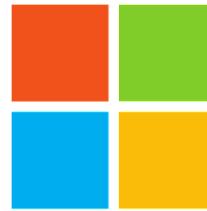


GLOBAL GADGETS



BUS 417 – E100

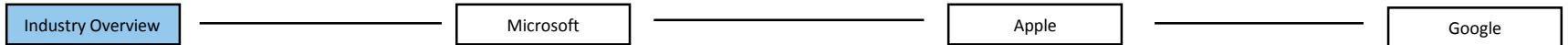
Professor: Geoffrey Poitras

GROUP 2

Cody Gordon
Brendan Djambazov
Fernando Phi
Alex Vu
Dechang Luo

Agenda

1. Industry Overview
2. Google
3. Apple
4. Microsoft



INDUSTRY OVERVIEW

Gadgets Definition

- A small tool, powered by electronic principles, that serves a particular function
- A form of mobile technology
 - Supported by a variety of services
 - Provide connectivity and improve utility
- Always increase productivity and convenience
- Can be used for work or entertainment
- Profits is derived from physical sales and service fees

Industry Overview

Microsoft

Apple

Google

Industry History

1. The Computer
2. The Internet
3. The Mobile Phone
4. The Smart Phone
5. Growth of Smart Technology
6. Emerging Trends/ Opportunities

Industry Overview

Microsoft

Apple

Google

The Computer

1936: First freely programmable computer

1951: First commercial computer released

1974: First consumer computers (IBM)

1976: Apple I,II

1984: Apple Macintosh

1985: Microsoft Windows



The Internet

1969: The original internet

1971: First email sent

1990: Archie - the first search engine

- Written by Alan Emtage and Bill Heelan (Montreal)

1991: Internet available for commercial use

1996:

- More email than post mail in the USA
- BackRub search engine created by Google
 - Operated on Stanford servers

1997: Google.com is registered as a domain (googol)



The Mobile Phone

1973: Motorola cell phone created

April 3, 1973: first cell phone call made by Martin Cooper

1983: First cell phones available to consumers

1994: First smartphone introduced by IBM

2001: First Commercial 3g Network

2007: First iPhone released by Apple Inc.

2008: First Android phone released by HTC

2010: First LTE Network



PRODUCTS AND SERVICES

What is a Smart Phone?

- A mobile phone with an advanced mobile operating system
- An all-in-one device
 - Cell phone features
 - Personal digital assistant (PDA) functions
- Variety of third-party applications available
- High-speed Internet Access
- Multimedia



Smartphone Comparison

Samsung unveils the Galaxy S6

Comparison of select flagship smartphones by major manufacturers



	Samsung Galaxy S6 Edge	Samsung Galaxy S6	HTC M9	Google/Motorola Nexus 6	Apple iPhone 6 Plus	Apple iPhone 6	Motorola Moto X	Sony Xperia Z3	LG G3
Display size (diagonal)	5.1 in	5.1 in	5.0 in	6.0 in	5.5 in	4.7 in	5.2 in	5.2 in	5.5 in
Resolution (pixels)	577ppi	577ppi	441ppi	493ppi	401ppi	326ppi	423ppi	424ppi	538ppi
Weight	132g	138g	157g	184g	172g	129g	144g	152g	149g
Size, in mm (H x W x D)	142.1 x 70.1 x 7.0	143.4 x 70.5 x 6.8	144.6 x 69.7 x 9.6	159.3 x 83 x 10.1	158 x 77.8 x 7.1	138 x 67 x 6.9	140.8 x 72.4 x 9.9	146 x 72 x 7.3 (mm)	146.3 x 74.6 x 8.9
Operating System	Android 5	Android 5	Android 5	Android 5	iOS 8	iOS 8	Android 5	Android 4.4.4	Android 4.4.2
RAM	3GB	3GB	3GB	3GB	1GB	1GB	2GB	3GB	2/3GB
Processor	2.1/1.5GHz, octa-core	2.1/1.5GHz, octa-core	2.1/1.5GHz, octa-core	2.7GHz quad-core	1.4GHz, dual-core	1.4GHz, dual-core	2.5GHz quad-core	2.5GHz quad-core	2.5 GHz quad-core
Internal storage	32/64/128GB	32/64/128GB	32GB	32/64GB	16/64/128GB	16/64/128GB	16/32GB	16/32GB	16/32GB
Storage expansion	none	none	Up to 128GB, MicroSD	none	none	none	none	Up to 128GB, MicroSD	Up to 128GB, MicroSD
Camera (rear/front)	16MP/5.0MP	16MP/5.0MP	20.7MP/4.0MP	13MP/2MP	8MP/1.2MP	8MP/1.2MP	13MP/2MP	20.7MP/2.2MP	13MP/2.1 MP
Video recording	2160p at 30fps	2160p at 30fps	1080p at 30fps	2160 at 30fps	1080p at 60 fps	1080p at 60 fps	2160p at 30fps	2160p at 30fps	2160p at 30fps
Battery life/ capacity	2600 mAh	2550 mAh	2840 mAh	3220 mAh	2915 mAh	1810 mAh	2300 mAh	3100 mAh	3000 mAh
NFC	yes	yes	yes	yes	yes	yes	yes	yes	yes
Wireless charging	yes	yes	no	yes	no	no	no	no	yes
Water/dust resistant	no	no	no	yes	no	no	yes	yes	no
Launch date	April 2015	April 2015	March 2015	October 2014	September 2014	September 2014	October 2014	September 2014	May 2014

Source: Companies. *Not officially.

C. Inton, 02/03/2015

REUTERS

Industry Overview

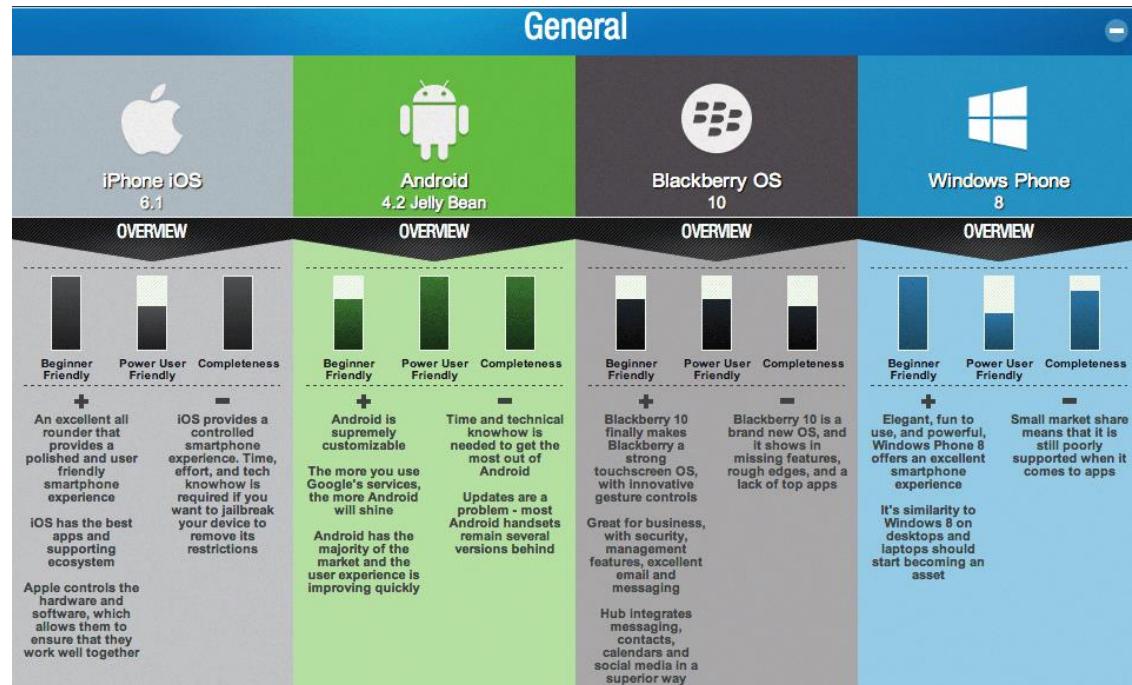
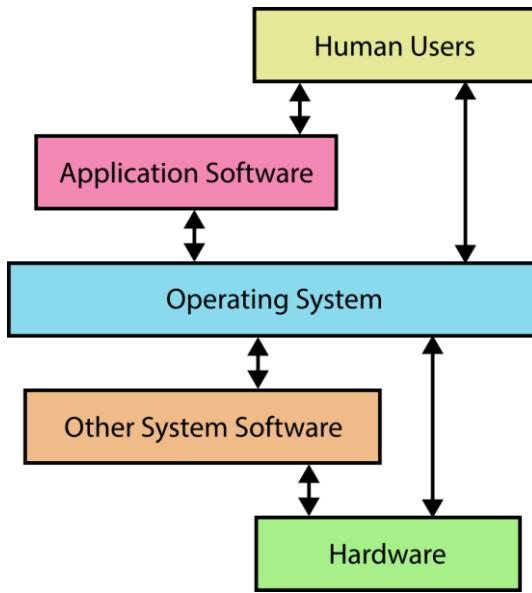
Microsoft

Apple

Google

Operating System Overview

An operating system (OS) is software that manages computer hardware resources and provides services for computer programs.



Smartphone Marketshare

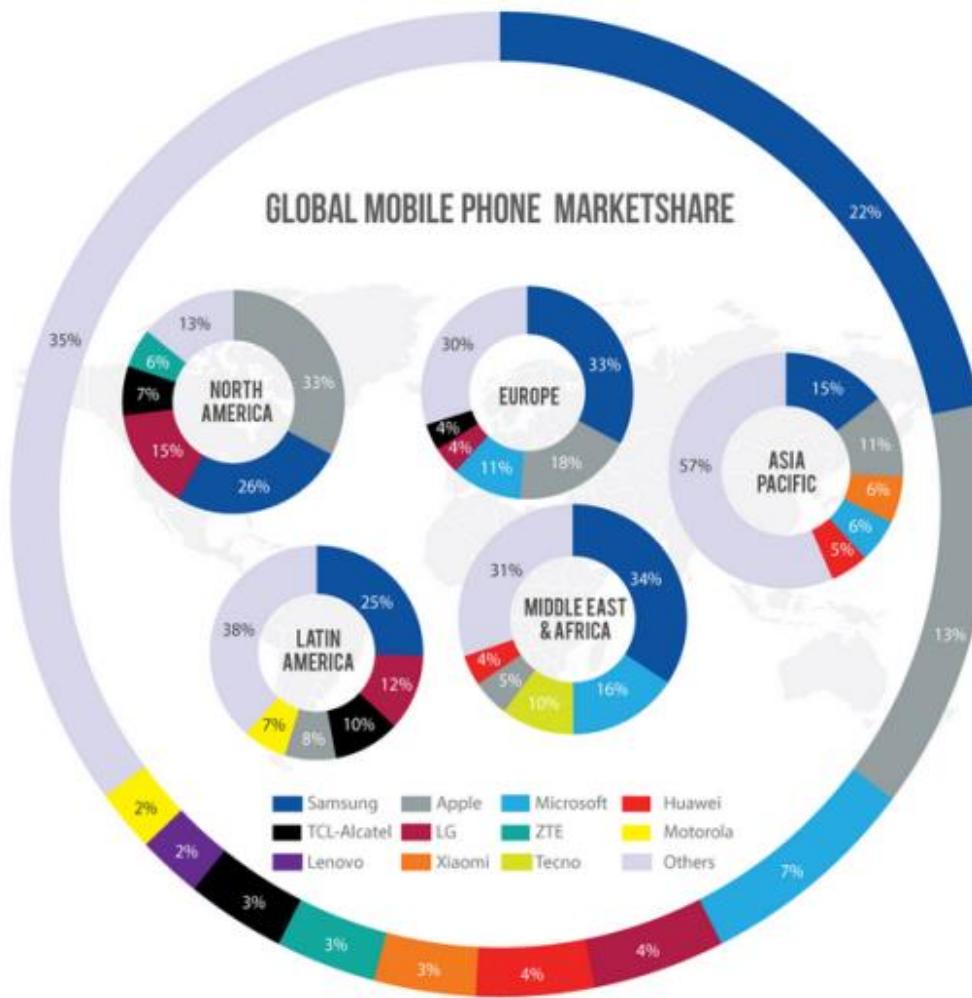
Table 1: Top Ten Smartphone Vendors Based on Market Share

Rankings	2014		2015		2016	
	Company	Market Share	Company	Market Share	Company	Market Share (E)
1	Samsung	27.8%	Samsung	24.8%	Samsung	22.2%
2	Apple	16.4%	Apple	17.5%	Apple	16.8%
3	Lenovo+Motorola	7.9%	Huawei	8.4%	Huawei	9.3%
4	Huawei	6.2%	Xiaomi	5.6%	Lenovo	6.1%
5	LG	5.4%	Lenovo	5.4%	Xiaomi	5.8%
6	Xiaomi	5.2%	LG	5.3%	LG	5.0%
7	Coolpad	4.2%	TCL	4.0%	TCL	4.0%
8	Sony	3.9%	OPPO	3.8%	OPPO	3.9%
9	TCL	3.3%	BBK/VIVO	3.3%	BBK/VIVO	3.4%
10	ZTE	3.1%	ZTE	3.1%	ZTE	3.1%
	Others	16.6%	Others	18.8%	Others	20.3%
Shipment Total (Unit: M)		1,172.3		1,292.7		1,397.1

Note: Data are preliminary and subject to change.

Source: TrendForce, Jan., 2016

Smartphone Market Share by Region



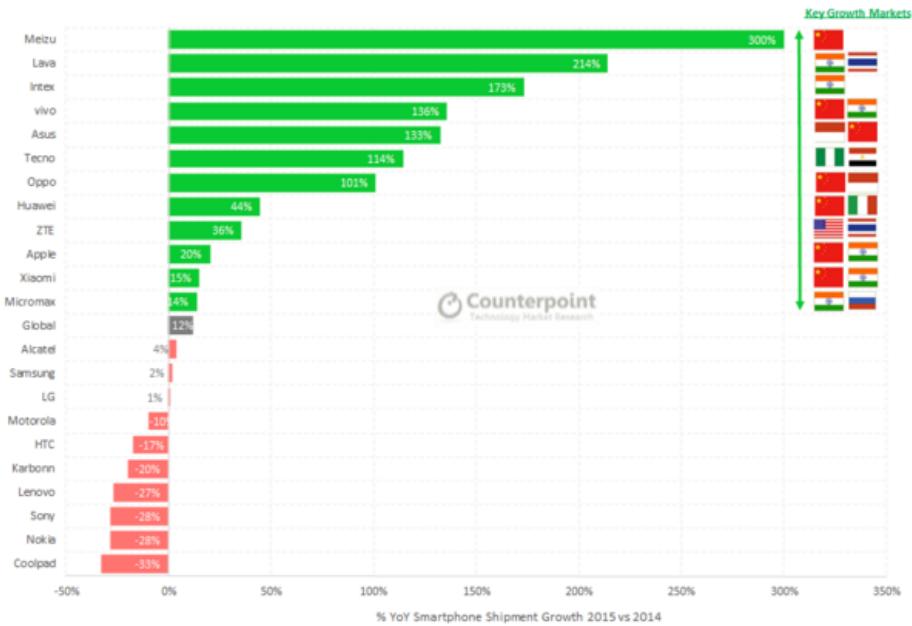
Smartphone Growth

- Smartphone shipment growth 2014 vs 2015:

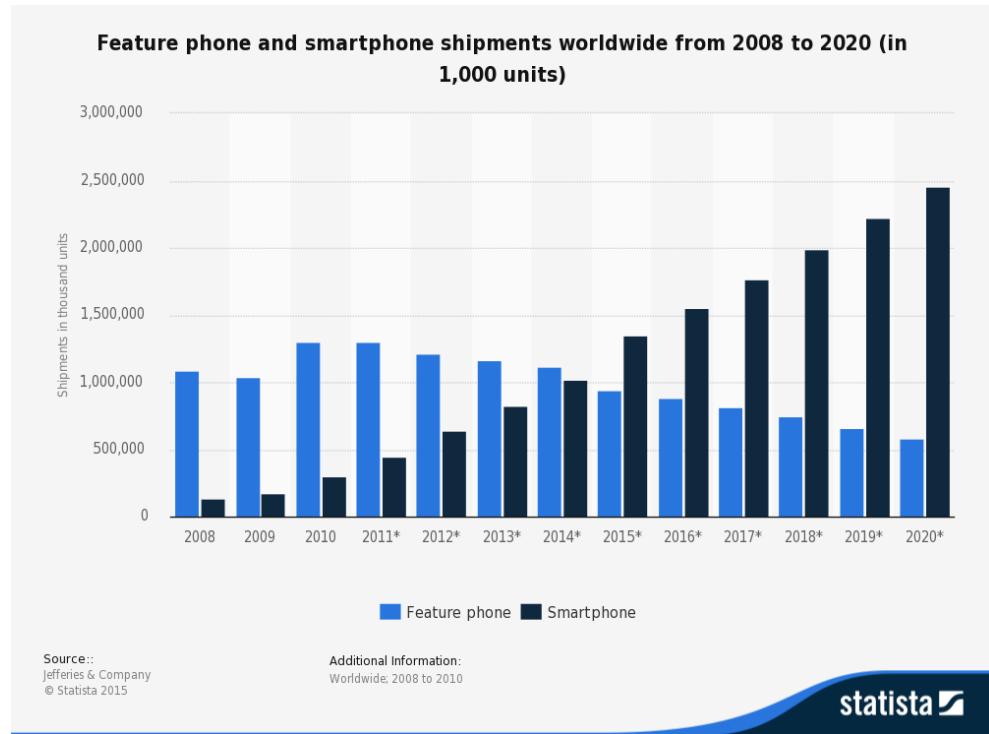
- Global Growth 12%
- Apple Increase 20%
- Samsung Decrease 2%

- Key Growth Markets:

- China
- USA
- India



Smartphone Growth Opportunities



What is a Tablet?

- A mobile computer with a touchscreen display, circuitry, and battery in a single device.
- Can be classified according to the presence and physical appearance of keyboards.
 - **Slates** and **booklets** do not have a physical keyboard and typically feature text input performed through the use of a virtual keyboard projected on a touchscreen-enabled display
- Tablet Functions:
 - Mobile Browsing
 - Portable Media Player
 - Camera
 - Downloadable Apps
 - Finger Recognition



Tablet Comparison (Full Size)

		OS	Storage	Camera (Front/Rear)	Wireless	Carrier	Connections	Screen	Size	Weight	Battery life	Price
Komando Tab2		Windows 10	32GB (expandable MicroSD)	2MP/ 5MP	Wi-Fi (802.11 b/g/n)	n/a	MicrosUSB, miniHDMI	10.1 inch, 1280 x 800	10.1 x 6.5 x 0.36 inches	2.18 lbs (w/ keyboard case)	6 hrs.	\$299.95 (includes keyboard case) Buy Now
iPad Pro Wi-Fi + 4G		iOS 9	128GB	1.2MP/ 8MP	Wi-Fi/3G/4G LTE	AT&T, Sprint, T-Mobile, Verizon	Lightning (HDMI, VGA, SD)	12.9 inch, 2732x2048	12 x 8.68 x 0.27 inches	1.59 lbs	10 hrs.	\$1,079 + \$169 Smart Keyboard, \$99 Apple Pencil
iPad Pro Wi-Fi		iOS 9	32GB, 128GB	1.2MP/ 8MP	Wi-Fi	NA	Lightning (HDMI, VGA, SD)	12.9 inch, 2732x2048	12 x 8.68 x 0.27 inches	1.57 lbs	10 hrs.	\$799, \$949 \$169 Smart Keyboard, \$99 Apple Pencil
Google Pixel C		Android 6.0	32GB, 64GB	None	Wi-Fi	NA	USB Type-C	10.2 inch, 2560x1800	10 inches tall, other dimensions TBA	TBA	10 hrs.	\$499, \$599 \$149 keyboard
Google Pixel C		Android 6.0	32GB, 64GB	None	Wi-Fi	NA	USB Type-C	10.2 inch, 2560x1800	10 inches tall, other dimensions TBA	TBA	10 hrs.	\$499, \$599 \$149 keyboard
Surface Pro 4		Windows 10 Pro	128GB, 256GB, 512GB, 1TB	5MP/ 8MP	Wi-Fi	NA	USB 3.0, microSD, Mini DisplayPort	12.3 inches, 2736x1824	11.5 x 7.93 x 0.33 inches	1.69 lbs	9 hrs.	Starts \$899 (includes Surface Pen + \$130 Type Cover)
Surface Pro 3		Windows 10 Pro	64GB, 128GB, 256GB, 512GB	0.9MP/ 0.9MP	Wi-Fi	NA	USB 3.0, microSD, Mini DisplayPort	12 inches, 2160x1440	11.5 x 7.93 x 0.36 inches	1.76 lbs	9 hrs.	Starts \$499 (includes Surface Pen + \$130 Type Cover)

Industry Overview

Microsoft

Apple

Google

Tablet Comparison (Apple Mini Size)

		OS	Storage	Camera (Front/Rear)	Wireless	Carrier	Connections	Screen	Size	Weight	Battery life	Price
iPad mini 4 Wi-Fi + 4G		iOS 9	16GB, 64GB, 128GB	1.2MP/8MP	Wi-Fi/4G LTE	AT&T, Sprint, T-Mobile, Verizon	Lightning (HDMI, VGA, SD)	7.9 inches, 2048x1536	8 x 5.3 x .24 inches	0.67 lbs	10 hrs.	\$529, \$629, \$729
iPad mini 4 Wi-Fi		iOS 9	16GB, 64GB, 128GB	1.2MP/8MP	Wi-Fi	NA	Lightning (HDMI, VGA, SD)	7.9 inches, 2048x1536	8 x 5.3 x .24 inches	0.65 lbs	10 hrs.	\$399, \$499, \$599
iPad mini 2 Wi-Fi + 4G		iOS 9	16GB, 32GB	1.2MP/5MP	Wi-Fi/4G LTE	AT&T, Sprint, T-Mobile, Verizon	Lightning (HDMI, VGA, SD)	7.9 inches, 2048x1536	7.87 x 5.3 x .29 inches	0.75 lbs	10 hrs.	\$429, \$479
iPad mini 2 Wi-Fi		iOS 9	16GB, 32GB	1.2MP/5MP	Wi-Fi/4G LTE	NA	Lightning (HDMI, VGA, SD)	7.9 inches, 2048x1536	7.87 x 5.3 x .29 inches	0.75 lbs	10 hrs.	\$299, \$349

