Google 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, 2012	As of December 31, 2013
		(unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$14,778	\$18,898
Marketable securities	33,310	39,819
Total cash, cash equivalents, and marketable securities (including securities loaned of \$3,160 and \$5,059)	48,088	58,717
Accounts receivable, net of allowance of \$581 and \$631	7,885	8,882
Inventories	505	426
Receivable under reverse repurchase agreements	700	100
Deferred income taxes, net	1,144	1,526
Income taxes receivable, net	0	408
Prepaid revenue share, expenses and other assets	2,132	2,827
Total current assets	60,454	72,886
Prepaid revenue share, expenses and other assets, non-current	2,011	1,976
Non-marketable equity investments	1,469	1,976
Property and equipment, net	11,854	16,524
Intangible assets, net	7,473	6,066
Goodwill	10,537	11,492
Total assets	\$93,798	\$110,920
Liabilities and Stockholders' Equity	φσσ,ι σσ	ψ110,020
Current liabilities:		
Accounts payable	\$2,012	\$2,453
Short-term debt	2,549	3,009
Accrued compensation and benefits	2,239	2,502
Accrued expenses and other current liabilities	3,258	3,755
Accrued revenue share	1,471	1,729
Securities lending payable	1,673	1,374
Deferred revenue	895	1,062
Income taxes payable, net	240	24
Total current liabilities	14,337	15,908
Long-term debt	2,988	2,236
Deferred revenue, non-current	100	139
Income taxes payable, non-current	2,046	2,638

Deferred income taxes, net, non-current	1,872	1,947
Other long-term liabilities	740	743
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 additional paid-in capital, \$0.001 par value per share: 12,000,000 shares authorized (Class A 9,000,000, Class B 3,000,000); 329,979 (Class A 267,448, Class B 62,531) and par value of \$330 (Class A \$267, Class B \$63) and 335,832 (Class A 279,325, Class B 56,507) and par value of \$336 (Class A \$279, Class B \$57) shares issued and outstanding	22,835	25,922
Class C capital stock, \$0.001 par value per share: 3,000,000 shares authorized; no shares issued and outstanding	0	0
Accumulated other comprehensive income	538	125
Retained earnings	48,342	61,262
Total stockholders' equity	71,715	87,309
Total liabilities and stockholders' equity	\$93,798	\$110,920

Google Inc. CONSOLIDATED STATEMENTS OF INCOME (In millions, except share amounts which are reflected in thousands and per share amounts) Three Months Ended Twelve Months Ended December 31, December 31, 2012 2013 2012 2013 (unaudited) (unaudited) Revenues: Google (advertising and other) \$12,905 \$15,707 \$46,039 \$55,519 Motorola Mobile (hardware and other) 4,306 1,514 1,151 4,136 Total revenues 14,419 16,858 50,175 59,825 Costs and expenses: Cost of revenues - Google (advertising and other) (1) 4,963 6,253 17,176 21,993 1,250 1,185 3,458 3,865 Cost of revenues - Motorola Mobile (hardware and other) (1) Research and development (1) 1,935 2,111 6,793 7,952 Sales and marketing (1) 1,751 2,126 6,143 7,253 General and administrative (1) 1,126 1,261 3,845 4,796 11,025 12,936 45,859 Total costs and expenses 37,415 3,922 Income from operations 3,394 12,760 13,966 Interest and other income, net 152 125 626 530 3,546 4,047 13,386 Income from continuing operations before income taxes 14,496 639 666 2,598 2,282 Provision for income taxes Net income from continuing operations 2,907 3,381 10,788 12,214 Net income (loss) from discontinued operations (21) (5) (51) 706 Net income \$2,886 \$3,376 \$10,737 \$12,920 Net income (loss) per share - basic: \$36.70 Continuing operations \$8.83 \$10.10 \$32.97 (0.06)(0.02)(0.16)2.12 Discontinued operations Net income (loss) per share - basic \$8.77 \$10.08 \$32.81 \$38.82 Net income (loss) per share - diluted: \$8.68 \$9.91 \$32.46 \$36.05 Continuing operations (0.06)(0.01)Discontinued operations (0.15)2.08 Net income (loss) per share - diluted \$8.62 \$9.90 \$32.31 \$38.13 Shares used in per share calculation - basic 329,363 334,836 327,213 332,846 Shares used in per share calculation - diluted 334,977 341,003 332,305 338,809 (1) Includes stock-based compensation expense as follows: \$101 \$127 \$359 \$469 Cost of revenues - Google (advertising and other) Cost of revenues - Motorola Mobile (hardware and other) 4 14 4 18 Research and development 364 482 1,325 1,717 Sales and marketing 130 159 498 578 General and administrative 109 130 453 486

