	\$ 1,716	\$ 2,175	\$ 2,041	\$ 2,306
Short-term debt	2,009	3,008	3,237	3,225	3,221	2,219	—	—	—
Accrued compensation and benefits	1,911	2,466	2,988	3,539	2,618	3,409	3,672	3,976	2,673
Accrued expenses and other current liabilities	4,494	4,396	4,598	4,768	4,517	4,502	4,840	6,144	5,438
Accrued revenue share	1,755	1,823	1,899	2,329	2,227	2,345	2,542	2,942	2,888
Securities lending payable	1,657	2,694	3,266	2,428	2,171	2,065	—	—	—
Deferred revenue	699	712	705	788	933	900	923	1,099	1,148
Income taxes payable, net	123	948	215	302	330	185	171	554	803
Total current liabilities	14,336	17,362	18,457	19,310	17,684	17,341	14,323	16,756	15,256
Long-term debt	3,226	2,225	1,994	1,995	1,987	1,984	3,938	3,935	3,937
Deferred revenue, non-current	93	108	133	151	131	151	169	202	323
Income taxes payable, non-current	3,636	3,615	3,596	3,663	3,812	4,135	4,461	4,677	4,924
Deferred income taxes	1,071	540	25	189	599	651	393	226	604
Other long-term liabilities	1,735	1,960	1,884	1,822	1,965	2,151	2,561	2,665	2,763
Total liabilities	24,097	25,810	26,089	27,130	26,178	26,413	25,845	28,461	27,807
Stockholders' equity:									
Convertible preferred stock, \$0.001 par value per share, 100,000 shares authorized; no shares issued and outstanding	—	—	—	—	—	—	—	—	—
Class A and Class B common stock, and Class C capital stock and additional paid-in capital, \$0.001 par value per share	29,527	30,722	31,864	32,982	33,695	34,293	35,337	36,307	37,698
Accumulated other comprehensive income (loss)	(371)	(929)	(1,592)	(1,874)	(1,294)	(1,151)	(1,032)	(2,402)	(2,169)
Retained earnings	78,581	81,990	85,969	89,223	91,168	94,737	99,798	105,131	109,420
Total stockholders' equity	107,737	111,783	116,241	120,331	123,569	127,879	134,103	139,036	144,949
Total liabilities and stockholders' equity	\$ 131,834	\$ 137,593	\$ 142,330	\$ 147,461	\$ 149,747	\$ 154,292	\$ 159,948	\$ 167,497	\$ 172,756

Alphabet Inc.
Quarterly Consolidated Statements of Cash Flows
(In millions; unaudited)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Operating activities									
Net income	\$ 3,515	\$ 3,931	\$ 3,979	\$ 4,923	\$ 4,207	\$ 4,877	\$ 5,061	\$ 5,333	\$ 5,426
Adjustments:									
Depreciation and impairment of property and equipment	938	1,011	1,030	1,153	1,155	1,271	1,377	1,464	1,287
Amortization and impairment of intangible assets	239	223	218	251	216	219	219	223	216
Stock-based compensation expense	1,203	1,132	1,432	1,436	1,494	1,503	1,860	1,846	2,009
Deferred income taxes	71	(221)	(416)	387	414	(50)	(245)	(157)	613
(Gain) loss on marketable and non-marketable investments, net	16	17	(1)	302	280	14	(90)	71	68
Other	61	55	41	55	64	27	26	57	8
Changes in assets and liabilities, net of effects of acquisitions:									
Accounts receivable	698	(767)	(267)	(1,758)	818	(835)	(282)	(2,279)	1,267
Income taxes, net	827	1,123	(857)	(1,272)	271	1,409	473	972	510
Prepaid revenue share, expenses and other assets	43	19	142	(522)	185	(24)	(47)	198	(128)
Accounts payable	(24)	(374)	230	371	(269)	48	459	(128)	103
Accrued expenses and other liabilities	(601)	838	583	777	(1,064)	593	809	1,177	(1,868)
Accrued revenue share	(205)	84	52	408	(131)	83	186	455	(74)
Deferred revenue	(59)	25	(21)	98	18	(15)	39	181	111
Net cash provided by operating activities	6,722	7,096	6,145	6,609	7,658	9,120	9,845	9,413	9,548
Investing activities									
Purchases of property and equipment	(2,938)	(2,527)	(2,383)	(2,102)	(2,444)	(2,136)	(2,554)	(3,078)	(2,508)
Proceeds from disposals of property and equipment	11	12	10	2	16	13	197	14	41
Purchases of marketable securities	(12,558)	(20,568)	(23,091)	(18,151)	(20,748)	(24,840)	(25,371)	(13,550)	(20,119)
Maturities and sales of marketable securities	10,389	17,197	19,274	16,045	17,443	20,346	16,590	12,516	19,362
Purchases of non-marketable investments	(1,075)	(385)	(460)	(406)	(363)	(318)	(181)	(247)	(354)
Maturities and sales of non-marketable investments	1	10	138	5	42	56	91	305	78
Cash collateral related to securities lending	(1,120)	1,036	572	(838)	(257)	(106)	(2,065)	—	—
Investments in reverse repurchase agreements	50	200	225	(50)	100	(150)	500	—	—
Acquisitions, net of cash acquired, and purchases of intangible assets	(64)	(78)	(102)	8	(34)	(38)	(252)	(662)	(101)
Proceeds from collection of notes receivable	—	—	—	—	—	—	—	—	750
Net cash used in investing activities	(7,304)	(5,103)	(5,817)	(5,487)	(6,245)	(7,173)	(13,045)	(4,702)	(2,851)
Financing activities									
Net payments related to stock-based award activities	(493)	(511)	(606)	(765)	(807)	(803)	(815)	(879)	(1,009)
Adjustment Payment to Class C capital stockholders	—	(47)	—	—	—	—	—	—	—
Repurchases of capital stock	—	—	—	(1,780)	(2,098)	(1,595)	—	—	(1,127)
Proceeds from issuance of debt, net of costs	3,305	3,393	3,634	3,373	3,956	1,797	2,976	—	—
Repayments of debt	(3,308)	(3,396)	(3,637)	(3,387)	(3,962)	(2,839)	(3,250)	(13)	(18)
Proceeds from sale of subsidiary shares	—	—	—	—	—	—	—	—	480
Net cash used in financing activities	(496)	(561)	(609)	(2,559)	(2,911)	(3,440)	(1,089)	(892)	(1,674)
Effect of exchange rate changes on cash and cash equivalents	(293)	45	(104)	(82)	60	9	68	(307)	191
Net increase (decrease) in cash and cash equivalents	(1,371)	1,477	(385)	(1,519)	(1,438)	(1,484)	(4,221)	3,512	5,214
Cash and cash equivalents at beginning of period	18,347	16,976	18,453	18,068	16,549	15,111	13,627	9,406	12,918
Cash and cash equivalents at end of period	\$ 16,976	\$ 18,453	\$ 18,068	\$ 16,549	\$ 15,111	\$ 13,627	\$ 9,406	\$ 12,918	\$ 18,132