Industry Overview

Microsoft

Apple

Google

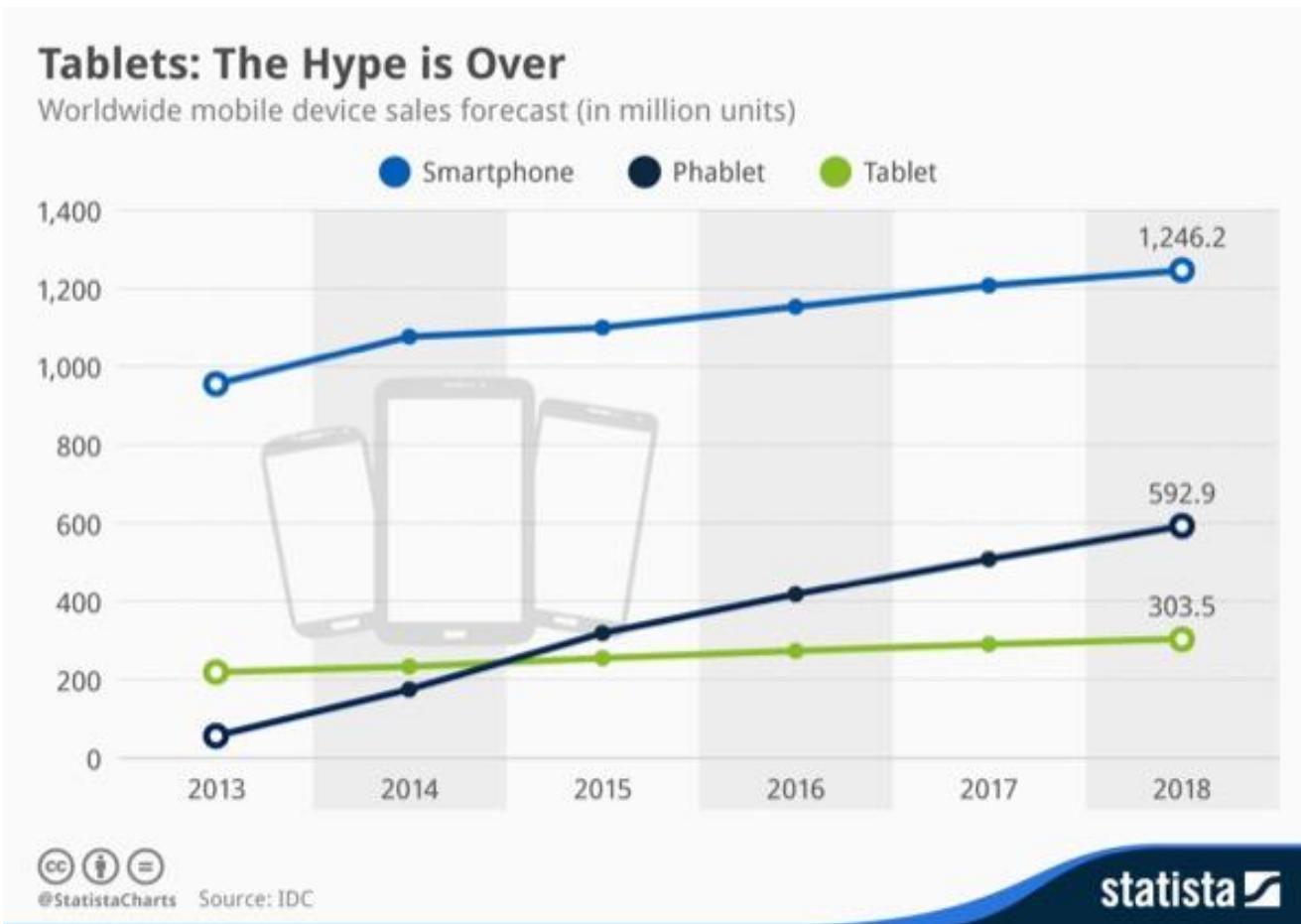
Tablet Comparison (Other Mini Size)

		OS	Storage	Camera (Front/Rear)	Wireless	Carrier	Connections	Screen	Size	Weight	Battery life	Price
Amazon Fire Kids Edition		7 inches, 1024x600 (171 ppi)	Fire OS 5	8GB	VGA/2MP	Single-band Wi-Fi	NA	microUSB	8.6 x 5.4 x 1 inches	0.89 lbs	7 hours	\$100
Amazon Fire		7 inches, 1024x600 (171 ppi)	Fire OS 5	8GB	VGA/2MP	Single-band Wi-Fi	NA	microUSB	7.5 x 4.5 x 0.4 inches	0.69 lbs	7 hours	\$50
Amazon Fire HD 6		Fire OS	8GB, 16GB	0.3MP/2MP	Dual-band Wi-Fi	NA	microUSB	6 inches, 1280x800 (252 ppi)	7.5 x 5.0 x 0.42 inches	0.63 lbs	8 hrs.	\$114, \$134
Amazon Fire HD 7		Fire OS	8GB, 16GB	0.3MP/2MP	Dual-band Wi-Fi	NA	microUSB	7 inches, 1280x800 (216 ppi)	7.5 x 5.0 x 0.4 inches	0.74 lbs	8 hrs.	\$154, \$174
Amazon Fire HDX		Fire OS	16GB, 32GB, 64GB	HD/NA	Dual-band Wi-Fi	NA	microUSB, microHDMI	7 inches, 1920x1200 (323 ppi)	7.3 X 5.0 X 0.35 inches	0.67 lbs	11 hrs.	\$214, \$254, \$294

Tablet Comparison (Other Mini Size)

		OS	Storage	Camera (Front/Rear)	Wireless	Carrier	Connections	Screen	Size	Weight	Battery life	Price
Amazon Fire HDX		Fire OS	16GB, 32GB, 64GB	HD/NA	Dual-band Wi-Fi	NA	microUSB, microHDMI	7 inches, 1920x1200 (323 ppi)	7.3 X 5.0 X 0.35 inches	0.67 lbs	11 hrs.	\$214, \$254, \$294
Amazon Fire HDX 4G		Fire OS	16GB, 32GB, 64GB	HD/NA	Dual-band Wi-Fi/4G	AT&T, Verizon	microUSB, microHDMI	7 inches, 1920x1200 (323 ppi)	7.3 X 5.0 X 0.35 inches	0.69 lbs	11 hrs.	\$314, \$354, \$394
Galaxy Tab 4 7.0 Wi-Fi		Android 4.4	8GB (expandable microSD)	1.3MP/3MP	Wi-Fi	NA	microUSB	7 inches, 1280x800	7.36 x 4.25 x 0.35 inches	0.61 lbs	10 hrs.	\$180
Galaxy Tab 4 7.0 4G		Android 4.4	16GB (expandable microSD)	1.3MP/3MP	Wi-Fi, 4G LTE	Sprint	microUSB	7 inches, 1280x800	7.36 x 4.25 x 0.35 inches	0.61 lbs	10 hrs.	\$300
Galaxy Tab 4 8.0 Wi-Fi		Android 4.4	16GB (expandable microSD)	1.3MP/3MP	Wi-Fi	NA	microUSB	8 inches, 1280x800	8.27 x 4.88 x 0.31 inches	0.72 lbs	10 hrs.	\$240
Galaxy Tab 4 8.0 4G		Android 4.4	16GB (expandable microSD)	1.3MP/3MP	Wi-Fi, 4G LTE	AT&T, T-Mobile	microUSB	8 inches, 1280x800	8.27 x 4.88 x 0.31 inches	0.72 lbs	10 hrs.	\$270

Tablet Hype Over? Growth Plateau?



Smart Watch

- A computerized wristwatch with functionality that is enhanced beyond timekeeping.
 - Early models: performed basic tasks such as calculations, translations, and game-playing
 - Modern models: wearable computers! Many run mobile apps, using a mobile operating system

- Functions:
 - Portable media players
 - GPS Tracking
 - Bluetooth
 - SMS messaging
 - Email



Smart Watch



Smartwatch Comparison

Smart-watches compared

Apple's Watch will be on sale starting next month. Here's how it stacks up to the competition.



	Apple Watch	Huawei Watch	Pebble Time	LG Watch Urbane LTE	Asus ZenWatch	Sony Smartwatch 3	LG G Watch R	Samsung Galaxy Gear S	Motorola Moto 360	Pebble Smartwatch
Processor speed	n.a.	1.2 Ghz	100Mhz	1.2 Ghz	1.2 Ghz	1.2 Ghz	1.2 Ghz	1 Ghz dual-core	1 Ghz	80 Mhz
Storage	n.a.	4GB	2MB	4GB	4GB	4GB	4GB	4GB	4GB	2MB
RAM	n.a.	512MB	64KB	1GB	512MB	512MB	512MB	512MB	512MB	32KB
Heart rate monitor	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
Touchscreen	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No
NFC	Yes	No	No	Yes	No	Yes	No	No	No	No
Built-in GPS/LTE	No/No	n.a.	No/No	Yes/Yes	No/No	Yes/No	No/No	Yes/Yes	No/No	No/No
SIM card slot	No	No	No	No	No	No	No	Yes	No	No
Connectivity	Proprietary	Micro USB	No	Micro USB	Micro USB	Micro USB	Micro USB	Micro USB	Micro USB	No
OS	iOS	Android Wear	Pebble OS	LG WPOS ¹	Android Wear	Android Wear	Android Wear	Tizen	Android Wear	Pebble OS
Camera	No	No	No	No	No	No	No	No	No	No
Bluetooth	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.1	4.0	4.0
Voice control	Siri	Google Now	Yes	Q Voice	Google Now	Google Now	Google Now	S Voice	Google Now	No
Body material	Alum,SS, or gold	SS, Sapphire crystal	Plastic/SS	Stainless steel	Stainless steel	Stainless steel(back)	Stainless steel	Stainless steel	Stainless steel	Plastic / SS
Swappable band	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Weight	72g to 125g with band	n.a.	42.5g	na	50g /75g with strap	45g	62g	67g	49g	47g / 56g (Steel)
Water/dust resistance*	Yes**	Yes**	Yes**	IP67	IP55	IP68	IP67	IP67	IP67	Up to 50 metres
Size (L x W) in mm	38.6 x 33.3/42 x 35.9	42 (diameter)	47 x 40	46.5 (diameter)	50.6 x 39.8	51 x 36	46.5 (diameter)	58.1 x 39.9	46 x 46	51 x 33/46x 34
Display type	OLED	AMOLED	Color, e-paper	Super AMOLED	OLED	LCD	Super AMOLED	AMOLED	LCD	monochrome, e-ink
Screen size	1.5/1.7 in	1.4 in (diameter)	n.a.	1.3 in (diameter)	1.63 in (diagonal)	1.6 in (diagonal)	1.3 in (diameter)	2.0 in (diagonal)	1.56 in (diameter)	1.26 in (diagonal)
Screen resolution (px)	340 x 272/390 x 312	400 x 400	144 x 168	320 x 320	320 x 320	320 x 320	320 x 320	360 x 480	320 x 290	144 x 168
Battery capacity	n.a.	300mAh	n.a.	700mAh	369mAh	420mAh	410mAh	300mAh	320mAh	130mAh
Battery life per charge	Up to 18 hours	n.a.	7 to 10 days	~2 days	~1 day	~2 days	~2 days	~1 day	~1 day	5 to 7 days
Compatibility	iOS phones	Android phones	iOS and Android	n.a.	Android	Android	Android	Android	Samsung	iOS and Android
Price in the U.S.	Starts at \$349	n.a.	\$199/\$250 (Steel)	n.a.	\$200	\$300	\$300	\$300	\$250	\$150/\$249 (Steel)
Release	April 2015	Mid-2015	July 2015	n.a.	Nov. 2014	Nov. 2014	Nov. 2014	October 2014	September 2014	January 2013

Sources: Companies; media reports. *Higher number rating is better. SS=Stainless steel **Rating not available. ¹Wearable Platform OS

C. Inton, 10/03/2015

REUTERS

Industry Overview

Microsoft

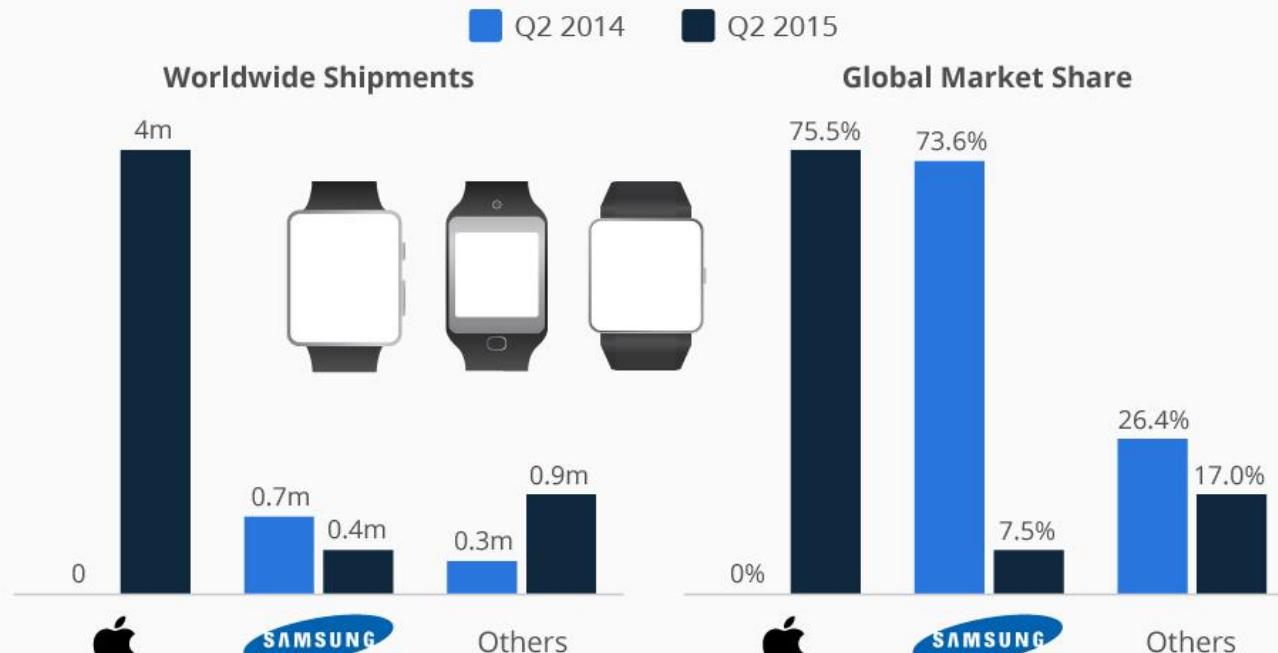
Apple

Google

Smartwatch Market Share

Apple Is Already Dominating the Smartwatch Market

Estimated unit shipments and global market share of leading smartwatch vendors

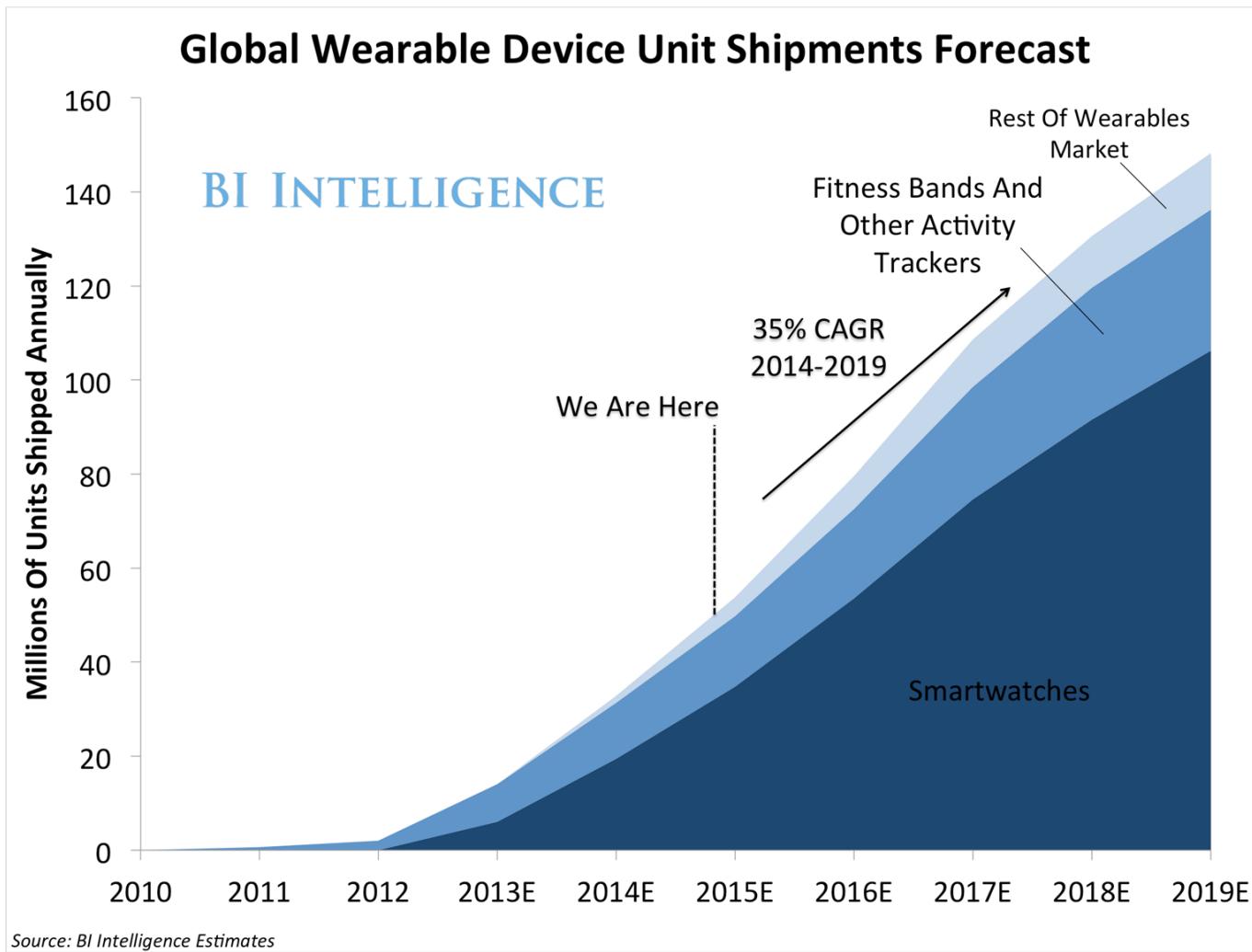


@StatistaCharts

Source: Strategy Analytics

statista

Smartwatch Growth and Projections

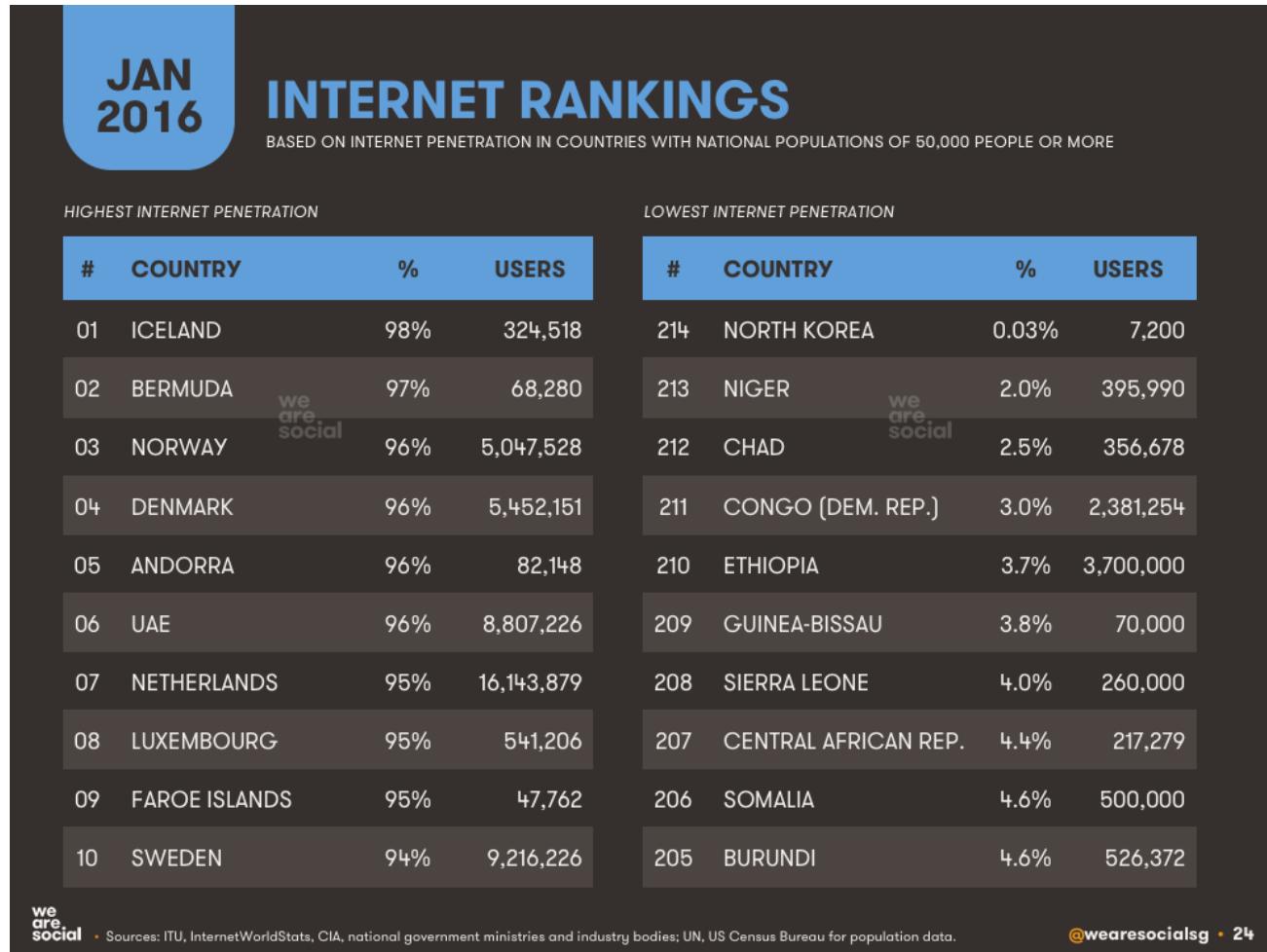


Other Wearable Technology

- Nike Fuel
- Google Glass
- Virtual Reality
- Second Skin
- Nike Run
- Bio Beats



The Internet



JAN 2016

INTERNET RANKINGS

BASED ON INTERNET PENETRATION IN COUNTRIES WITH NATIONAL POPULATIONS OF 50,000 PEOPLE OR MORE

HIGHEST INTERNET PENETRATION

#	COUNTRY	%	USERS
01	ICELAND	98%	324,518
02	BERMUDA	97%	68,280
03	NORWAY	96%	5,047,528
04	DENMARK	96%	5,452,151
05	ANDORRA	96%	82,148
06	UAE	96%	8,807,226
07	NETHERLANDS	95%	16,143,879
08	LUXEMBOURG	95%	541,206
09	FAROE ISLANDS	95%	47,762
10	SWEDEN	94%	9,216,226

LOWEST INTERNET PENETRATION

#	COUNTRY	%	USERS
214	NORTH KOREA	0.03%	7,200
213	NIGER	2.0%	395,990
212	CHAD	2.5%	356,678
211	CONGO (DEM. REP.)	3.0%	2,381,254
210	ETHIOPIA	3.7%	3,700,000
209	GUINEA-BISSAU	3.8%	70,000
208	SIERRA LEONE	4.0%	260,000
207	CENTRAL AFRICAN REP.	4.4%	217,279
206	SOMALIA	4.6%	500,000
205	BURUNDI	4.6%	526,372

we are social • Sources: ITU, InternetWorldStats, CIA, national government ministries and industry bodies; UN, US Census Bureau for population data.