\$708

\$902

\$3,268

\$2,649

Google Inc. CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions) Three Months Ended Twelve Months Ended December 31, December 31, 2012 2013 2012 2013 (unaudited) (unaudited) Operating activities Net income \$2,886 \$3,376 \$10,737 \$12,920 Adjustments: Depreciation and amortization of property and 630 757 1,988 2,781 equipment 323 279 974 1,158 Amortization of intangible and other assets Stock-based compensation expense 716 902 2,692 3,343 Excess tax benefits from stock-based award (188)activities (75)(179)(481)(562)(437)Deferred income taxes (289)(266)Loss (gain) on divestiture of businesses 0 5 (700)(188)62 106 (28)Other (4) Changes in assets and liabilities, net of effects of acquisitions: Accounts receivable (559)(853)(787)(1,307)Income taxes, net 156 480 1,492 401 301 Inventories 113 (188)(234)Prepaid revenue share, expenses and other 382 (547)(833)(696)assets Accounts payable (225)320 (499)605 Accrued expenses and other liabilities 278 983 762 713 356 246 299 254 Accrued revenue share Deferred revenue (19)157 163 233 Net cash provided by operating activities 4,669 5,238 16,619 18,659 Investing activities Purchases of property and equipment (1,020)(2,255)(3,273)(7,358)Purchases of marketable securities (9,164)(13,698)(33.410)(45,444)Maturities and sales of marketable securities 5,380 15,073 35,180 38,314 Investments in non-marketable equity investments (450)(98)(696)(569)(334)Cash collateral related to securities lending (13)(519)(299)Investments in reverse repurchase agreements (150)0 45 600 Proceeds from divestiture of businesses 0 0 0 2,525 Acquisitions, net of cash acquired, and purchases of intangibles and other assets (97)(120)(10,568)(1,448)Net cash used in investing activities (5,514)(1,617)(13,056)(13,679)Financing activities Net payments related to stock-based award (98)(144)(287)(781)activities Excess tax benefits from stock-based award 179 activities 75 188 481 Proceeds from issuance of debt, net of costs 3,984 2,418 16,109 10,768 (4,653)(2,421)(14,781)(11,325)Repayments of debt Net cash provided by (used in) financing activities (692)32 1,229 (857) Effect of exchange rate changes on cash and 55 3 3 (3) cash equivalents Net increase (decrease) in cash and cash (1,482)3,656 4,795 4,120 Cash and cash equivalents at beginning of period 16,260 15,242 9,983 14,778