@wearesocialsg • 24

Internet Penetrations by Countries

Industry Overview

Microsoft

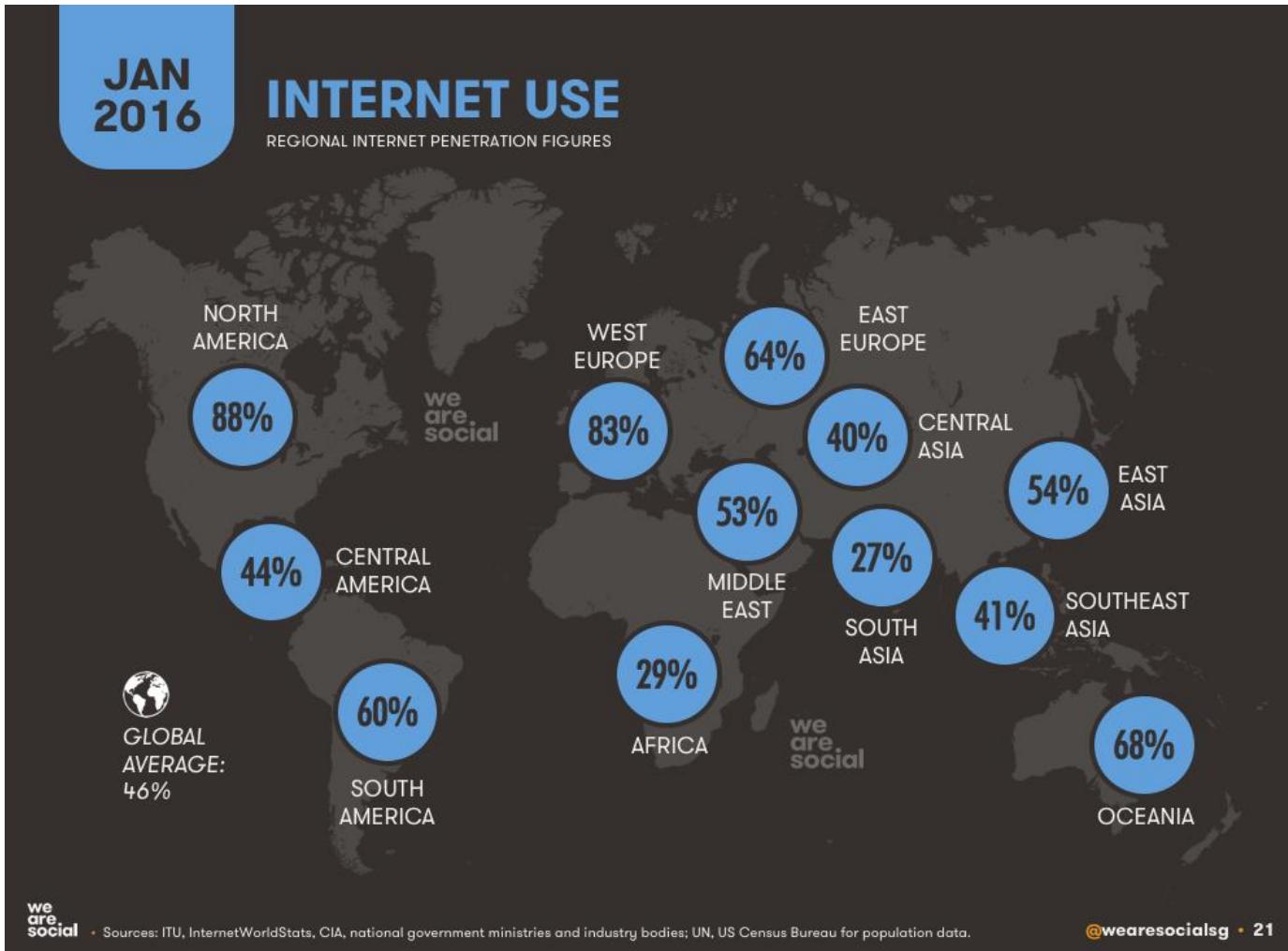
Apple

Google

Internet Usage



Internet Usage by Region

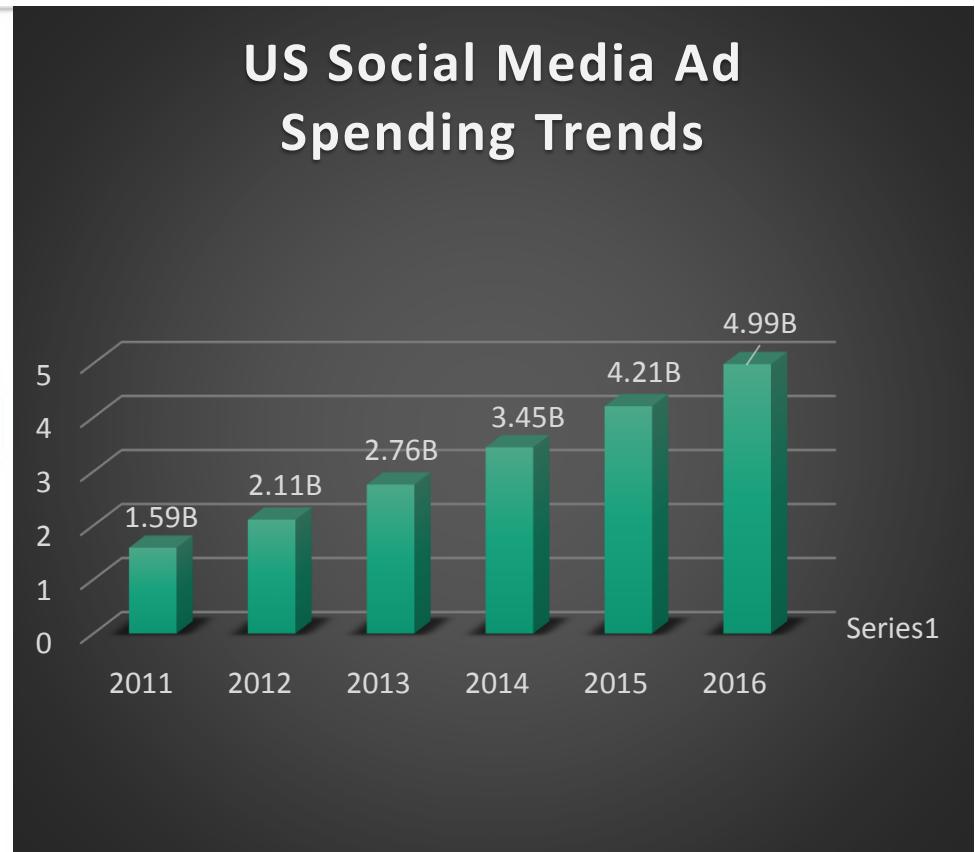
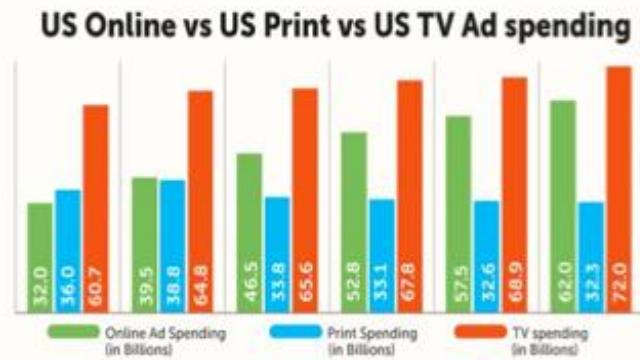
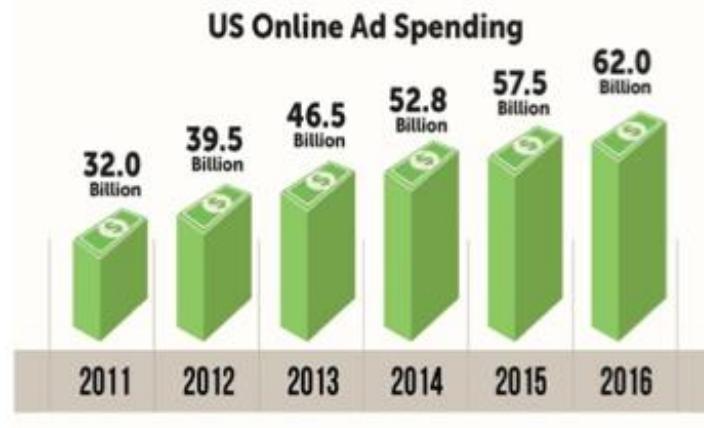


Online Advertising

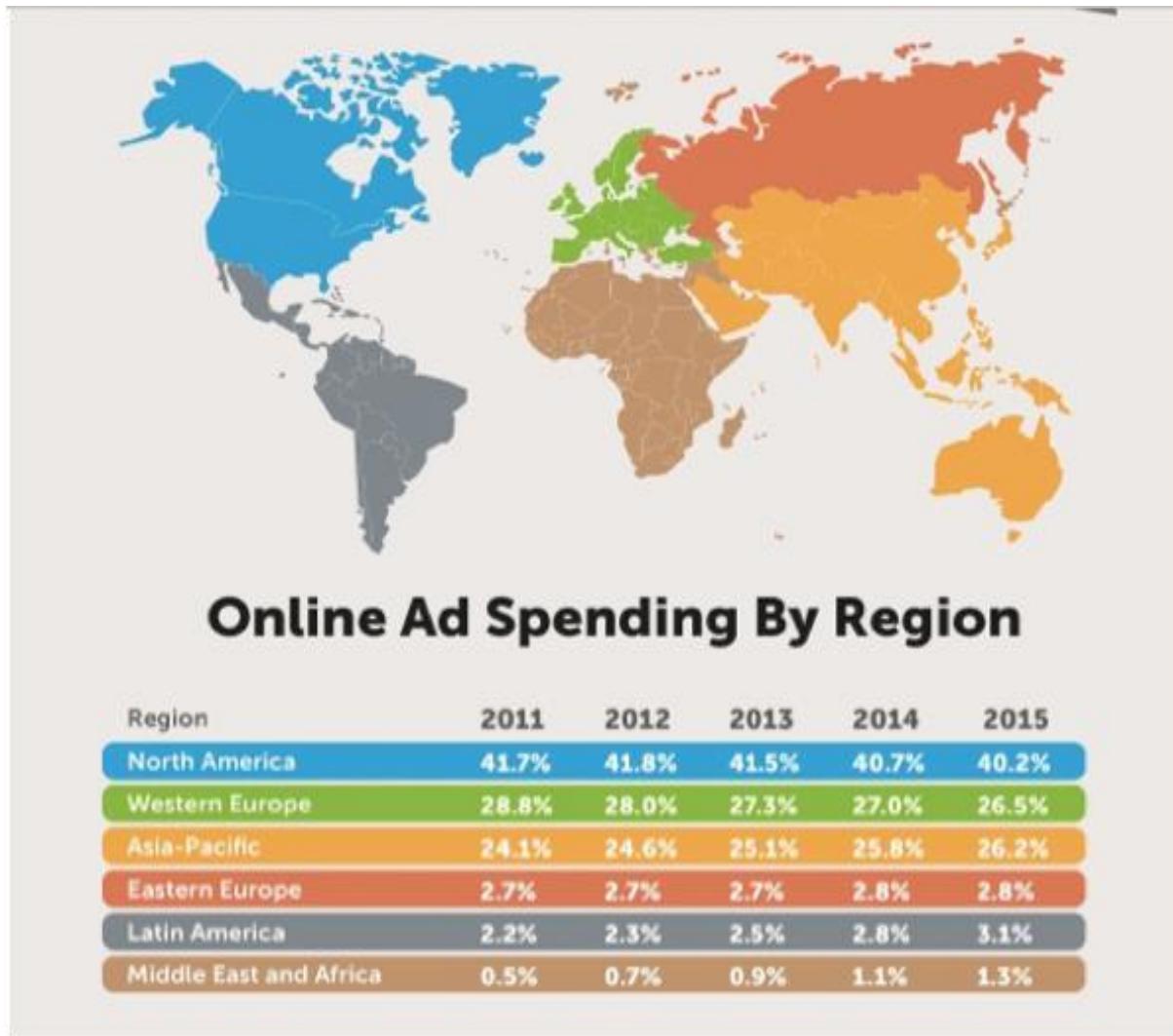
- Uses the Internet to deliver promotional marketing messages to consumers
- Distribution Channels:
 - Email marketing
 - Search engine marketing
 - Social media marketing
 - Mobile advertising
 - Display advertising



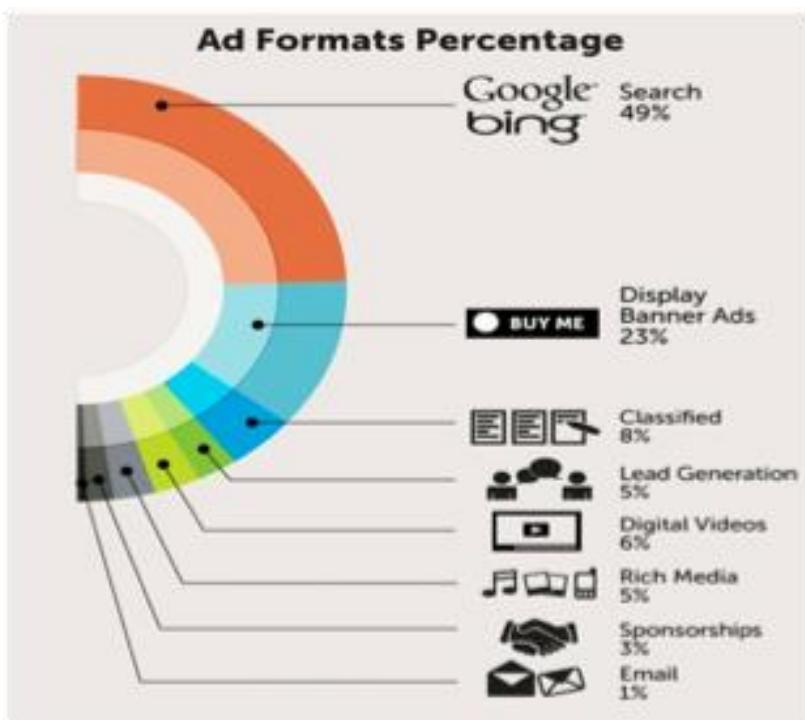
Online Ad Spending in the US



Online Spending by Region



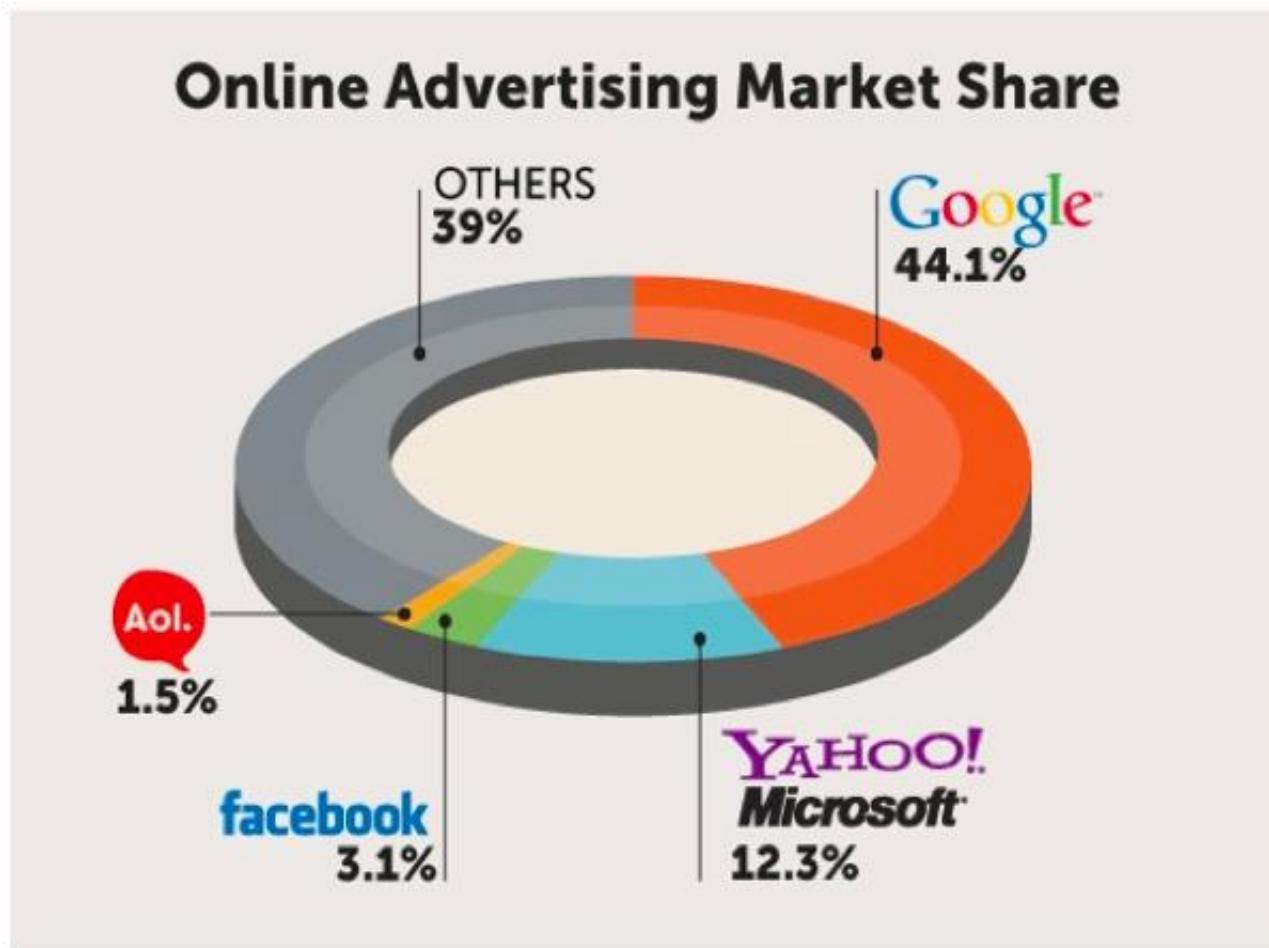
Online Advertising



Global Online Ad Spending Vs Total Ad Spend



Online Advertising Marketshare



Application Software

A computer program designed to perform a group of coordinated functions, tasks, or activities for the benefit of the user

- A quickly growing market
- Applications may be bundled with the computer and its system software or published separately
- Available through “app stores”
- Creators of applications may be contracted to produce apps for a particular OS, but many are not



Application Overview



So What is Next?



Internet of Things (IoT)

- A network of physical objects (devices, vehicles, buildings and other items embedded with electronics, software, sensors, and network connectivity) that enables these objects to collect and exchange data
- 2013: the vision of the IoT has evolved due to a convergence of multiple technologies, ranging from wireless communication to the Internet
- Technologists predict IoT to be the next tide of innovation; a perfect opportunity for Apple, Google and Microsoft

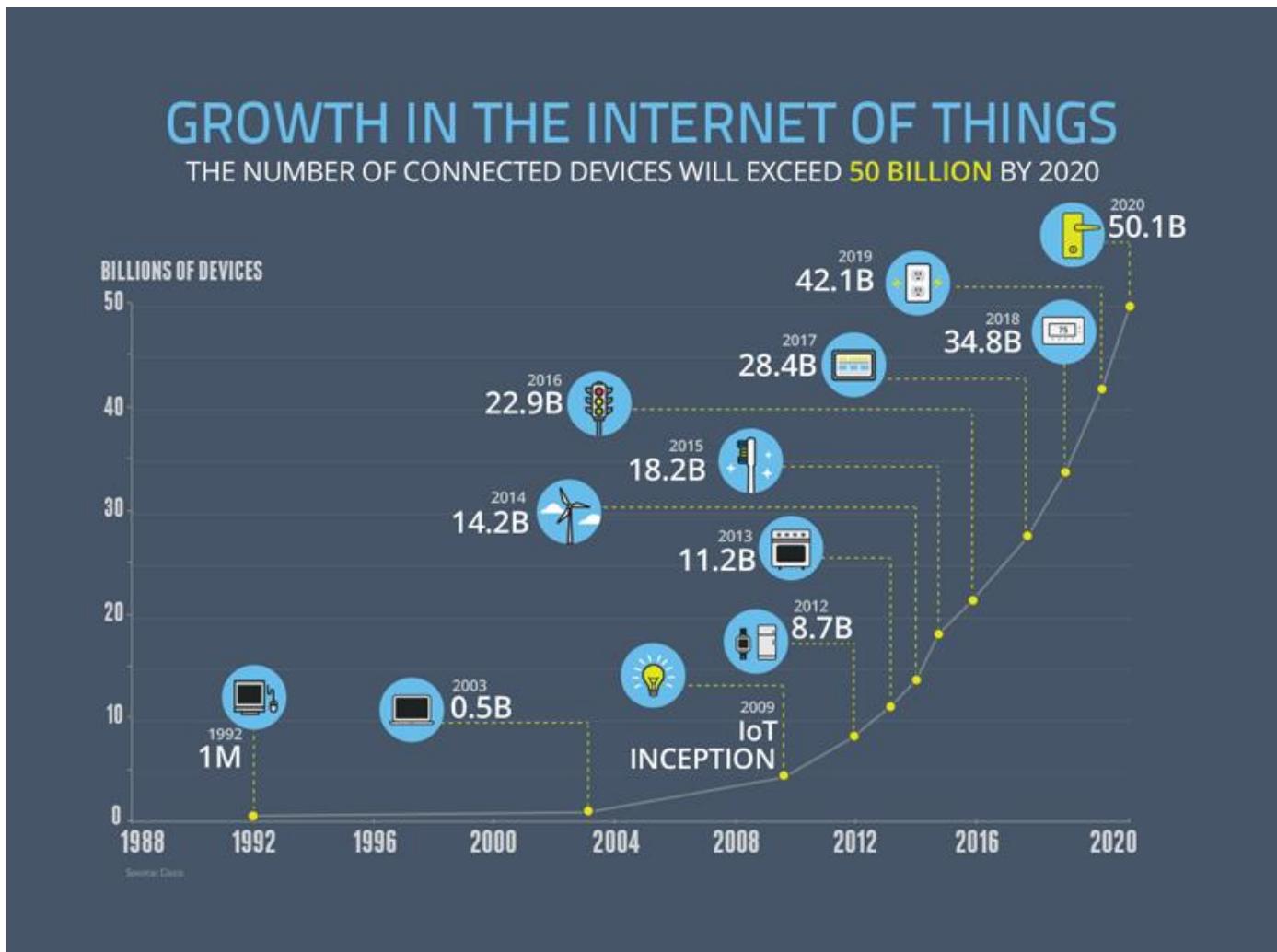
Industry Overview

Microsoft

Apple

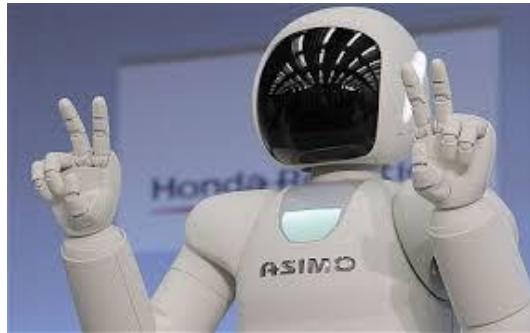
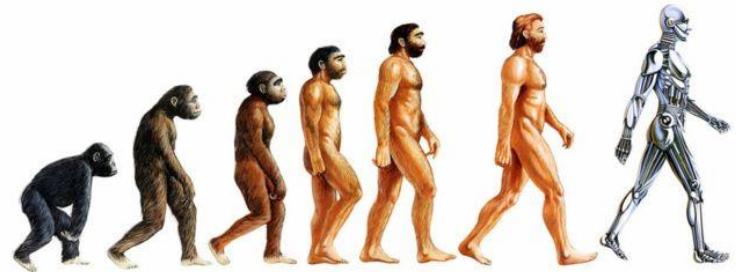
Google

Internet of Things (IoT)



Artificial Intelligence (AI)

- The intelligence exhibited by machines or software
- The academic field of study which studies how to create computers and computer software that are capable of intelligent behavior.