Google Motorola Mobile Elimination Consolidated								T 1		-#- F- I- I D		04 0040								
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Content and degreeners Content of the Content o		GAAP		Adjustments		Segment		GAAP		Adjustments		Segment	ļ	Adjustments	_	GAAP		Adjustments	Non-GAAP	
Continues Cont	Revenues	\$12,905		\$0		\$12,905		\$1,514		\$0		\$1,514		\$0		\$14,419		\$0	\$14,419	
and preventions and an extremental search and development 1,600 (340) is 1,114 275 (100) is 1,110 (17) (100) is 1,110 (14) is 1,114 275 (100) is 1,110 (17) (100) is 1,110 (14) is 1,100 (140) is 1,114 275 (100) is 1,100 (100) is 1,1	Costs and expenses:				(b)						(d)									
asks and marketing 1.525	cost of revenues	4,963		(101)	(b)	4,862		1,250		(70)	(e)	1,180				6,213		(171)	6,042	
assis and marketing 1.025	esearch and development	1,660			(h)	1,314		275			(f)	173				1,935		(448)	1,487	
## Adjustments 1,2/10 (196) (1967) (196) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967) (1967)	ales and marketing	1,525		(124)		1,401		226				210				1,751		(140)	1,611	
persisting margin 20 0% 31 30 66 (22 31%) (6) (40 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%) (70 00%)	Seneral and administrative	1,010		(106)	(0)	904		116		(13)	(9)	103				1,126		(119)	1,007	
permiting margin 28.0% (a) Adv P operating margin is defined as CAAP income (loss) from operations for the applicable segment divided by CAAP revenues for such segment. To eliminate Standing of societies and CAAP income (loss) from operations for the applicable segment divided by CAAP revenues for such segment. To eliminate Standing of societies described as Coopie segment licrome from operations evidence by CAAP income (loss) from operations. To eliminate Standing of societies described as Coopie segment licrome from operations evidence by CAAP income (loss) from operations. To eliminate Standing of societies described as Coopie segment licrome from operations evidence by CAAP income (loss) from operations in the Microral Mobile segment. To eliminate Standing of societies described one-presents on expense, as well as \$87 million of restructuring and related charges, recorded in the Microral Mobile segment. To eliminate Standing of societies of compression expense, as well as \$87 million of restructuring and related charges, recorded in the Microral Mobile segment. To eliminate Standing of societies described as Microral Mobile segment on the Microral Mobile segment revenues. Three Moorthis Ended December 31, 2013 **Three Moorthis Ended Dece	otal costs and expenses	9,158		(\$677)		8,481		1,867		(\$201)		1,666	-	0	+	11,025		(\$878)	10,147	
Adjustments GAAP Adjustments Adjustments Adjustments No Occasion of revenues GAAP Adjustments No Occasion of the company of	ncome (loss) from operations	\$3,747				\$4,424		(\$353)				(\$152)		\$0		\$3,394			\$4,272	
Adjustments GAAP Adjustments Adjustments Adjustments No Occasion of revenues GAAP Adjustments No Occasion of the company of																				
To eliminate \$17 million of stock-based compensation expense records in the Moderate Shaped in the Moderate Models segment. To eliminate \$17 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Moderate Models segment. To eliminate \$17 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Moderate Models segment. To eliminate \$10 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Moderate Models segment. To eliminate \$10 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Moderate Models segment. **Moderate Shaped	perating margin	29.0%	(a)			34.3%	(c)	(23.3)%	(a)			(10.0)%	(h)			23.5%	(a)		29.6%	
GAAP Agustments GAAP Incoming margin is defined as GAAP income (total) from operations for the applications grided by Coope segment recentage. Google segment operating margin is defined as Coople segment income from operations divided by Coople segment recentage. Grid To eliminate \$12 million of stock-based compensation expense, see well as \$67 million of restructuring and related charges, recorded in the Motorola Michile segment. To eliminate \$12 million of stock-based compensation expense, see well as \$11 million of restructuring and related charges, recorded in the Motorola Michile segment. To eliminate \$17 million of stock-based compensation expense, see well as \$11 million of restructuring and related charges, recorded in the Motorola Michile segment. To eliminate \$17 million of stock-based compensation expense, see well as \$11 million of restructuring and related charges, recorded in the Motorola Michile segment. Motorola Michile segment documents of the segment of restructuring and related charges, recorded in the Motorola Michile segment. Motorola Michile segment operating margin is defined as Motorola Michile segment developes. Motorola Michile segment operating margin is defined as Motorola Michile segment developes. Three Months Ended December 31, 2013 Three Months Ended December 31, 2013 Three Months Ended December 31, 2013 Google Motorola Mobile Elimination GAAP Adjustments GAAP Adju	(a)	A																		
To eliminate stock-based compensation experies recorded in the Cooley segment. Cooley segment poesting many is defined as Cooley segment recorded in the Motorial Mobile segment.		GAAP operating margin is	s defin	ned as GAAP inco	me (I	loss) from opera	tion	is for the applicable s	egme	ent divided by GAAP	reve	enues for such s	egmer	nt.						
Google segment operating margin is defined as Google segment (more from operations divided by Coogle segment reverses. To eliminate \$12 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Motorola Mobile segment. To eliminate \$12 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Motorola Mobile segment. To eliminate \$12 million of stock-based compensation expense, as well as \$11 million of restructuring and related charges, recorded in the Motorola Mobile segment. Motorola Mobile segment operating margin is defined as Motorola Mobile segment revenues. Non-GAAP operating margin is defined as non-GAAP consolidated income from operations divided by consolidated revenues. Three Months Ended December 31, 2013 To eliminate \$1, 2015 Google Motorola Mobile GAAP Adjustments Segment GAAP Adjustments No cots and expenses: S15,707 \$13 (0) \$15,720 \$1,151 \$92 (0) \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,143 \$1,1		To eliminate stock-based	comp	ensation expense	reco	orded in the Goo	gle	segment.												
To eliminate \$3 million of stock-based compensation expense, as well as \$57 million of restructuring and related charges, recorded in the Motorial Mobile segment. To eliminate \$57 million of stock-based compensation expense, as well as \$11 million of restructuring and related charges, recorded in the Motorial Mobile segment. To eliminate \$57 million of stock-based compensation expense, as well as \$11 million of restructuring and related charges, recorded in the Motorial Mobile segment. Motorial Mobile segment cereminate with a stock-based compensation expense, as well as \$11 million of restructuring and related charges, recorded in the Motorial Mobile segment. Motorial Mobile segment cereminate Mobile segment revenues. Non-GAAP operating margin is defined as non-GAAP consolidated poome from operations divided by consolidated revenues. Three Months Ended December 31, 2013 Three Months En		Google segment operatin	g mar	gin is defined as C	Goog	le segment inco	me	from operations divid	led by	y Google segment re	venu	ies.								