Attempts at AI

2016: Apple acquired artificial intelligence startup **Emotient**

- Facial recognition technology and customers reaction to ads

Search: Google uses autocomplete as a way of understanding and disambiguating language/query intent.

Vision: Google Translate enable the user to correct results.

Email Spam Filters: Google

Microsoft's project **Oxford:** aims to understand its users with face, emotion and speech application program interfaces.

Behind the Scenes

- Google: Filed a patent covering an invention for drawing blood without a needle. This is a small step toward wearable sampling devices.
- Apple: Planning to build solar cells underneath the new iPhone's touchscreen. The panel would recharge during the day and you wouldn't need to plug your phone into the socket any more. Good for the planet, convenient for us. Taking that even further, in January 2015 Apple was awarded a patent that suggests that the company is investigating the idea of a flexible iPhone.
- Microsoft: HoloLens, a new piece of hardware that will run on Windows Holographic, Microsoft's new platform for virtual and augmented-reality experiences.

MICROSOFT CORPORATION

Financial Snapshot



Nasdaq: MSFT

Microsoft Corp

Last
(U.S.) **\$53.17**

Today's change
+0.10 +0.19%

P/E **37.863** Market cap **420.54B**

52-week range

Updated March 14 4:00 PM EDT. Delayed by at least 15 minutes.

+ Indicators + Events + Comparisons + Style + Settings [Reset Chart](#) [Print](#) [Embed](#)

[1 day](#) [5 days](#) [10 days](#) [1 month](#) [3 months](#) [6 months](#) [9 months](#) [YTD](#) [1 year](#) [3 years](#) [5 years](#) [10 years](#) [max](#) [custom timeframe](#)

Microsoft Corp

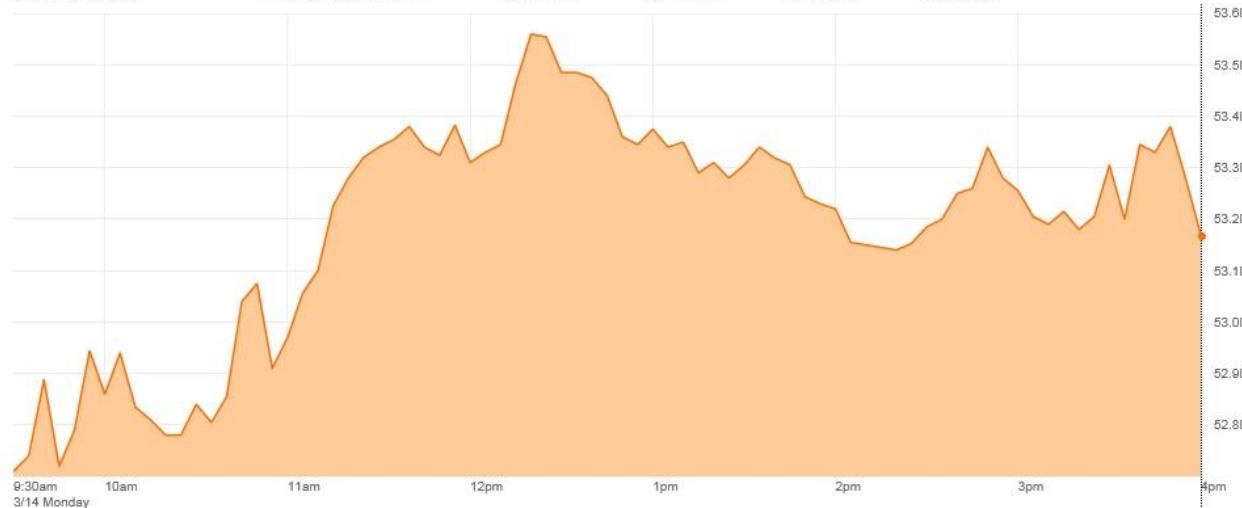
Date: 3/14/2016 03:59 ET

Open: 53.29

High: 53.33

Low: 53.16

Close: **53.17**



Key company metrics

Updated March 14 4:00 PM EDT. Delayed by at least 15 minutes.

Open	(U.S.) \$52.71	Volume	23,764,537	Trailing P/E	37.86x
Previous close	(U.S.) \$53.07	Average volume (10-day)	32,260,942	P/E 1 year forward	19.24x
High	(U.S.) \$53.59	Average volume (1-month)	39,644,595	Forward PEG	2.01x
Low	(U.S.) \$52.63	Average volume (3-month)	38,770,415	Indicated annual dividend	(U.S.) \$1.44
Bid / Ask	(U.S.) \$53.14 / (U.S.) \$53.20	52-week range	(U.S.) \$39.72 to (U.S.) \$56.85	Dividend yield	2.71%
YTD % change	-4.16%	Beta	0.96	Trailing EPS	(U.S.) \$1.40

Industry Overview

Microsoft

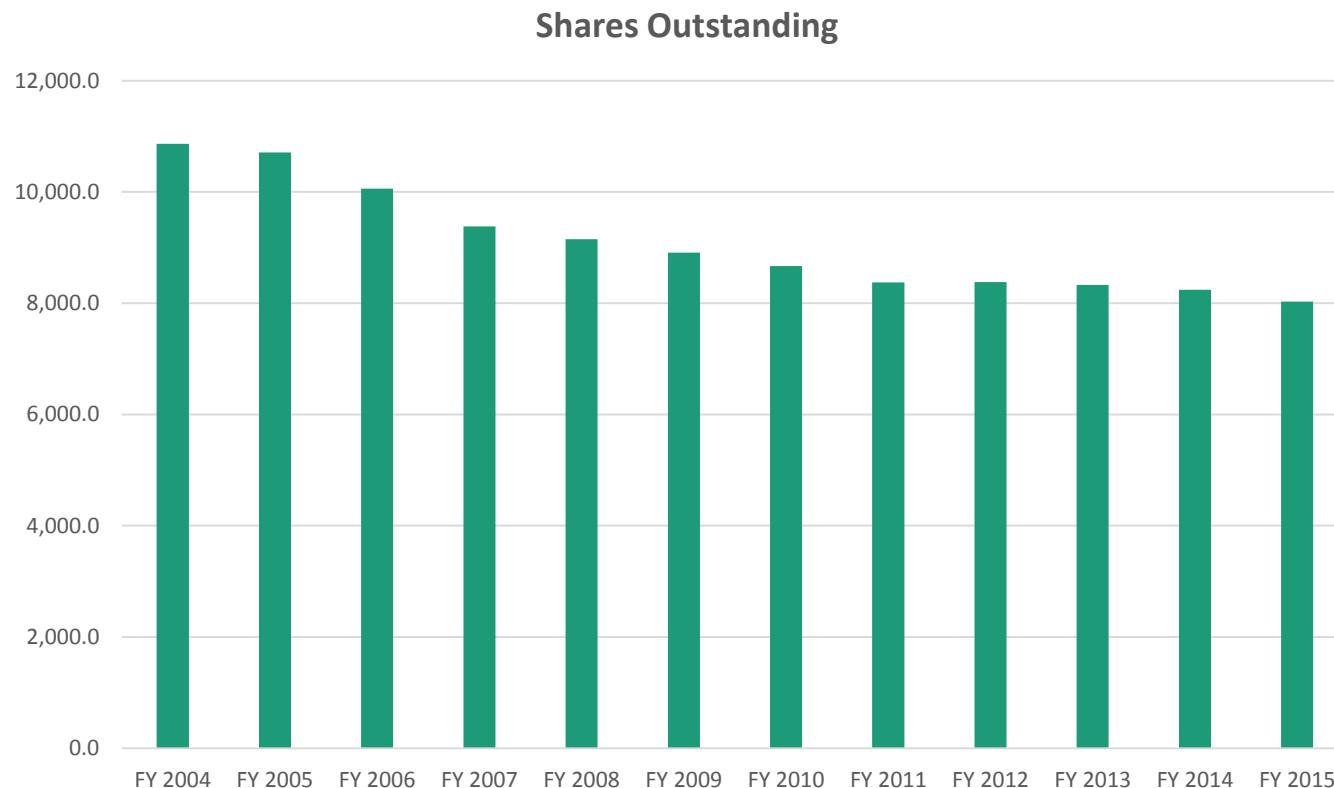
Apple

Google

Common Share Structure

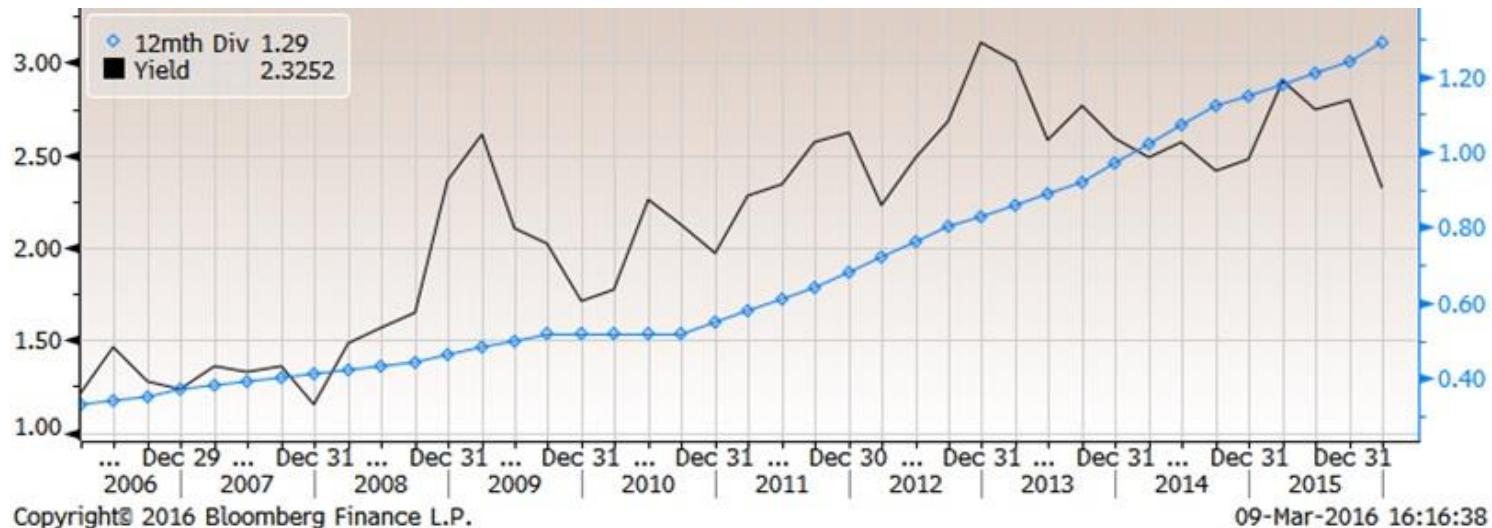


Year	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Shares Outstanding (In millions)	10,862	10,710	10,062	9,380	9,151	8,908	8,668	8,376	8,381	8,328	8,239	8,029



Dividend Summary

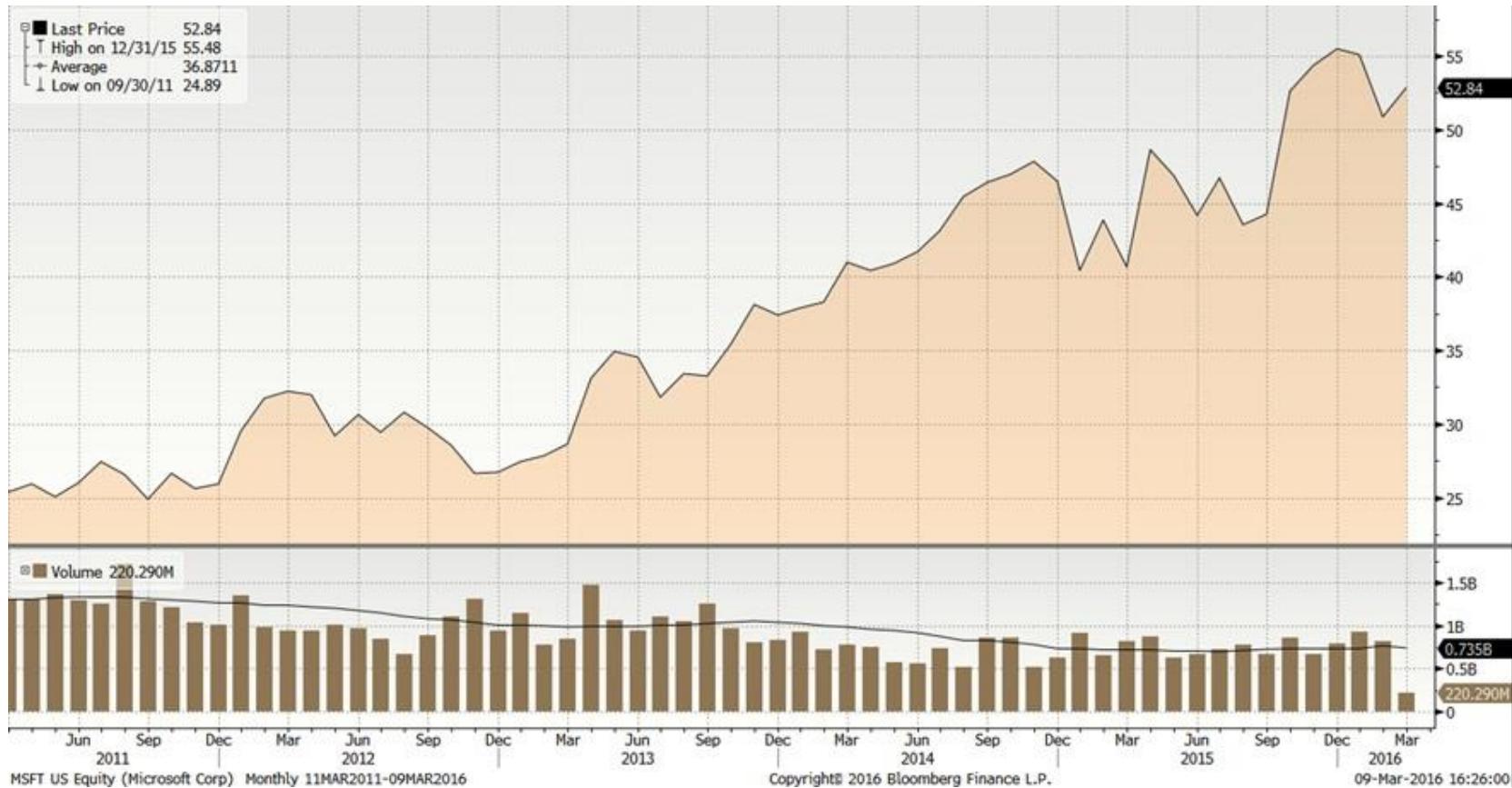
12 Month Yield	2.54%
Indicated Yield	2.73%
1 Yr Dividend Growth	13.56%
3 Yr Dividend Growth	15.93%
5 Yr Dividend Growth	18.23%
Last Price	USD 52.84
Payment Frequency	Quarterly



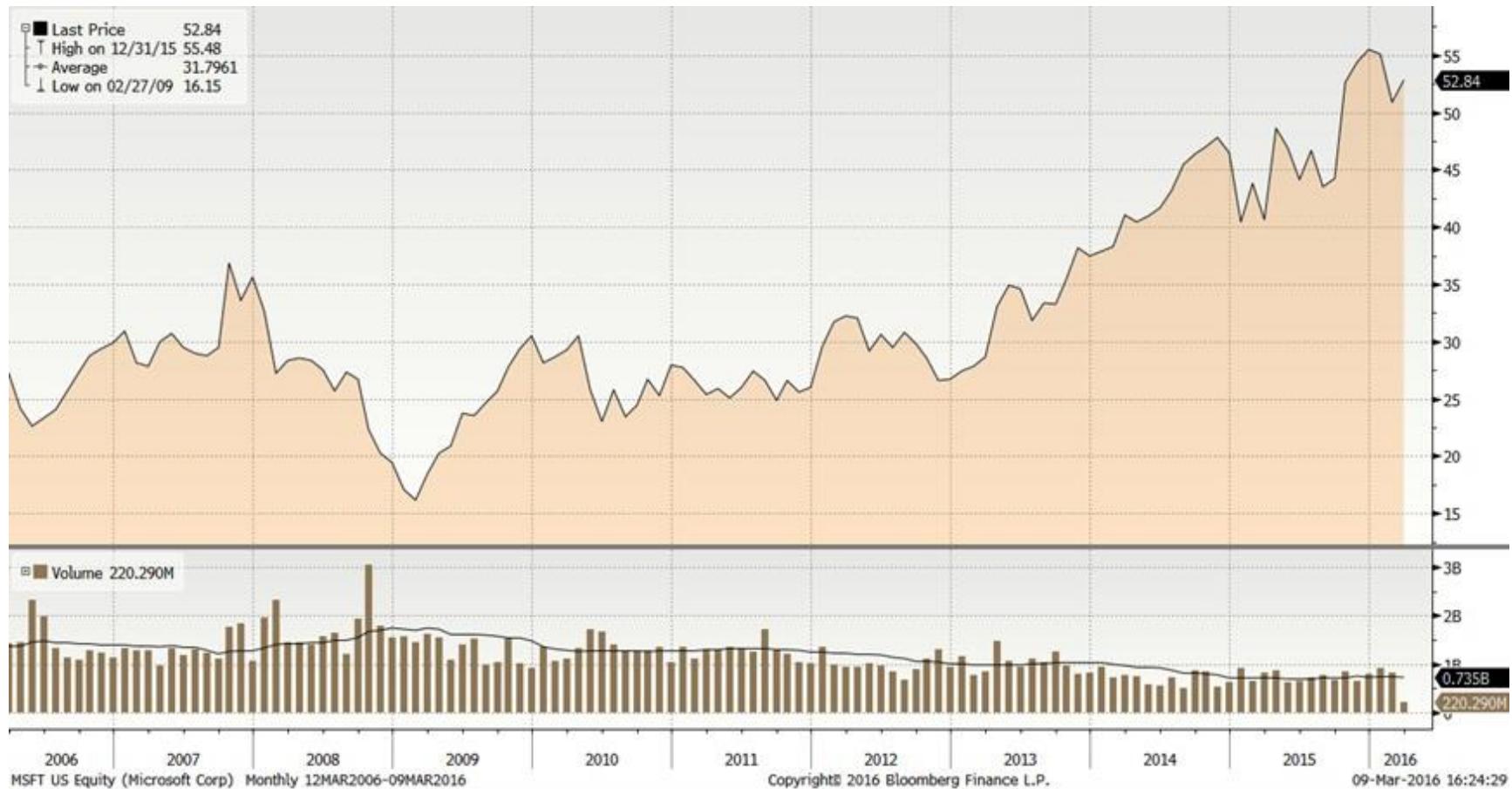
One Year Performance



Five Years Performance



Ten Years Performance



MSFT vs. Nasdaq & S&P 500 (1Y)



Industry Overview

Microsoft

Apple

Google

MSFT vs. Nasdaq & S&P 500 (5Y)



Bill Gates



Founder and Technology Advisor



Technology Advisor/Co-founder (02/2014 –Present)
Co-Chair, Bill & Melinda Gates Foundation (2000 - Present)
Director, Berkshire Hathaway Inc. (2005 - Present)
Chairman, Microsoft (1981-2014)
Chief Software Architect, Microsoft (2000-2008)
CEO, Microsoft (1975-2000)

Education:

Harvard University – Dropped Out

Unparalleled knowledge of Microsoft's history, strategies, technologies, and culture

Met Steve Ballmer and Paul Allen at Harvard College

Mission and Strategy



Mission:

“To Empower every person and every organization on the planet to achieve more”

Strategy:

“To build best-in-class platforms and productivity services for a mobile-first, cloud-first world”

_ Microsoft _

- Reinvent productivity and business processes
- Build the intelligent cloud platform
- Create more personal computing



History of Microsoft

1975

- Microsoft founded in Albuquerque, New Mexico Bill Gates as CEO and Paul Allen as co-founder
- A BASIC computer language for the Altair 8800 launched

1981

- Microsoft incorporates
- MS-DOS launched on the IBM Personal Computer

1986

- Microsoft goes public at \$21.00 per share
- Headquarters move to Redmond, Washington

1990

- Office for Macintosh and Windows 3.0 launched

1994

- US Department of Justice labels Microsoft's royalty payment strategy as anti- competitive

1995

- Windows 95 launched; sells one million copies in four days

2000

- Steve Ballmer becomes the second CEO of Microsoft
- Microsoft labelled as an abusive monopoly in US v. Microsoft

2001

- Windows XP, Office XP, and Xbox launched

2004

- European Union brings antitrust action against Microsoft \$75 billion in dividends and stock buybacks announced

History of Microsoft



2005

- Xbox 360 launched

2007

- Windows Vista and Office 2007 launched

2009

- Windows 7 and Windows Azure launched; first Microsoft Stores open

2010

- Windows Phone 7 launched

2012

- Windows 8, Windows Phone 8, and Surface Pro launched
- Microsoft rebrands with a metro design

2013

- Organizational restructuring occurs
- Surface Pro 2 and Xbox One launched

2014

- Satya Nadella becomes the third CEO of Microsoft
- Windows 8.1 and Surface Pro 3 launched

2015

- Microsoft releases Surface 3, launches Windows 10 and Office 2016
- Microsoft announces Surface Book, Surface Pro 4, Microsoft Band 2, Lumia 950 and Lumia 950 XL

Industry Overview

Microsoft

Apple

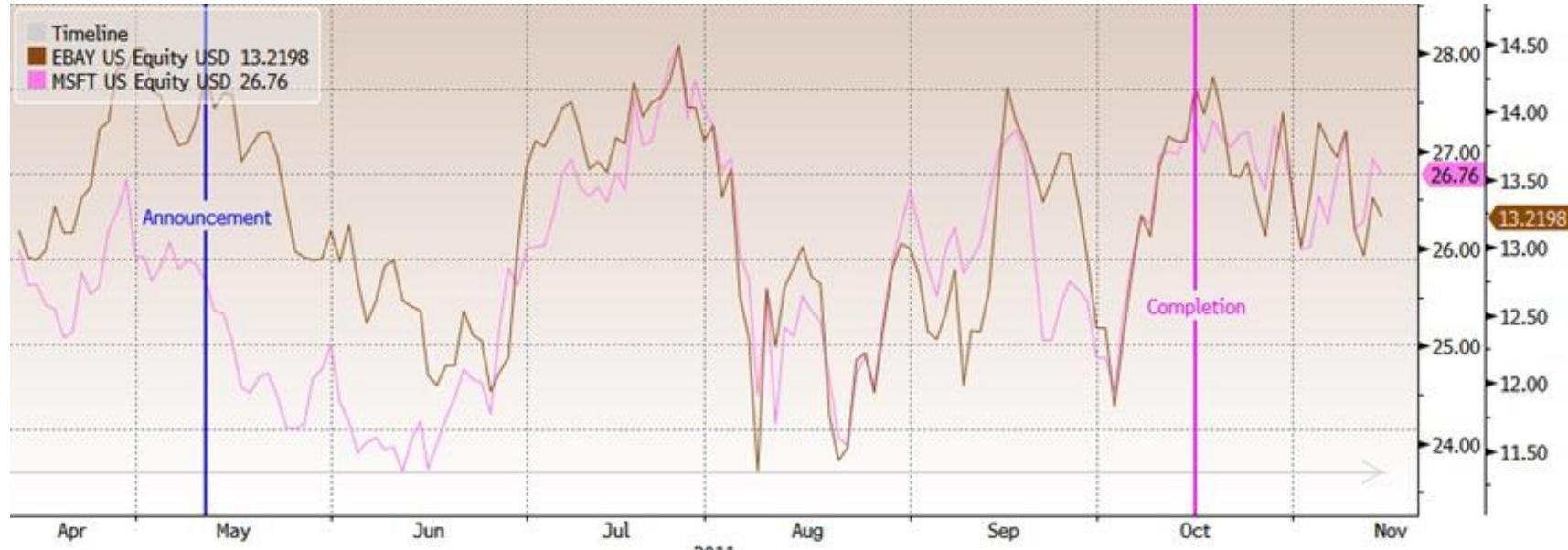
Google

Recent Important Acquisitions



Skype

In 05/10/2011, Microsoft announced to acquire Skype for **\$8.5 billion** in cash. The transaction completed on 10/14/2011. During that time, Skype was valued at **\$2.75 billion**.



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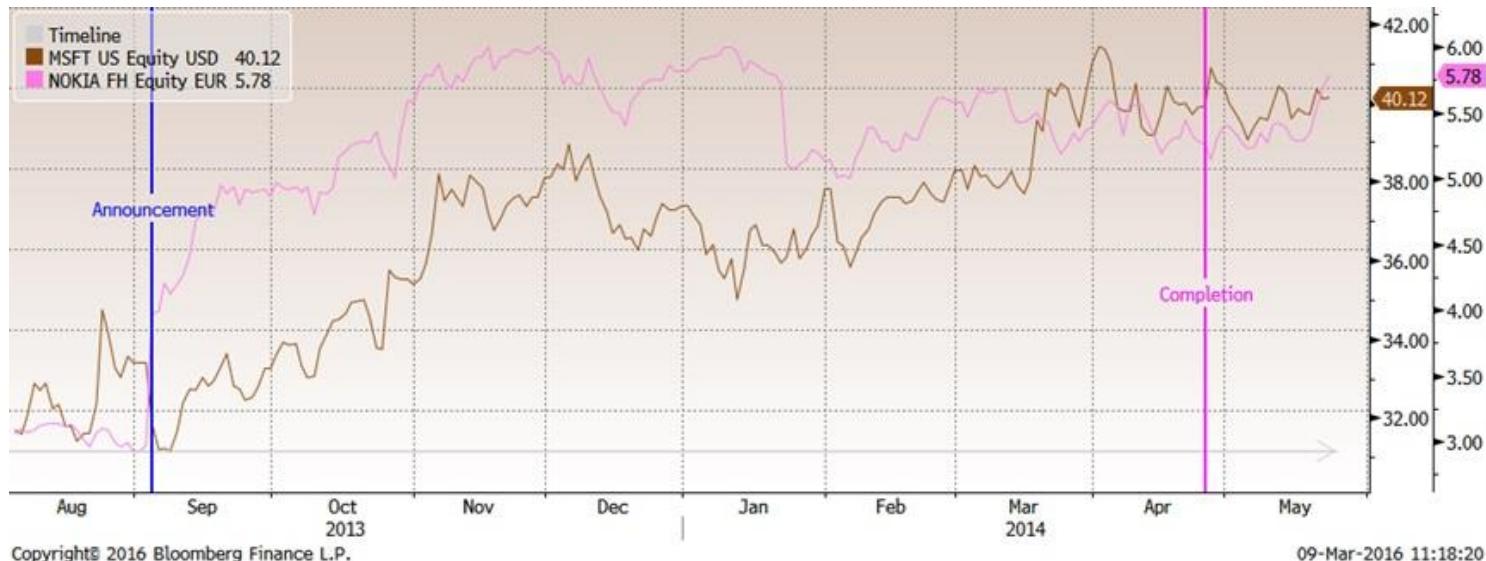
Recent Important Acquisitions



Nokia

NOKIA

In 09/03/ 2013, Microsoft announced to pay EUR **3.79 billion** to purchase substantially all of Nokia's Devices & Services business, and EUR **1.65 billion** to license Nokia's patents, for a total transaction price of EUR **5.44 billion (~\$7.2 B)** in cash. The Transaction was completed on 04/25/2014. This is the third largest takeover by a US company in the telecommunications industry year to date at the time of announcement

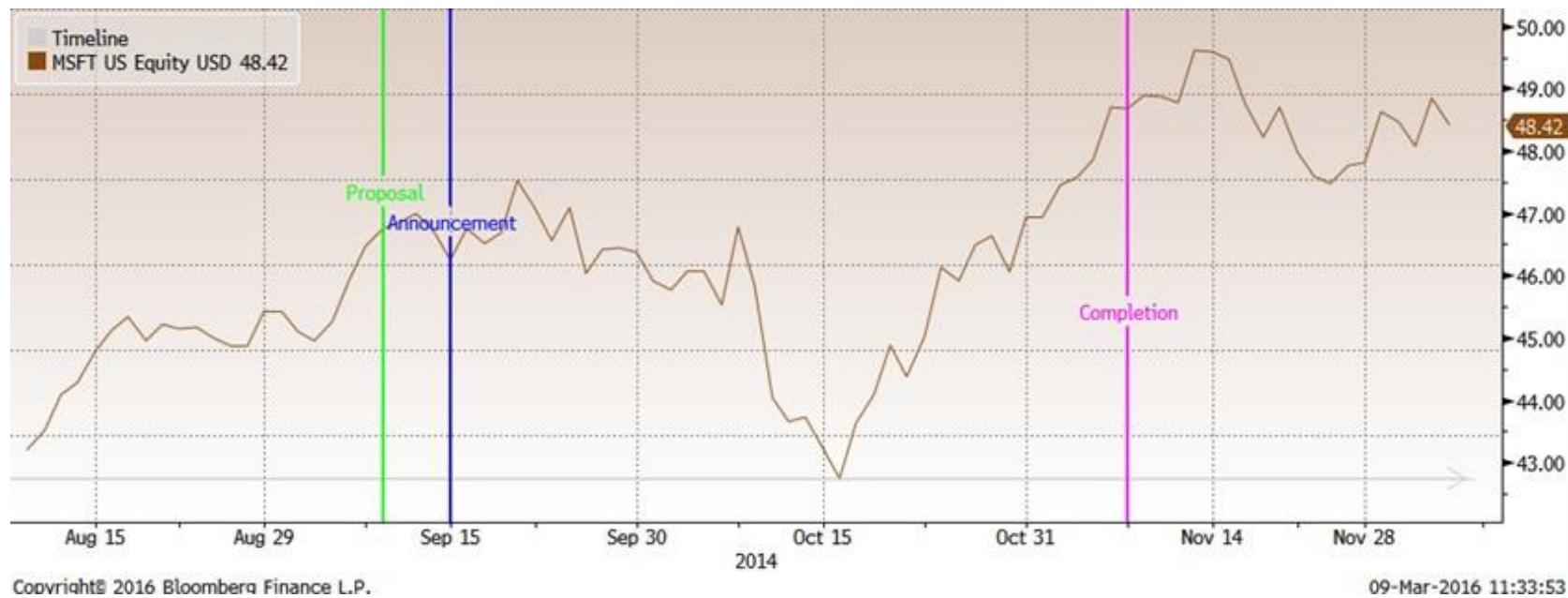


Recent Important Acquisitions

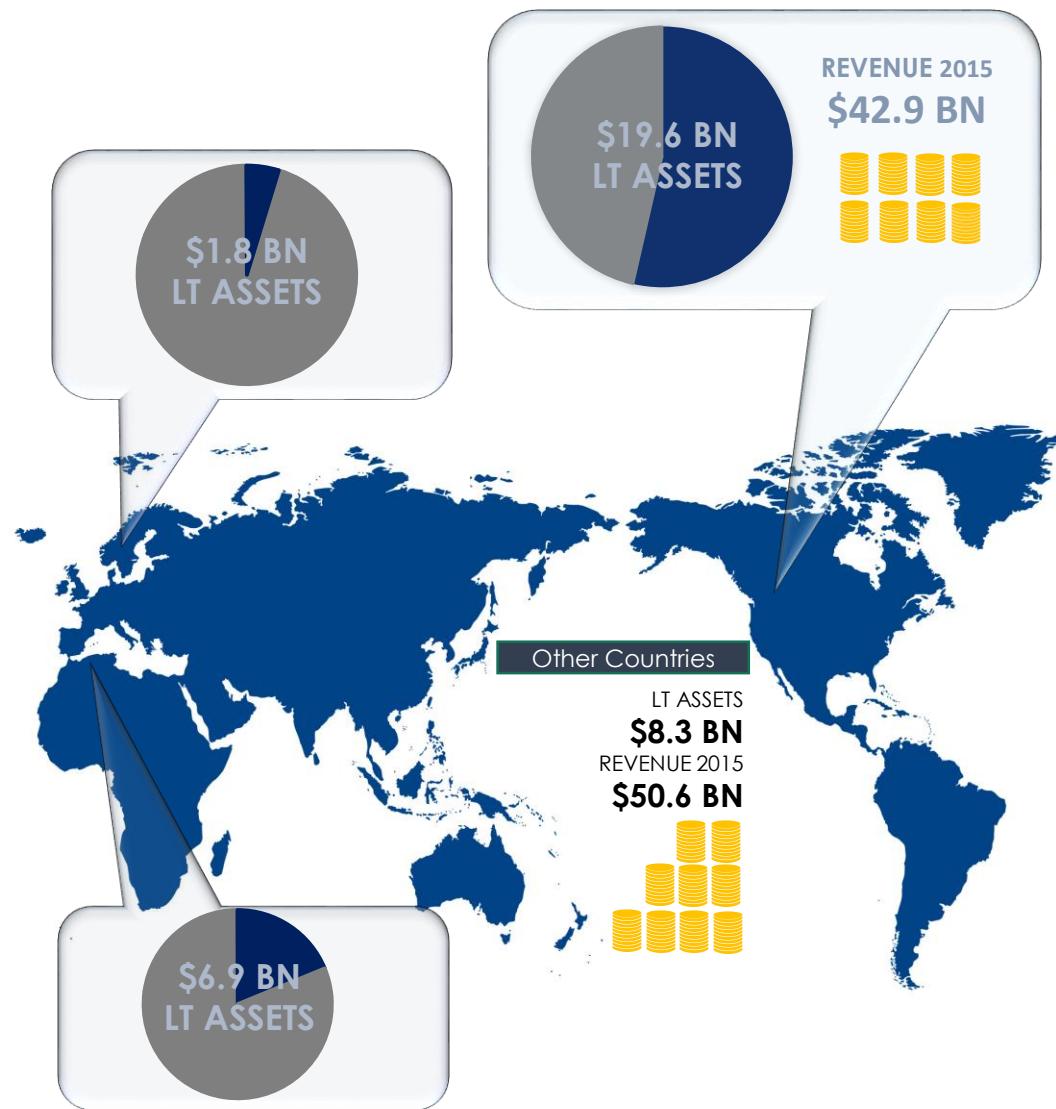


Mojang AB

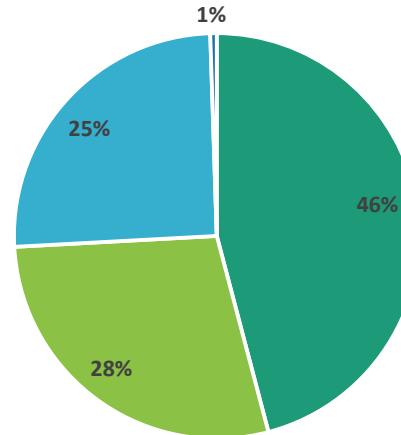
On 09/15/2014, Microsoft Corp announced it agreed to acquire Mojang AB from Notch Development AB for \$2.5 Billion. Mojang AB produces the Minecraft game, popular in multiple platforms. The deal completed on 11/07/2014



Microsoft Operating Segments

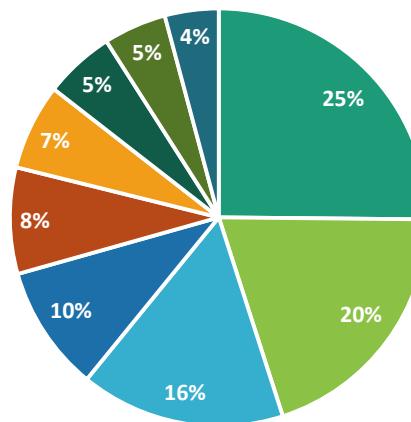


2015 Revenue Segments



- More Personal Computing
- Productivity and Business Processes
- Intelligent Cloud
- Corporate and other

2015 Revenue - Supplementary Breakdown



- Microsoft Office System
- Server Products and Tools
- Windows PC Operating System
- Xbox Platform
- Phone
- Other
- Consulting and Product Support Services
- Advertising
- Surface

Productivity and Business Processes



- Office Commercial, including volume licensing and subscriptions to Office 365 Commercial for products and services such as Microsoft Office, Exchange, SharePoint, and Skype for Business, and related Client Access Licenses (“CALs”).
- Office Consumer, including Office sold through retail or through an Office 365 Consumer subscription, and Office Consumer Services, including Outlook.com, OneDrive, and consumer Skype services.
- Microsoft Dynamics business solutions, including Dynamics ERP products, Dynamics CRM on-premises, and Dynamics CRM Online (“Microsoft Dynamics”).



Intelligent Cloud



Server Products and Services

- Window Server
- Microsoft SQL Server
- Visual Studio
- System Center
- Related Client Access Licenses (“CALs”)
- Microsoft Azure



Provide server system and services to professionals and enterprises

On-site services and cloud-base services

Help customers to devote more resources to development and use of applications

Enterprise Services

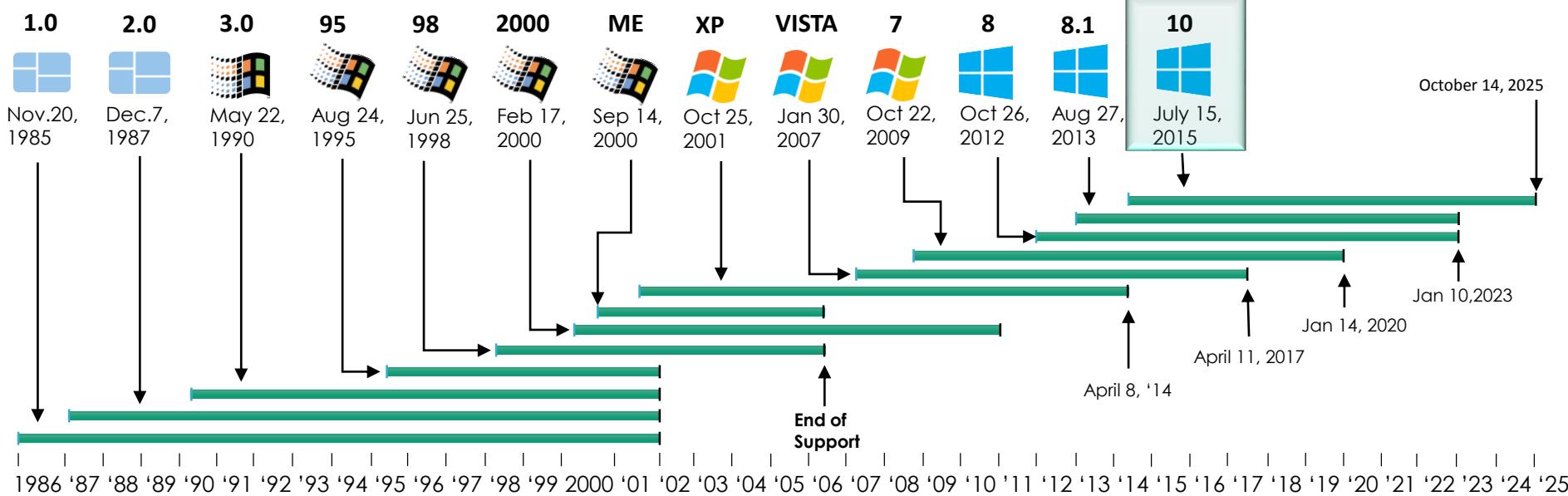
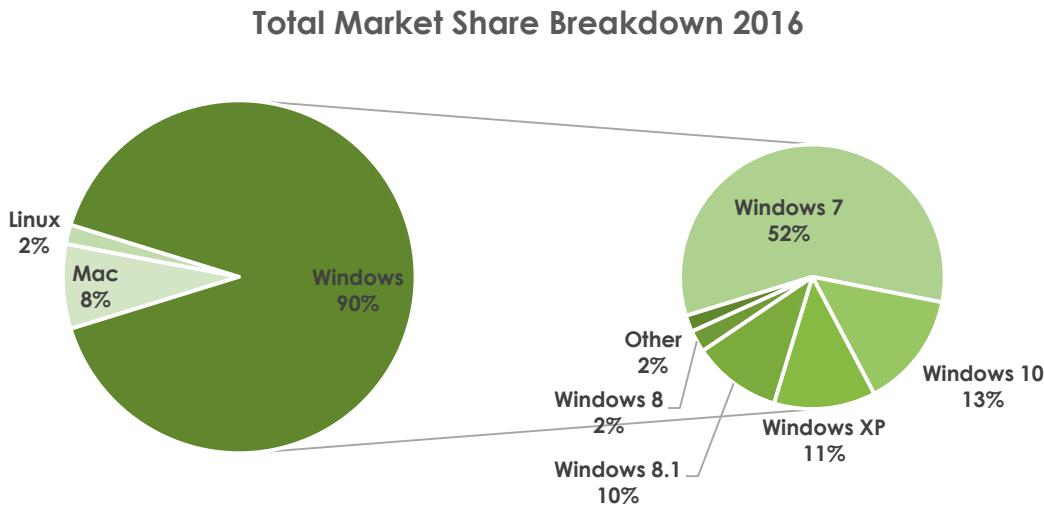
- Premier Support Services
- Microsoft Consulting Services

More Personal Computing



Windows

Including Windows OEM licensing ("Windows OEM") and other non-volume licensing of the Windows operating system, volume licensing of the Windows operating system ("Windows VL"), patent licensing, Windows Embedded, MSN display advertising, and Windows Phone licensing.



More Personal Computing



Device

Phone

The principal products provided by the Phone Hardware segment are Lumia phones and other non-Lumia phones, which were begun manufacturing and selling with the acquisition of NDS on April 25, 2014. Other Lumia phones run Windows and are designed to enable people and organizations to connect to people and content that matter most, using integrated Microsoft services such as Outlook, OneDrive, Skype and Office



Surface

Surface is designed to help organizations, students, and consumers to be more productive. The latest Surface devices, the Surface Pro 4 and Surface Book, were released in October 2015



Microsoft HoloLens

Microsoft HoloLens is the first fully untethered holographic computer running Windows 10. It is completely untethered—no wires, phones, or connection to a PC needed. Microsoft HoloLens allows you to place holograms in your physical environment and provides a new way to see your world.



Microsoft Band

A product helps you reach your health and fitness goals by tracking your heart rate, exercise, calorie burn and sleep quality, and be productive with email, text and calendar alerts on your wrist.



Microsoft PC Accessories



More Personal Computing

Gaming

Xbox Hardware

Xbox is a video gaming brand created by Microsoft. It includes a series of video game consoles. The brand was first introduced on November 15, 2001 in the United States, with the launch of the original Xbox console. Microsoft released Xbox 360 and Xbox One in November 2005 and November 2013, respectively.

Xbox Live, Comprising Transactions, Subscriptions, and Advertising

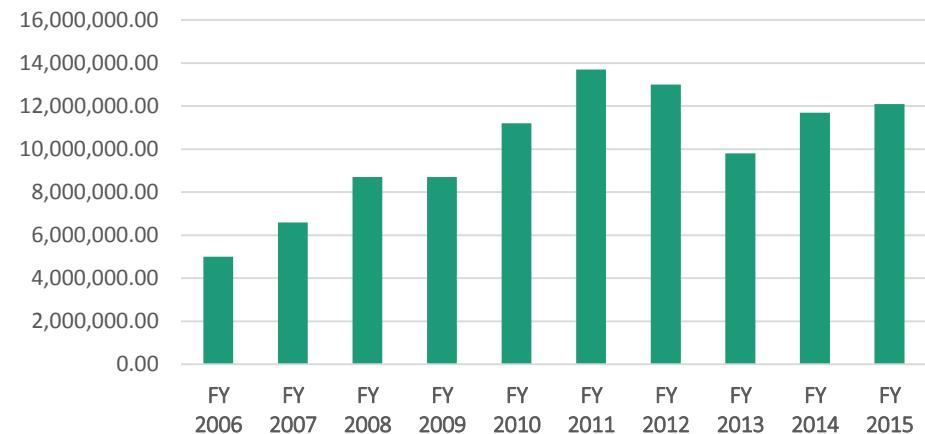
Xbox Live is an online multiplayer gaming and digital media delivery service created and operated by Microsoft. It was first made available to the Xbox system in November 2002. An updated version of the service became available for the Xbox 360 console at the system's launch in November 2005, and a further enhanced version was released in 2013 with the Xbox One.