To eliminate \$12 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Microral Mobile segment. To eliminate \$3 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Microral Mobile segment. Microrial Mobile segment in segment is defined as Motorial Mobile segment to segment for eliminate \$3 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, recorded in the Motorial Mobile segment. Non-GAAP operating margin is defined as non-GAAP consolidated incores from operations divided by Motorial Mobile segment revenues. Three Months Ended December 31, 2013 Three Months Ended December 31, 2013 Three Months Ended December 31, 2013 Elimination GOogle Motorial Mobile GAAP Adjustments GAAP Adjustments Segment GAAP Adjustment		To eliminate \$3 million of	stock-	-based compensa	tion e	expense, as well	l as	\$67 million of restruc	cturing	g and related charge	s, re	corded in the Mo	otorola	a Mobile segm	ent.					
Commisses Symmon of stock-spaced conspectation expenses, as well as \$1 million of restructuring and restrated charges, recorded in the Motoroia Mobile segment.		To eliminate \$12 million of	of stock	k-based compens	ation	expense, as we	ell a	s \$90 million of restru	ucturii	ng and related charg	es, r	ecorded in the N	Motoro	ola Mobile segr	nent.					
To eliminate \$3 million of stock-based compensation expense, as well as \$10 million of restructuring and related charges, excerded in the Motorola Mobile segment revenues. Non-CAAP operating margin is defined as non-CAAP consolidated income from operations divided by loconsolidated revenues. Three Months Ended Descember 31, 2013		To eliminate \$5 million of	stock-	-based compensa	tion e	expense, as well	l as	\$11 million of restruc	cturing	g and related charge	s, re	corded in the Mo	otorola	a Mobile segm	ent.					
Motorola Mobile segment operating margin is defined as Motorola Mobile segment rovernues. Non-GAAP operating margin is defined as non-GAAP consolidated in nome from operations divided by consolidated revenues. Three Months Ended December 31, 2013 Elimination and other		To eliminate \$3 million of	stock-	-based compensa	tion e	expense, as well	las	\$10 million of restruc	cturing	g and related charge	s, re	corded in the Mo	otorola	a Mobile segm	ent.					
Non-GAAP operating margin is defined as non-GAAP consolidated income from operations divided by consolidated revenues. Three Months Ended December 31, 2013 Google Motorola Mobile Elimination and other and																				
Google GAAP Adjustments Segment Adjustments GAAP Adjustments Segment Adjustments GAAP Adjustments Segment Adjustments GAAP Adjustments Nor Session of revenues Sisteria of revenues	(i)	Non-GAAP operating man	rgin is	defined as non-G	AAP	consolidated inc	com	ne from operations di	vided	by consolidated reve	enue	S.								
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(c) To eliminate stock-based compensation expense recorded in the Google segment. (d) Google segment operating margin is defined as Google segment income from operations divided by Google segment revenues. (e) To include certain revenues that are deferred in consolidation and reflect intersegment revenues generated between our Google and Motorola Mobile segments. (f) To eliminate \$4 million of stock-based compensation expense, as well as \$38 million of restructuring and related charges, recorded in the Motorola Mobile segment. (g) To eliminate \$16 million of stock-based compensation expense and adjust for \$13 million of restructuring and related items, recorded in the Motorola Mobile segment. (h) To eliminate \$5 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items recorded in the Motorola Mobile, and reflect \$13 million of intersegment charges between our and Motorola Mobile segments.		GAAP operating margin is	s defin	ned as GAAP inco	me (I	loss) from opera	tion	is for the applicable s	egme	ent divided by GAAP	reve	nues for such s	egmer	nt.						
(d) Google segment operating margin is defined as Google segment income from operations divided by Google segment revenues. (e) To include certain revenues that are deferred in consolidation and reflect intersegment revenues generated between our Google and Motorola Mobile segments. (f) To eliminate \$4 million of stock-based compensation expense, as well as \$38 million of restructuring and related charges, recorded in the Motorola Mobile segment. (g) To eliminate \$16 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items recorded in the Motorola Mobile segment. (h) To eliminate \$5 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items recorded in the Motorola Mobile, and reflect \$13 million of intersegment charges between our and Motorola Mobile segments.		/ To reflect certain intersegment revenues generated between our Google and Motorola Mobile segments.																		
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(9) To eliminate \$4 million of stock-based compensation expense, as well as \$38 million of restructuring and related charges, recorded in the Motorola Mobile segment. (b) To eliminate \$5 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items, recorded in the Motorola Mobile segment. (b) To eliminate \$5 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items recorded in the Motorola Mobile, and reflect \$13 million of intersegment charges between our and Motorola Mobile segments. (7) To eliminate \$4 million of stock-based compensation expense and adjust for \$7 million of restructuring and related items recorded in the Motorola Mobile segment.		To include certain revenu	es tha	at are deferred in c	consc	lidation and refle	ect	interseament revenu	es de	enerated between our	God	ngle and Motoro	ola Mol	bile seaments						
(9) To eliminate \$16 million of stock-based compensation expense and adjust for \$13 million of restructuring and related items, recorded in the Motorola Mobile segment. (h) To eliminate \$5 million of stock-based compensation expense and adjust for \$3 million of restructuring and related items recorded in the Motorola Mobile, and reflect \$13 million of intersegment charges between our and Motorola Mobile segments.		To eliminate \$4 million of	stock-	-based compensal	tion e	expense, as well	las	\$38 million of restruct	cturino	g and related charge	s. re	corded in the Mo	otorola	a Mobile seam	ent.					
To eliminate \$4 million of stock-based compensation expense and adjust for \$7 million of restructuring and related items, recorded in the Motorola Mobile segment	(t)		of etacl	k-based compens	ation	expense and ac	dius	t for \$13 million of re	struct	turing and related ite	ms. r	ecorded in the I	Motoro	ola Mobile seg	ment.	13 million of in	ers	egment charges betwe	en our Google	
"/ To eliminate \$4 million of stock-based compensation expense and adjust for \$7 million of restructuring and related items, recorded in the Motorola Mobile segment.	(9)	1 0 eliminate \$5 million of	Stock-	-based compensa	tion e	expense and adi	ust	for \$3 million of restr	uctur	ing and related items					nect a					
	(g) (h)	and Motorola Mobile segr	stock- ments.	-based compensa	tion e	expense and adj	ust	for \$3 million of restr		•						, 10 111111011 01 111	.0.0			
Motorola Mobile segment operating margin is defined as Motorola Mobile segment loss from operations divided by Motorola Mobile segment revenues. (k) To eliminate intersegment revenues between our Google and Motorola Mobile segments and reflect certain revenues that are deferred in our consolidated financial results.	(r) (g) (h)	and Motorola Mobile segr	ments.	-based compensa -based compensa	tion e	expense and adj	iust	for \$7 million of restr	ucturi	ing and related items	rec	orded in the Mo	ntorola	Mobile seame			.0.0			
(1) To eliminate intersegment revenues between our Google and Motorola Mobile segments and reflect certain revenues that are deferred in our consolidated financial results. (1) To eliminate intersegment charges between our Google and Motorola Mobile segments.	(g) (h) (i)	and Motorola Mobile segr To eliminate \$4 million of Motorola Mobile segment	ments.	-based compensa -based compensa ating margin is def	tion e	expense and adj	just just bile	for \$7 million of restr	ucturi	ring and related items	, rec	orded in the Mo	otorola t rever	Mobile segme	ent.					