Video Game

Including second and third-party video game royalties



XBOX Consoles Unit Sold



More Personal Computing

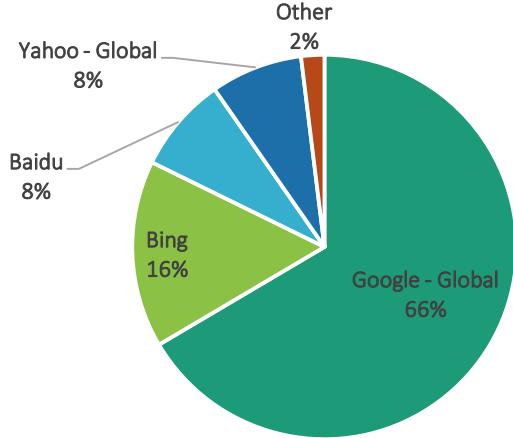


Search Advertising

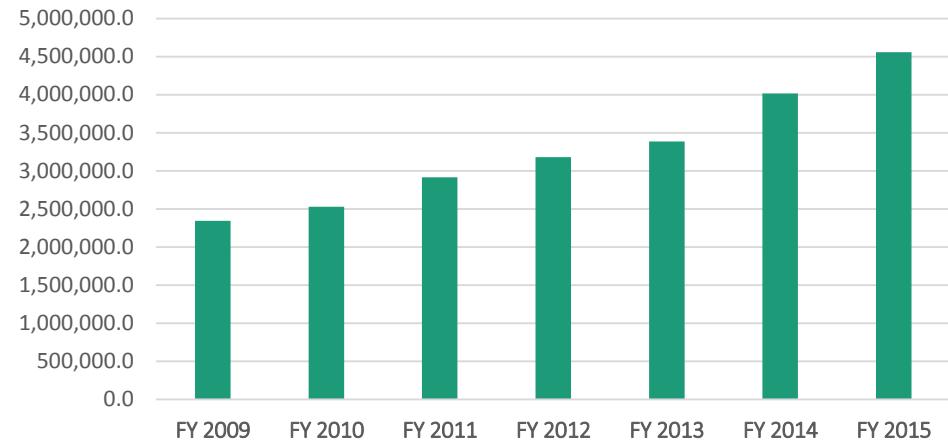
Search and display advertising includes Bing, Bing Ads, MSN. Microsoft has a partnership with Yahoo! in which Microsoft provides algorithmic and paid search platform for Yahoo! websites worldwide. In June 2015, Microsoft entered into agreements with AOL and AppNexus to outsource our display sales efforts.



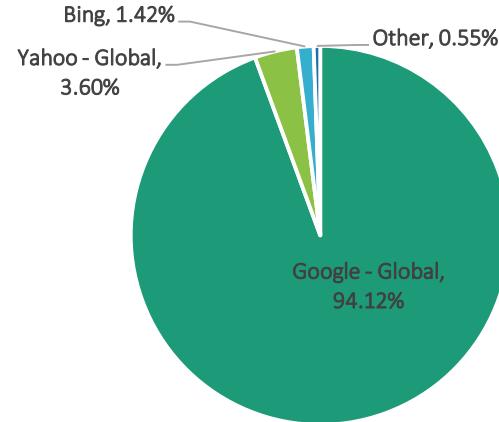
Desktop Search Engine Market Share



Advertising Revenue (Including search and display advertising)



Mobile/Tablet Search Engine Market Share



Future Outlook



Mobile first, cloud first

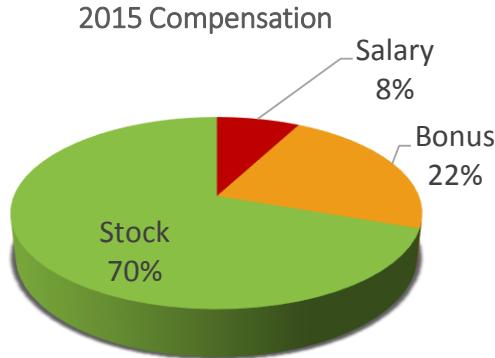
- Transforming the way individuals and organizations use and interact with technology.
- Mobile-first is not about the mobility of devices; it is centered on the mobility of experiences that, in turn, are orchestrated by the cloud
- Cloud computing and storage solutions provide users and enterprises with various applications, and services that accompany Microsoft's customers as they move from setting to setting in their lives

Future opportunity

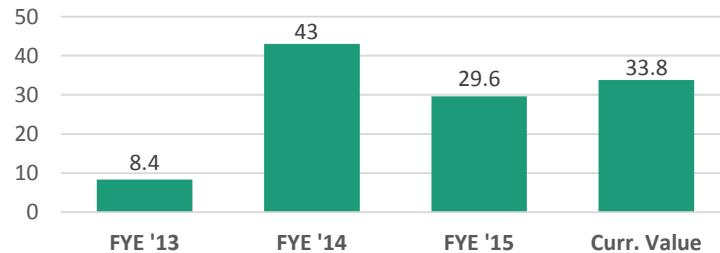
Microsoft is currently investing significant resources in:

- Delivering new productivity, entertainment, and business processes to improve how people communicate, collaborate, learn, work, play, and interact with one another.
- Establishing the Windows platform across the PC, tablet, phone, server, other devices, and the cloud to drive a thriving ecosystem of developers, unify the cross-device user experience, and increase agility when bringing new advances to market.
- Building and running cloud-based services in ways that unleash new experiences and opportunities for businesses and individuals.
- Developing new devices that have increasingly natural ways to interact with them, including speech, pen, gesture, and augmented reality holograms.
- Applying machine learning to make technology more intuitive and able to act on our behalf, instead of at our command.

Management Team



Compensation



Pay Highlights

Would get \$20.6 million if terminated without cause as of June 30, 2015

Severance payment includes one year base salary and pro-rate annual cash bonus

All stock grants, except special awards, vest if terminated before Feb. 4, 2016

Satya Nadella – Chief Executive Officer (CEO)

Career

Organization	Position	Date
Microsoft Corp	Chief Executive Officer	02/2014 – Present
Microsoft Corp	Exec VP: Cloud & Enterprise	07/2013 – 02/2014
Microsoft Corp	President: Server & Tools	02/2011 – 07/2013
Microsoft Corp	Senior VP: R&D Online Services	2009-2011
Microsoft Corp	Senior VP: Search	2008 – 2009
Microsoft Corp	VP: R&D Advertising Platform	2007-2008
Microsoft Corp	VP: Business Solutions	2000 – 2007
Microsoft Corp		1992 – 2000

Boards

Microsoft Corp	Board Member	02/2014 – Present
Riverbed Technology Inc.	Board Member	03/2013 – 02/2014

Verticalnet Inc.	Board Member	10/2000 – 02/2002
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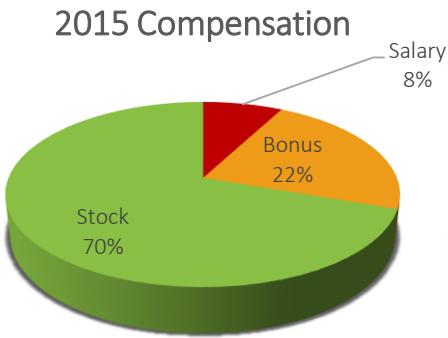
Education

University of Wisconsin	Master's Degree in Computer Science
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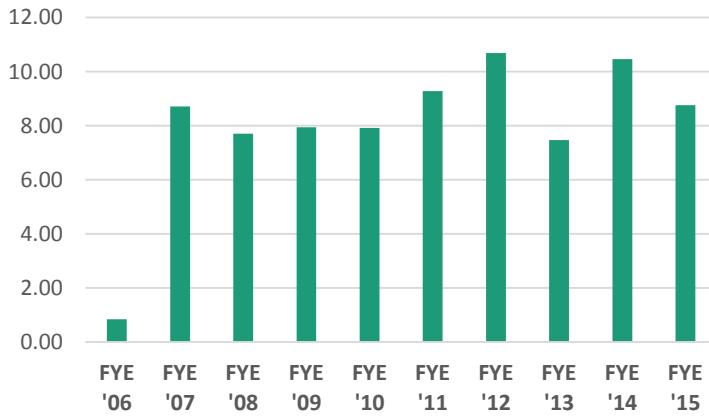
Mangalore University	Bachelor's Degree in Electrical Engineering
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University of Chicago	Master of Business Administration
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Management Team



Compensation



Brian Kevin Turner – Chief Operating Officer (COO)

Career

Organization	Position	Date
Microsoft Corp	Chief Operating Officer	09/2005 – Present
Wal-Mart Stores Inc.	Exec Vice President	08/2002 – 2005
Sam's Club	President/CEO	2002 – 2005
Wal-Mart Stores Inc.	Exec VP/Global CIO	09/2001 - 08/2002
Wal-Mart Stores Inc.	Senior VP/CIO	03/2000 – 09/2001
Wal-Mart Stores Inc.	VP: Applications Development	1995 – 03/2000

Wal-Mart Stores Inc.	Various Positions	1987 - 1995
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Boards

Nordstrom Inc.	Board Member	11/2010 – Present
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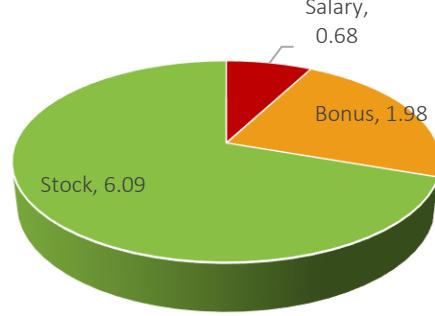
Education

East Central University	Bachelor of Science in Business Administration
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Management Team



2015 Compensation



Amy Hood – Exec VP and Chief Financial Officer

Career

Organization	Position	Date
Microsoft Corp	Exec VP/CFO	07/2013 – Present
Microsoft Corp	CFO: Business	05/2013 – 07/2013

Microsoft Corp	CFO: Business Development	01/2010 – 05/2013
Microsoft Corp	Chief of Staff: Tools Group	Unknown – 01/2010

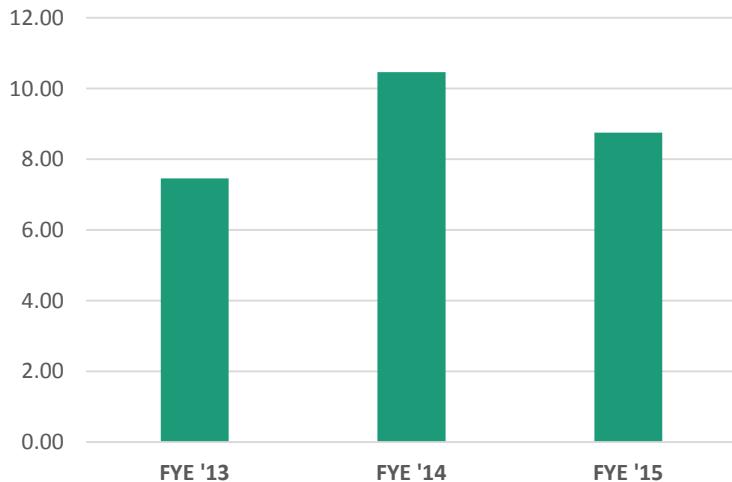
Microsoft Corp	General Manager: Business Strategy	2006 – 2009
Microsoft Corp	Investor Relations	2002 - Unknown

Microsoft Corp	Various Positions	2002 – Unknown
Goldman Sachs & Co.	Various Positions	Former

Education

Harvard University	Master's Degree in Business Administration
Duke University	Bachelor's Degree in Economics

Compensation



Industry Overview

Microsoft

Apple

Google

Management Team



Chris Capossela – Exec VP & Chief Marketing Officer

Career

<i>Organization</i>	<i>Position</i>	<i>Date</i>
Microsoft Corp	Exec VP/Chief Marketing Officer	07/2014 – Present

Microsoft Corp	Exec VP/Chief Marketing Officer	03/2014 – 07/2014
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Microsoft Corp	Chief Marketing Officer	03/2011 – 03/2014
----------------	-------------------------	-------------------

Microsoft Corp	Senior VP: Info Workers	02/2008 – 03/2011
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Microsoft Corp	Vice President	Unknown – 02/2008
----------------	----------------	-------------------

Microsoft Corp	Various Positions	1991 – 11/2003
----------------	-------------------	----------------

Microsoft Corp	Senior VP: Consumer Channels	04/2011 - Unknown
----------------	------------------------------	-------------------

Education

Harvard University	Bachelor's Degree in Computer Science and Economics
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Management Team



Terry Myerson – Exec VP: Windows & Devices Group

Career

Organization	Position	Date
Microsoft Corp	Exec VP: Windows & Devices Group	06/2015 – Present
Microsoft Corp	Exec VP: Operating Systems	07/2013 – 06/2015

Microsoft Corp	VP/Head: Windows Phone Division	12/2011 – 07/2013
----------------	---------------------------------	-------------------

Interse Corp		Unknown - 1997
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Microsoft Corp		1997 - Unknown
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Microsoft Corp	Head: Exchange Team	Former
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Interse Corp	Founder	Former
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Boards

Seattle Foundation	Trustee	07/2015 – Present
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Education

Duke University	Bachelor's Degree in Mechanical Engineering
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2016 Q2 Balance Sheet (Assets)



(In millions) (Unaudited)

	December 31, 2015	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,185	\$ 5,595
Short-term investments (including securities loaned of \$360 and \$75)	95,455	90,931
Total cash, cash equivalents, and short-term investments	102,640	96,526
Accounts receivable, net of allowance for doubtful accounts of \$384 and \$335	14,507	17,908
Inventories	2,702	2,902
Deferred income taxes	1,618	1,915
Other	6,345	5,461
Total current assets	127,812	124,712
Property and equipment, net of accumulated depreciation of \$18,008 and \$17,606	15,789	14,731
Equity and other investments	11,514	12,053
Goodwill	17,436	16,939
Intangible assets, net	4,619	4,835
Other long-term assets	2,928	2,953
Total assets	\$ 180,098	\$ 176,223

2016 Q2 BS(Liabilities and S/E)



Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$ 6,936	\$ 6,591
Short-term debt	3,000	4,985
Current portion of long-term debt	750	2,499
Accrued compensation	3,649	5,096
Income taxes	493	606
Short-term unearned revenue	20,929	23,223
Securities lending payable	439	92
Other	6,447	6,766
Total current liabilities	42,643	49,858
Long-term debt	40,679	27,808
Long-term unearned revenue	4,102	2,095
Deferred income taxes	2,194	2,835
Other long-term liabilities	13,700	13,544
Total liabilities	103,318	96,140

Commitments and contingencies

Stockholders' equity:

Common stock and paid-in capital—shares authorized 24,000; outstanding 7,925 and 8,027	68,279	68,465
Retained earnings	6,728	9,096
Accumulated other comprehensive income	1,773	2,522
Total stockholders' equity	76,780	80,083
Total liabilities and stockholders' equity	\$ 180,098	\$ 176,223

2015 Annual Balance Sheet (Assets)



(In millions)

June 30,	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,595	\$ 8,669
Short-term investments (including securities loaned of \$75 and \$541)	90,931	77,040
Total cash, cash equivalents, and short-term investments	96,526	85,709
Accounts receivable, net of allowance for doubtful accounts of \$335 and \$301	17,908	19,544
Inventories	2,902	2,660
Deferred income taxes	1,915	1,941
Other	5,461	4,392
Total current assets	124,712	114,246
Property and equipment, net of accumulated depreciation of \$17,606 and \$14,793	14,731	13,011
Equity and other investments	12,053	14,597
Goodwill	16,939	20,127
Intangible assets, net	4,835	6,981
Other long-term assets	2,953	3,422
Total assets	<u>\$ 176,223</u>	<u>\$ 172,384</u>

2015 Annual BS(Liabilities and S/E)



Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$ 6,591	\$ 7,432
Short-term debt	4,985	2,000
Current portion of long-term debt	2,499	0
Accrued compensation	5,096	4,797
Income taxes	606	782
Short-term unearned revenue	23,223	23,150
Securities lending payable	92	558
Other	6,766	6,906
Total current liabilities	49,858	45,625
Long-term debt	27,808	20,645
Long-term unearned revenue	2,095	2,008
Deferred income taxes	2,835	2,728
Other long-term liabilities	13,544	11,594
Total liabilities	96,140	82,600

Commitments and contingencies

Stockholders' equity:

Common stock and paid-in capital – shares authorized 24,000; outstanding 8,027 and 8,239	68,465	68,366
Retained earnings	9,096	17,710
Accumulated other comprehensive income	2,522	3,708
Total stockholders' equity	80,083	89,784
Total liabilities and stockholders' equity	\$ 176,223	\$ 172,384

2015 Annual Income Statement



(In millions, except per share amounts)

Year Ended June 30,	2015	2014	2013
Revenue	\$ 93,580	\$ 86,833	\$ 77,849
Cost of revenue	33,038	27,078	20,385
Gross margin	60,542	59,755	57,464
Research and development	12,046	11,381	10,411
Sales and marketing	15,713	15,811	15,276
General and administrative	4,611	4,677	5,013
Impairment, integration, and restructuring	10,011	127	0
Operating income	18,161	27,759	26,764
Other income, net	346	61	288
Income before income taxes	18,507	27,820	27,052
Provision for income taxes	6,314	5,746	5,189
Net income	<u>\$ 12,193</u>	<u>\$ 22,074</u>	<u>\$ 21,863</u>
Earnings per share:			
Basic	\$ 1.49	\$ 2.66	\$ 2.61
Diluted	\$ 1.48	\$ 2.63	\$ 2.58
Weighted average shares outstanding:			
Basic	8,177	8,299	8,375
Diluted	8,254	8,399	8,470
Cash dividends declared per common share	\$ 1.24	\$ 1.12	\$ 0.92

2016 Q2 Income Statement



(In millions, except per share amounts) (Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Revenue	\$ 23,796	\$ 26,470	\$ 44,175	\$ 49,671
Cost of revenue	9,872	10,136	17,079	18,409
Gross margin	13,924	16,334	27,096	31,262
Research and development	2,900	2,903	5,862	5,968
Sales and marketing	3,960	4,315	7,293	8,043
General and administrative	1,038	1,097	2,122	2,248
Impairment, integration, and restructuring	0	243	0	1,383
Operating income	6,026	7,776	11,819	13,620
Other income (expense), net	(171)	74	(451)	126
Income before income taxes	5,855	7,850	11,368	13,746
Provision for income taxes	857	1,987	1,750	3,343
Net income	\$ 4,998	\$ 5,863	\$ 9,618	\$ 10,403
Earnings per share:				
Basic	\$ 0.63	\$ 0.71	\$ 1.21	\$ 1.26
Diluted	\$ 0.62	\$ 0.71	\$ 1.20	\$ 1.25
Weighted average shares outstanding:				
Basic	7,964	8,228	7,980	8,238
Diluted	8,028	8,297	8,047	8,321
Cash dividends declared per common share	\$ 0.36	\$ 0.31	\$ 0.72	\$ 0.62

2015 Annual CF (Operating)



(In millions)

Year Ended June 30,	2015	2014	2013
Operations			
Net income	\$ 12,193	\$ 22,074	\$ 21,863
Adjustments to reconcile net income to net cash from operations:			
Goodwill and asset impairments	7,498	0	0
Depreciation, amortization, and other	5,957	5,212	3,755
Stock-based compensation expense	2,574	2,446	2,406
Net recognized losses (gains) on investments and derivatives	(443)	(109)	80
Excess tax benefits from stock-based compensation	(588)	(271)	(209)
Deferred income taxes	224	(331)	(19)
Deferral of unearned revenue	45,072	44,325	44,253
Recognition of unearned revenue	(44,920)	(41,739)	(41,921)
Changes in operating assets and liabilities:			
Accounts receivable	1,456	(1,120)	(1,807)
Inventories	(272)	(161)	(802)
Other current assets	62	(29)	(129)
Other long-term assets	346	(628)	(478)
Accounts payable	(1,054)	473	537
Other current liabilities	(624)	1,075	146
Other long-term liabilities	1,599	1,014	1,158
Net cash from operations	29,080	32,231	28,833

2015 Annual CF (Financing and Investing)



Financing

Proceeds from issuance of short-term debt, maturities of 90 days or less, net	4,481	500	0
Proceeds from issuance of debt	10,680	10,350	4,883
Repayments of debt	(1,500)	(3,888)	(1,346)
Common stock issued	634	607	931
Common stock repurchased	(14,443)	(7,316)	(5,360)
Common stock cash dividends paid	(9,882)	(8,879)	(7,455)
Excess tax benefits from stock-based compensation	588	271	209
Other	362	(39)	(10)
Net cash used in financing	(9,080)	(8,394)	(8,148)

Investing

Additions to property and equipment	(5,944)	(5,485)	(4,257)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(3,723)	(5,937)	(1,584)
Purchases of investments	(98,729)	(72,690)	(75,396)
Maturities of investments	15,013	5,272	5,130
Sales of investments	70,848	60,094	52,464
Securities lending payable	(466)	(87)	(168)
Net cash used in investing	(23,001)	(18,833)	(23,811)
Effect of exchange rates on cash and cash equivalents	(73)	(139)	(8)
Net change in cash and cash equivalents	(3,074)	4,865	(3,134)
Cash and cash equivalents, beginning of period	8,669	3,804	6,938
Cash and cash equivalents, end of period	\$ 5,595	\$ 8,669	\$ 3,804

2016 Q2 Cash Flow (Operating)



(In millions) (Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Operations				
Net income	\$ 4,998	\$ 5,863	\$ 9,618	\$ 10,403
Adjustments to reconcile net income to net cash from operations:				
Depreciation, amortization, and other	1,544	1,521	3,005	2,949
Stock-based compensation expense	658	633	1,332	1,279
Net recognized losses (gains) on investments and derivatives	50	(179)	151	(124)
Excess tax benefits from stock-based compensation	(20)	(22)	(302)	(524)
Deferred income taxes	(247)	314	(174)	615
Deferral of unearned revenue	12,570	10,200	22,993	18,222
Recognition of unearned revenue	(11,929)	(11,495)	(23,284)	(22,138)
Changes in operating assets and liabilities:				
Accounts receivable	(3,118)	(3,378)	3,258	3,249
Inventories	1,104	1,070	167	587
Other current assets	(912)	(159)	(1,192)	(439)
Other long-term assets	56	170	51	449
Accounts payable	369	137	234	(522)
Other current liabilities	105	(986)	(1,919)	(2,152)
Other long-term liabilities	370	651	254	840
Net cash from operations	5,598	4,340	14,192	12,694

2016 Q2 CF (Financing and Investing)



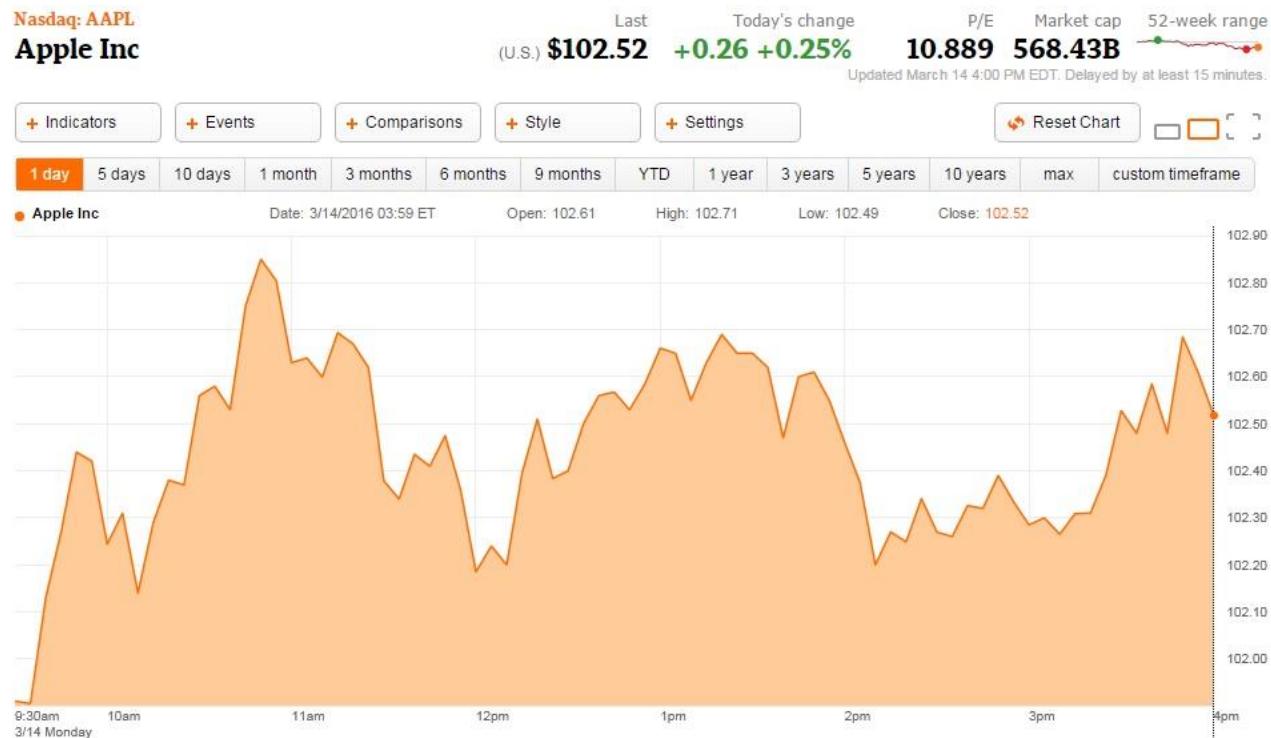
(In millions) (Unaudited)	Three Months Ended December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Proceeds from issuance (repayments) of short-term debt, maturities of 90 days or less, net	(7,031)	4,798	(2,141)	7,797
Proceeds from issuance of debt	13,128	0	13,249	0
Repayments of debt	(121)	0	(1,871)	(1,500)
Common stock issued	117	121	336	337
Common stock repurchased	(3,678)	(2,145)	(8,435)	(5,033)
Common stock cash dividends paid	(2,868)	(2,547)	(5,343)	(4,854)
Excess tax benefits from stock-based compensation	20	22	302	524
Other	(65)	285	(243)	285
Net cash from (used in) financing	(498)	534	(4,146)	(2,444)
Investing				
Additions to property and equipment	(2,024)	(1,490)	(3,380)	(2,772)
Acquisition of companies, net of cash acquired, and purchases of intangible and other assets	(381)	(2,794)	(771)	(2,935)
Purchases of investments	(34,750)	(19,167)	(72,320)	(43,252)
Maturities of investments	5,351	2,389	11,037	4,082
Sales of investments	28,191	16,108	56,693	32,553
Securities lending payable	285	238	347	(129)
Net cash used in investing	(3,328)	(4,716)	(8,394)	(12,453)
Effect of foreign exchange rates on cash and cash equivalents	(18)	(34)	(62)	(40)
Net change in cash and cash equivalents	1,754	124	1,590	(2,243)
Cash and cash equivalents, beginning of period	5,431	6,302	5,595	8,669
Cash and cash equivalents, end of period	\$ 7,185	\$ 6,426	\$ 7,185	\$ 6,426

Recommendation

HOLD

APPLE INC.

Financial Snapshot



Key company metrics

Updated March 14 4:00 PM EDT. Delayed by at least 15 minutes.

Open	(U.S.) \$101.91	Volume	25,038,269	Trailing P/E	10.89×
Previous close	(U.S.) \$102.26	Average volume (10-day)	35,740,502	P/E 1 year forward	11.29×
High	(U.S.) \$102.91	Average volume (1-month)	39,915,593	Forward PEG	0.97×
Low	(U.S.) \$101.78	Average volume (3-month)	45,312,958	Indicated annual dividend	(U.S.) \$2.08
Bid / Ask	(U.S.) \$102.47 / (U.S.) \$102.55	52-week range	(U.S.) \$92.00 to (U.S.) \$134.54	Dividend yield	2.03%
YTD % change	-2.60%	Beta	0.94	Trailing EPS	(U.S.) \$9.41

One-Year Performance



Industry Overview

Microsoft

Apple

Google

Five-Year Performance



Industry Overview

Microsoft

Apple

Google

Ten-Year performance

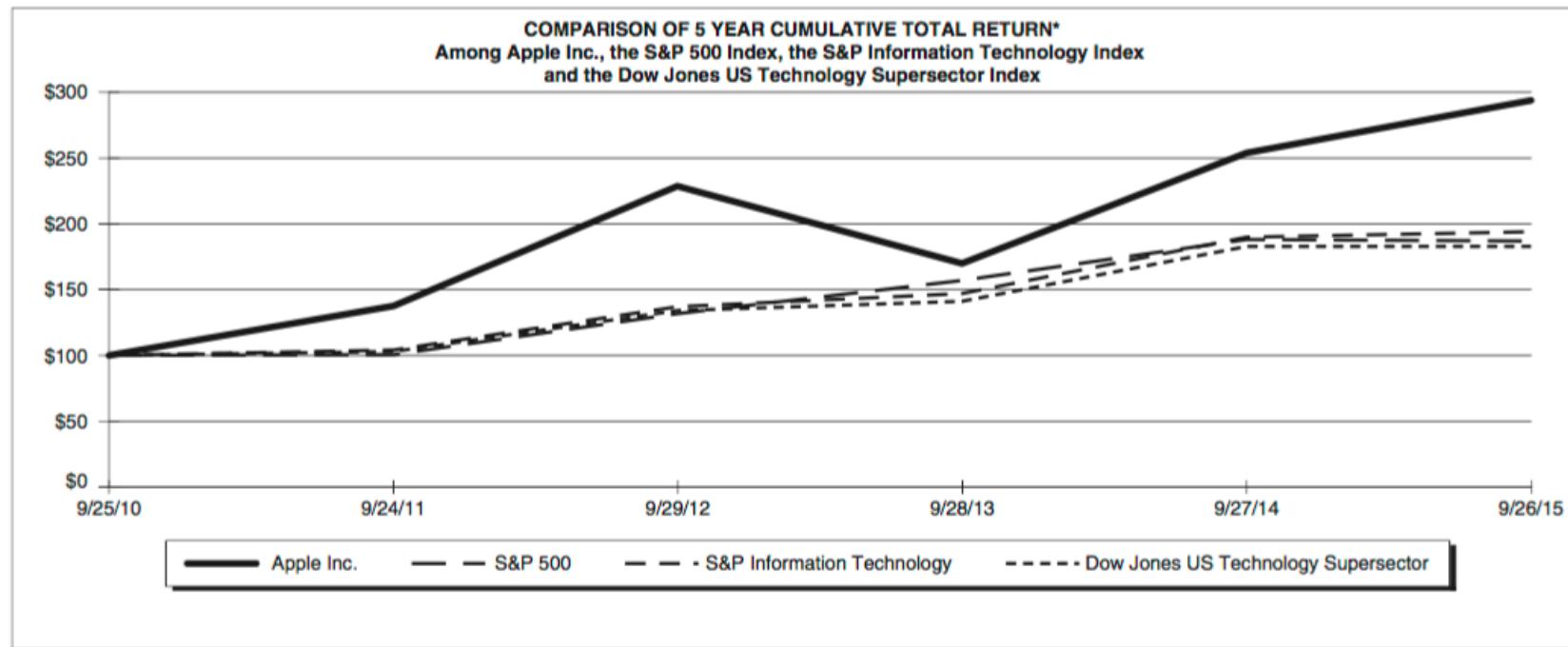


Industry Overview

Microsoft

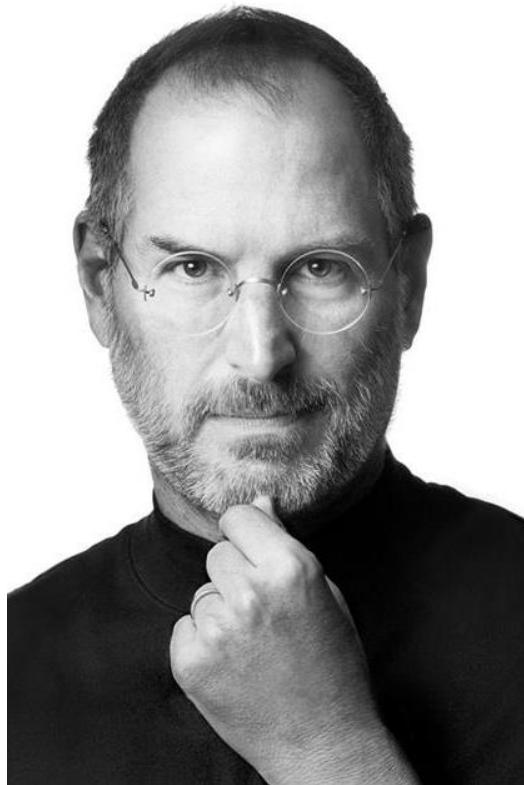
Apple

Google



Steve Jobs

Co-Founder and former CEO



- Fired in 1985, came back in 1997
 - NeXT: computer company
 - Pixar: computer animation film studio
- Education:
 - Reed College – Dropped Out
- Oversaw development of iMac, iTunes, iPhone, and iPad on the services side as well as Apple's retail stores
- Leadership style:
 - Perfectionist
 - Innovator
 - Futurist
- Passed away in 2011

Company History and Key Events

- 1976: Apple Computer Company is founded by Steve Wozniak, Steve Jobs, Ron Wayne
 - Apple was created and sold at \$666.66
- 1977: Apple was incorporated
 - Apple II was introduced and sold for \$1,295
- 1980: Apple went public at \$22/share
- 1984: Macintosh – the original Mac – was introduced
- 1985: Jobs resigned from Apple and founded NeXT
- 1987
 - First stock split: 2 for 1
 - Macintosh II was launched
- 1997: Acquisition of NeXT

Company History and Key Events

- 2000: Jobs became CEO
- 2001: Mac OS X and iPod launched
- 2003: First overseas Apple store | Tokyo, Japan
- 2004
 - First Apple store in Europe | London, England
 - iPod Mini launched
- 2005: iPod Shuffle and iPod Nano launched
- 2006: iMac and MacBook Pro
- 2007: iPhone, iPod touch, Apple TV launched
- 2011-2014: Apple vs. Samsung
- 2014: Apple Watch launched

Company Profile

- HQ: Cupertino, California
- The Company designs, manufactures and markets mobile communication and media devices, personal computers and portable digital music players, and sells a variety of related software, services, accessories, networking solutions and third-party digital content and applications
- 115,000 permanent full-time employees
- 463 retail stores worldwide
- Most products are designed in the US but manufactured abroad
- Brand loyalty: 90% as of March 2014

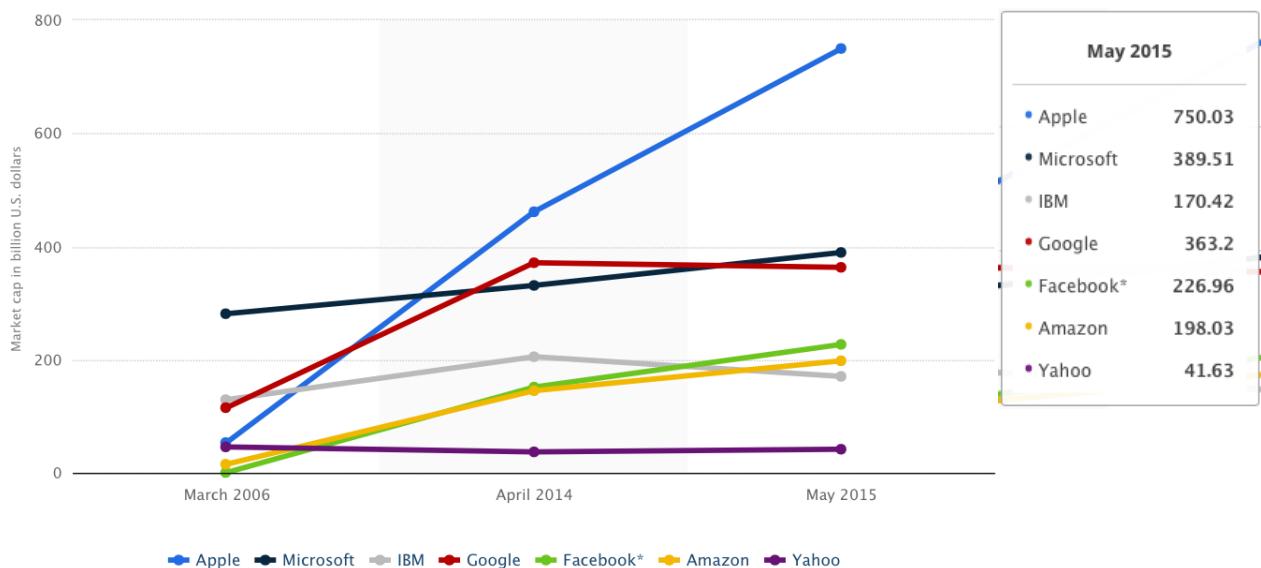
Company Profile

February 9, 2015: the first US company with market value above \$700B

Apple: \$710.4B || \$122.02/share

Google: \$365B

Microsoft: \$349B



Strategy

“The Company believes ongoing investment in research and development (“R&D”), marketing and advertising is critical to the development and sale of innovative products and technologies”

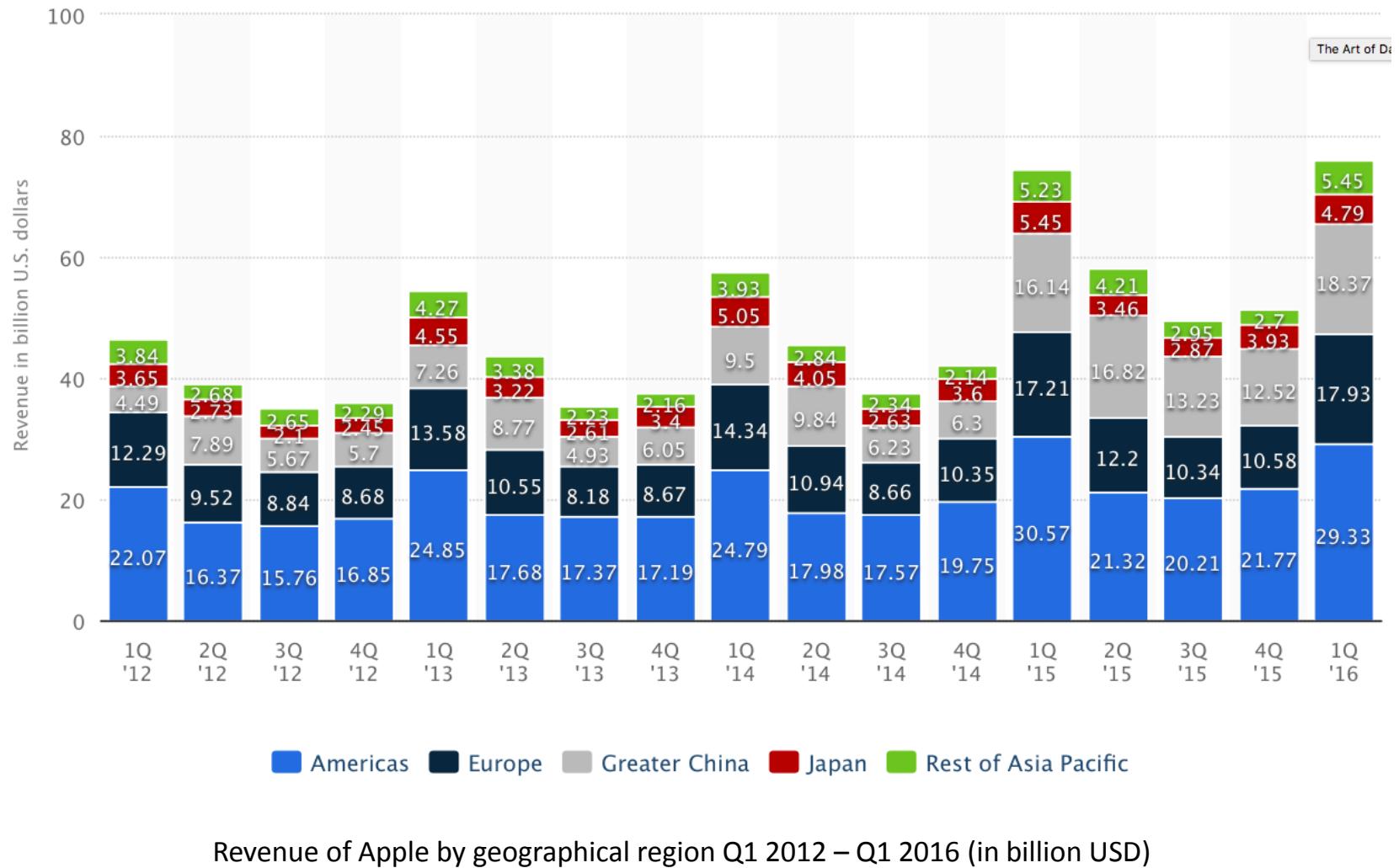
- Bring the best user experience to its customers through its innovative hardware, software and services
- Expand its platform for the discovery and delivery of digital content and applications through its Internet Services
- Build and expand retail and online stores and its third- party distribution network to effectively reach more customers and provide them with a high-quality sales and post-sales support experience
- Support a community for the development of third-party software and hardware products and digital content that complement the Company’s offerings

2015 Net Sales by Regions and Products

	2015	Change	2014	Change	2013
Net Sales by Operating Segment:					
Americas	\$ 93,864	17%	\$ 80,095	4%	\$ 77,093
Europe	50,337	14%	44,285	8%	40,980
Greater China	58,715	84%	31,853	18%	27,016
Japan	15,706	3%	15,314	11%	13,782
Rest of Asia Pacific	15,093	34%	11,248	(7)%	12,039
Total net sales	<u>\$ 233,715</u>	28%	<u>\$ 182,795</u>	7%	<u>\$ 170,910</u>

	2015	Change	2014	Change	2013
Net Sales by Product:					
iPhone ⁽¹⁾	\$ 155,041	52%	\$ 101,991	12%	\$ 91,279
iPad ⁽¹⁾	23,227	(23)%	30,283	(5)%	31,980
Mac ⁽¹⁾	25,471	6%	24,079	12%	21,483
Services ⁽²⁾	19,909	10%	18,063	13%	16,051
Other Products ⁽¹⁾⁽³⁾	10,067	20%	8,379	(17)%	10,117
Total net sales	<u>\$ 233,715</u>	28%	<u>\$ 182,795</u>	7%	<u>\$ 170,910</u>

	2015	Change	2014	Change	2013
Unit Sales by Product:					
iPhone	231,218	37%	169,219	13%	150,257
iPad	54,856	(19)%	67,977	(4)%	71,033
Mac	20,587	9%	18,906	16%	16,341



PRODUCTS

Mac

- January 1984: the original Macintosh 128k
- Apple's line of desktop and portable personal computers
 - Desktops: iMac, Mac Mini, Mac Pro
 - Portables: MacBook, MacBook Air, MacBook Pro
- Runs on Mac OS X
 - Intel processors

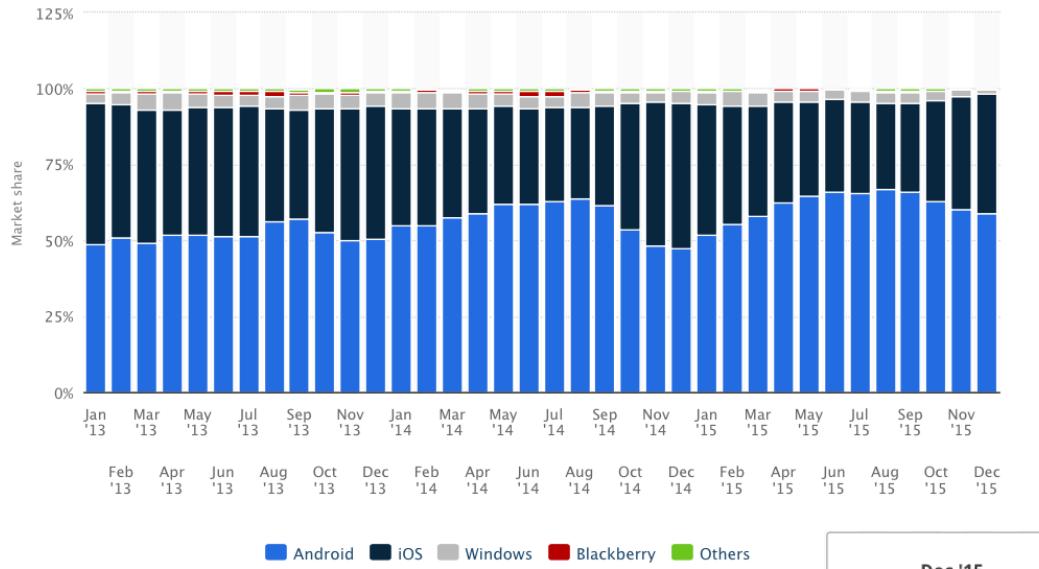


Preliminary Worldwide PC Shipments 2Q15

	2Q15 Shipments	2Q15 Market Share	2Q14 Shipments	2Q14 Market Share	2Q15/2Q14 Growth
Lenovo	13,444	20.3%	14,535	19.4%	-7.5%
HP	12,253	18.5%	13,675	18.2%	-10.4%
Dell	9,560	14.5%	10,466	14%	-8.7%
Apple	5,136	7.8%	4,423	5.9%	16.1%
Acer	4,334	6.6%	5,932	7.9%	-26.9%
ASUS	4,330	6.5%	4,693	6.3%	-7.7%
Others	17,082	25.8%	21,274	28.4%	-19.7%
Total	66,140	100%	74,998	100%	-11.8%

iPhone

- June 2007: iPhone 1
- 2015: iPhone 6s and 6s Plus
 - 13M iPhones sold three days after launch
- Provide synchronization across other Apple's devices
- Siri: voice-controlled assistant
- Retina HD display
- 2015: 66% total net sales
- According to Tim Cook, 30% of customers who purchased iPhones in Q4 2015 were Android users