Reconciliations of non-GAAP results of operations to the nearest comparable GAAP measures The following table presents certain non-GAAP consolidated results before certain items (in millions, except share amounts which are reflected in thousands and per share amounts, unaudited): Three Months Ended December 31, 2012 Three Months Ended December 31, 2013 Non-Non-GAAP GAAP Operating Margin (g) Operating Margin (a) Adjustments Non-GAAP Operating Margin (a) Adjustments GAAP Operating GAAP Non-GAAP Margin (g) Consolidated Actual Results Actual Results (b) (b) \$700 \$902 (c) (c) 178 15 \$3,922 \$4,839 Income from operations \$3,394 23.5% \$878 \$4,272 29.6% 23.3% \$917 28.7% (b) \$700 \$902 (d) (d) (152) (191) (c) (c) 178 15 (e) (e) (65) (11) (f) (f) 21 5 Net income \$2,886 \$682 \$3,568 \$3,376 \$720 \$4,096 Net income per share - diluted \$8.62 \$10.65 \$9.90 \$12.01 Shares used in per share calculation diluted 334,977 334,977 341,003 341,003 Operating margin is defined as consolidated income from operations divided by consolidated revenues. To eliminate stock-based compensation expense. To eliminate restructuring and related charges. (d) To eliminate income tax effects related to expense noted in (b). To eliminate income tax effects related to expense noted in (c). To eliminate net loss from discontinued operations. Non-GAAP operating margin is defined as non-GAAP consolidated income from operations divided by consolidated revenues.

Reconciliation from net cash provided by operating activities to free cash flow (in millions, unaudited):							
	Three Months Ended December 31, 2013						
Net cash provided by operating activities	\$5,238						
Less purchases of property and equipment	(2,255)						
Free cash flow	\$2,983						
Net cash used in investing activities (a)	(\$1,617)						
Net cash provided by financing activities	\$32						
(a) Includes purchases of property and equipment.	,,,,						

Consolidated	Three Months Ended December 31, 2013	Three Months Ended December 31, 2013		
	(using Q4'12's FX rates)	(using Q3'13's FX rates)		
United Kingdom revenues (GAAP)	\$1,524	\$1,524		
Exclude foreign exchange impact on Q4'13 revenues using Q4'12 rates	(5)	N/A		
Exclude foreign exchange impact on Q4'13 revenues using Q3'13 rates	N/A	(56		
Exclude hedging gains recognized in Q4'13 United Kingdom revenues excluding foreign exchange and hedging impact (Non-GAAP)	(2) \$1,517	\$1,466		
Rest of the world revenues (GAAP)	\$7,923	\$7,923		
Exclude foreign exchange impact on Q4'13 revenues using Q4'12 rates	172	N/A		
Exclude foreign exchange impact on Q4'13 revenues using Q3'13 rates	N/A	(107		
Exclude hedging gains recognized in Q4'13 Rest of the world revenues excluding foreign exchange and hedging impact	(1)	(1		
(Non-GAAP)	\$8,094	\$7,81		
Google	Three Months Ended December 31, 2013	Three Months Ended December 31, 2013		
	(using Q4'12's FX rates)	(using Q3'13's FX rates)		
United Kingdom revenues (GAAP)	\$1,503	\$1,500		
Exclude foreign exchange impact on Q4'13 revenues using Q4'12 rates	(5)	N/A		
Exclude foreign exchange impact on Q4'13 revenues using Q3'13 rates	N/A	(54		
Exclude hedging gains recognized in Q4'13 United Kingdom revenues excluding foreign exchange and hedging impact (Non-GAAP)	(2) \$1,496	\$1,44°		
	ψ1,+30	ψ1,44		
Rest of the world revenues (GAAP)	\$7,269	\$7,269		
Exclude foreign exchange impact on Q4'13 revenues using Q4'12 rates	146	N/A		
Exclude foreign exchange impact on Q4'13 revenues using Q3'13 rates	N/A	(102		
Exclude hedging gains recognized in Q4'13	(1)	(1		

The following table presents our Google segment revenues by revenue source (a) (in millions):								
	Three Mon	ths Ended	Twelve Mon	ths Ended				
	Decem	per 31,						
	2012	2013	2012	2013				
	(unau	dited)		(unaudited)				
Advertising revenues:								
Google websites	\$8,640	\$10,551	\$31,221	\$37,453				
Google Network Members' websites	3,436	3,522	12,465	13,125				
Total advertising revenues	12,076	14,073	43,686	50,578				
Other revenues	829	1,647	2,353	4,972				
Google segment revenues	\$12,905	\$15,720	\$46,039	\$55,550				

(a) In accordance with GAAP, Google segment revenues (and related percentages) are presented consistent with what is provided to the chief operating decision maker for purposes of making decisions about allocating resources to that segment and assessing its performance, and include \$13 million and \$31 million of revenues resulting from intersegment transactions that are eliminated in our consolidated results for the three months and twelve months ended December 31, 2013, respectively.

The following table presents our Google segment revenues, by revenue source, as a percentage of Google segment revenues (a):

	Three Mon	ths Ended	Twelve Months Ended			
	Decem	ber 31,	December 31,			
	2012	2013	2012	2013		
	(unau	dited)		(unaudited)		
Advertising revenues:						
Google websites	67%	67%	68%	67%		
Google Network Members' websites	27%	23%	27%	24%		
Total advertising revenues	94%	90%	95%	91%		
Other revenues	6%	10%	5%	9%		
Google segment revenues	100%	100%	100%	100%		

(a) In accordance with GAAP, Google segment revenues (and related percentages) are presented consistent with what is provided to the chief operating decision maker for purposes of making decisions about allocating resources to that segment and assessing its performance, and include \$13 million and \$31 million of revenues resulting from intersegment transactions that are eliminated in our consolidated results for the three months and twelve months ended December 31, 2013, respectively.