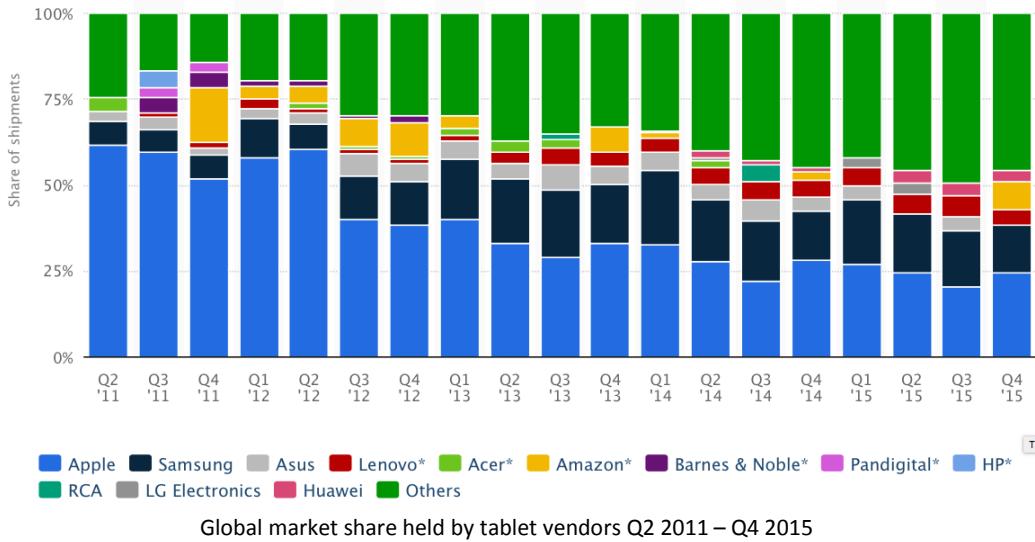


Smartphone market share in the US (2013 – 2015)

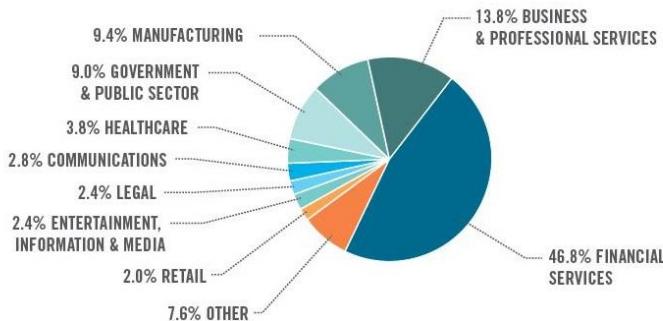


iPad

- April 2010: 1st iPad
- Multi-purpose tablets based on Apple's iOS Multi-Touch operating system
- Lines:
 - iPad Air (9.4")
 - iPad mini (8")
 - iPad Pro (12.9")

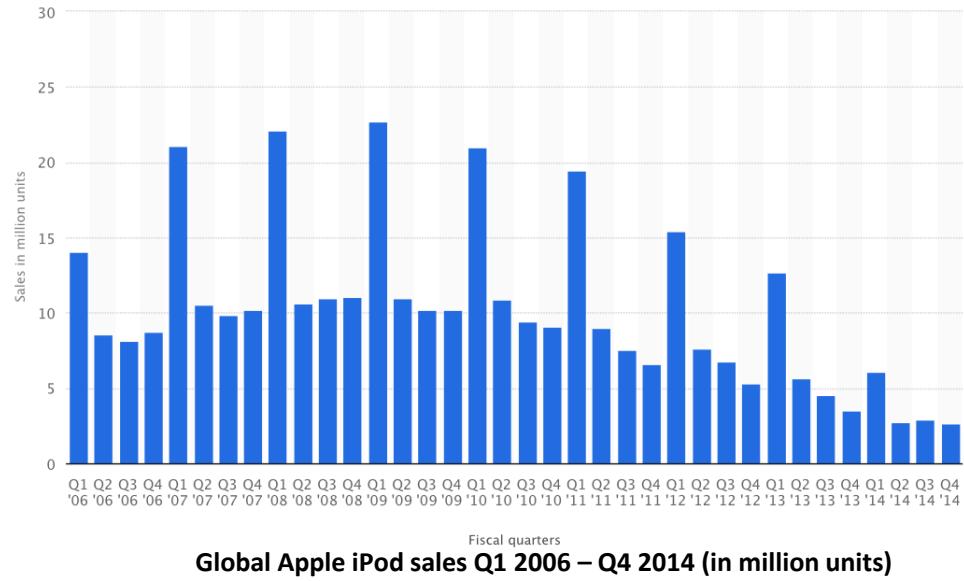


The Financial Services industry and Business and Professional Services, iPad activations across both also saw significant growth quarter over quarter. After a slight dip last quarter, the Legal sector also saw a bump in activations, as did the Communications sector.



iPod

- October 2001: 1st release
- Latest: iPod Touch 6th gen
- Portable digital music and media players
- Lines:
 - Classic
 - Nano
 - Mini
 - Shuffle
 - Touch



Apple Watch

- April 2015: 1st release
- Design:
 - Cases: aluminum, stainless steel, 18-karat gold
 - Sapphire crystal display
 - Straps: stainless steel, leather, etc.
- Price: CA\$499 – 22,000 !!!
- Incorporates fitness tracking and health-oriented capabilities with integration with iOS and other Apple products and services
- Need an iPhone nearby to pair to
 - iPhone 5 and up



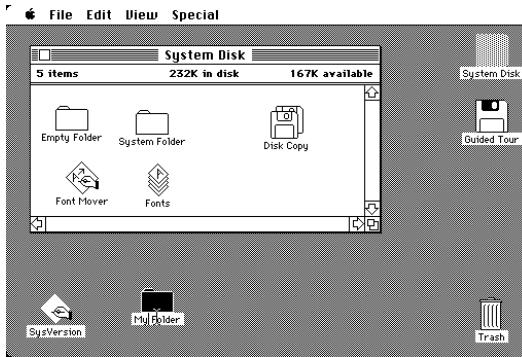
Apple TV

- January 2007: 1st release
- 2015: 4th gen
 - tvOS: enables App Store
- Connects to HD TVs
- Streams digital contents from iTunes Store:
 - Photos, videos, music
 - Movies



Mac OS

- Apple's operating system for the Macintosh line
- Evolution
 - 1984 – 2000: Classic Mac OS
 - 2001 – present: OS X



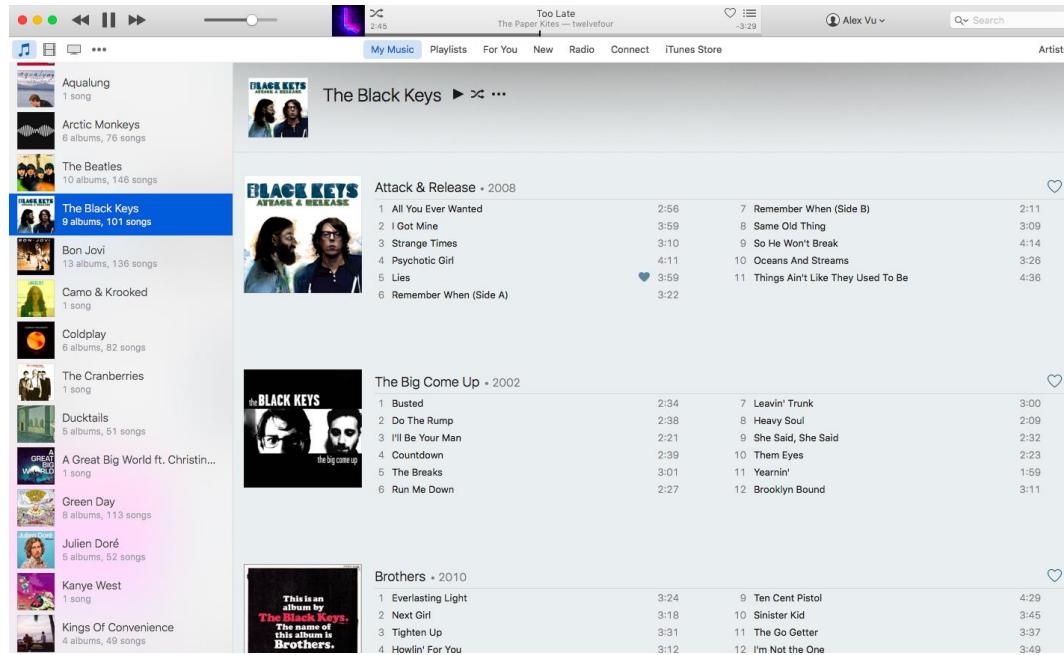
iOS

- Apple's Multi-Touch mobile operating system for iPhone, iPad, iPod Touch
- Latest version: iOS 9.2.1



iTunes

- January 2001: release date
- 2014: iTunes 12
- Keeps users' music, videos, movies, and TV shows organized in one place
- Available for both OS and Windows operating systems
- iTunes Store: the world's largest music vendor since 2010



Apple Pay

- October 2014: release date
- Apple's mobile payment and digital wallet service
 - US and UK: all credit and debit cards
 - Other countries: AmEx only
- Compatibles with iPhone, iPad, and Apple Watch



iCloud

- October 2011: release date
- Stores data such as photos, applications, contacts, calendars, and documents
 - 5GB of free storage
- Keep data up-to-date
 - Wireless backups



MANAGEMENT TEAM

Tim Cook

- CEO (2011 – now)
 - Former Chief Operating Officer
- Education:
 - Auburn University: Industrial Engineering
 - Duke University - MBA
- Prior to joining Apple
 - IBM: Director of NA Fulfillment
 - Intelligent Electronics: Chief operating officer of the Reseller Division
 - Compaq: VP of Corporate Materials



Angela Ahrendts

- Senior VP of Retail and Online Stores
 - Joined Apple in May 2014
- Responsible for the operation and expansion of Apple retail and online stores
 - She unified the online and retail departments internally → Improvements on shopping experience
- Prior to Apple:
 - Burberry: former CEO
- Education: Ball State University
 - Marketing and Merchandising



Eddy Cue

- Senior VP of Internet Software and Services
 - Joined Apple in 1989
- Oversees Apple's content stores:
 - iTunes Store, App Store, iBookstore
 - Siri, Maps, iAd, iCloud
- Played a major role in creating the Apple online store (1998), the iTunes Store (2003), and the App Store (2008)
- Education: Duke University
 - Computer Science and Economics (B)



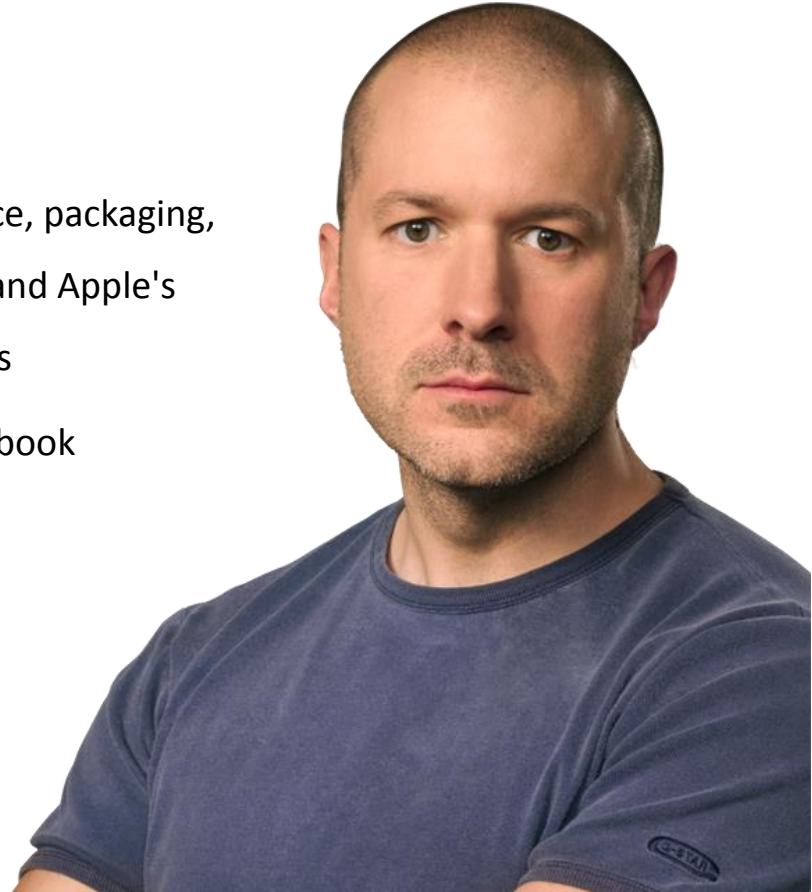
Craig Federighi

- Senior VP of Software Engineering
 - A former NeXT employee
 - Joined Apple in 2009
- Oversees the development of iOS, OS X and Apple's common operating system engineering teams
- Education: University of California
 - Computer Science (B)
 - Electrical Engineering and Computer Science (M)



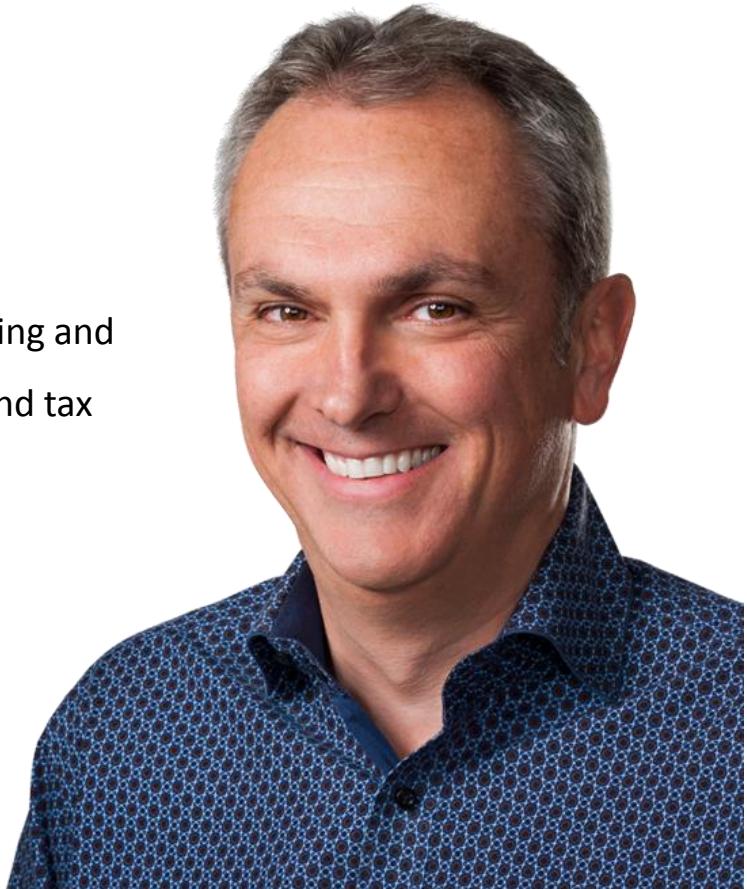
Jonathan Ive

- Chief Design Officer
 - Joined Apple in 1992
- Oversees the designs of Apple hardware, user interface, packaging, major architectural projects such as Apple Campus 2 and Apple's retail stores, as well as new ideas and future initiatives
 - MacBook Pro, iMac, MacBook Air, the new Macbook
 - iPod, iPod Touch, iPhone, iPad, iPad Mini
- Notable honors and awards:
 - 2007: National Design Award (US)
 - 2012: Knight Commander of the British Empire
- Education: Newcastle Polytechnic
 - Bachelor of Arts degree



Luca Maestri

- Senior VP and Chief Financial Officer
 - Joined Apple in 2013
- Oversees the accounting, business support, financial planning and analysis, treasury, M&A, investor relations, internal audit and tax functions at Apple
- Prior to Apple:
 - CFO at Xerox, Nokia Siemens Networks, and GM
- Education:
 - Luiss University in Rome: Economics (B)
 - Boston University: Management (M)



Dan Riccio

- Senior VP, Hardware Engineering
 - Joined Apple in 1998
- Leads the Mac, iPhone, iPad and iPod engineering teams
- Prior to Apple:
 - Compaq: Senior Manager of Mechanical Engineering
- Education:University of Massachusetts Amherst
 - Mechanical Engineering (B)



Phillip W. Schiller

- Senior VP of Worldwide Marketing
 - Joined Apple in 1997
- Prior to Apple:
 - Macromedia, Inc.: VP of Product Marketing
 - FirePower Systems, Inc.: Director of Product Marketing
 - Nolan, Norton & Company: Information Technology Manager
 - Massachusetts General Hospital: Programmer and Systems Analyst
- Education: Boston College
 - Biology (B)



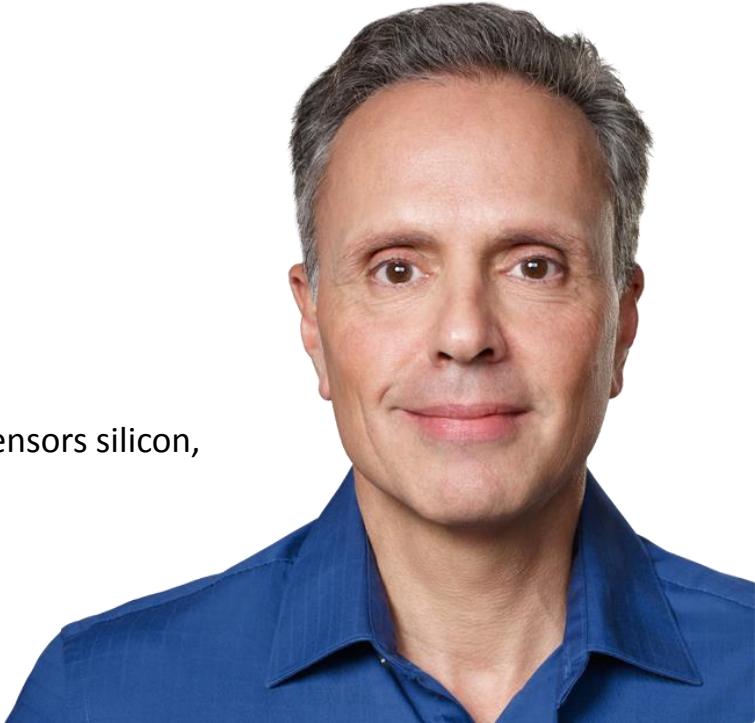
Bruce Sewell

- Senior VP and General Counsel
 - Joined Apple in 2009
- Oversees legal matters:
 - corporate governance
 - intellectual property
 - litigation and securities compliance
 - government affairs
- Prior to Apple
 - Intel: VP and deputy general counsel
- Education:
 - University of Lancaster: Science (B)
 - George Washington University: JD



Johny Srouji

- Senior VP of Hardware Technologies
 - Joined Apple in 2008
- Oversees Apple's custom silicon and hardware technologies:
 - batteries, application processors, storage controllers, sensors silicon, display silicon and other chipsets
- Prior to Apple:
 - Intel and IBM: processor development and design
- Education:
 - Technion, Israel's Institute of Technology: Computer Science (B and M)



Jeff Williams

- Chief Operating Officer
 - Joined Apple in 1998
- Oversees Apple's supply chain, service and support, and the social responsibility initiatives which protect more than one million workers worldwide
- 2013: leads the Apple Watch project
- Prior to Apple:
 - IBM: operations and engineering roles
- Education:
 - North Carolina University: Mechanical Engineering (B)
 - Duke University - MBA



FINANCIAL STATEMENTS

Balance Sheet 10-Q (Q1-2016)

	ASSETS:		December 26, 2015		September 26, 2015	
Current assets:						
Cash and cash equivalents			\$ 16,689	\$ 21,120		
Short-term marketable securities			21,385	20,481		
Accounts receivable, less allowances of \$63 in each period			12,953	16,849		
Inventories			2,451	2,349		
Vendor non-trade receivables			11,668	13,494		
Other current assets			11,073	15,085		
Total current assets			76,219	89,378		
Long-term marketable securities			177,665	164,065		
Property, plant and equipment, net			22,300	22,471		
Goodwill			5,202	5,116		
Acquired intangible assets, net			3,924	3,893		
Other non-current assets			7,974	5,556		
Total assets			\$ 293,284	\$ 290,479		
LIABILITIES AND SHAREHOLDERS' EQUITY:						
Current liabilities:						
Accounts payable			\$ 33,312	\$ 35,490		
Accrued expenses			24,032	25,181		
Deferred revenue			8,989	8,940		
Commercial paper			7,259	8,499		
Current portion of long-term debt			2,500	2,500		
Total current liabilities			76,092	80,610		
Deferred revenue, non-current			3,546	3,624		
Long-term debt			53,204	53,463		
Other non-current liabilities			32,175	33,427		
Total liabilities			165,017	171,124		
Commitments and contingencies						
Shareholders' equity:						
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 5,544,487 and 5,578,753 shares issued and outstanding, respectively			28,253	27,416		
Retained earnings			101,494	92,284		
Accumulated other comprehensive income/(loss)			(1,480)	(345)		
Total shareholders' equity			128,267	119,355		
Total liabilities and shareholders' equity			\$ 293,284	\$ 290,479		

Balance Sheet 10-K

	September 26, 2015	September 27, 2014
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 21,120	\$ 13,844
Short-term marketable securities	20,481	11,233
Accounts receivable, less allowances of \$82 and \$86, respectively	16,849	17,460
Inventories	2,349	2,111
Deferred tax assets	5,546	4,318
Vendor non-trade receivables	13,494	9,759
Other current assets	9,539	9,806
Total current assets	89,378	68,531
Long-term marketable securities	164,065	130,162
Property, plant and equipment, net	22,471	20,624
Goodwill	5,116	4,616
Acquired intangible assets, net	3,893	4,142
Other assets	5,556	3,764
Total assets	<u>\$ 290,479</u>	<u>\$ 231,839</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 35,490	\$ 30,196
Accrued expenses	25,181	18,453
Deferred revenue	8,940	8,491
Commercial paper	8,499	6,308
Current portion of long-term debt	2,500	0
Total current liabilities	80,610	63,448
Deferred revenue, non-current	3,624	3,031
Long-term debt	53,463	28,987
Other non-current liabilities	33,427	24,826
Total liabilities	<u>171,124</u>	<u>120,292</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 12,600,000 shares authorized; 5,578,753 and 5,866,161 shares issued and outstanding, respectively	27,416	23,313
Retained earnings	92,284	87,152
Accumulated other comprehensive income	(345)	1,082
Total shareholders' equity	<u>119,355</u>	<u>111,547</u>
Total liabilities and shareholders' equity	<u>\$ 290,479</u>	<u>\$ 231,839</u>

Income Statement 10-K

	Years ended		
	September 26, 2015	September 27, 2014	September 28, 2013
Net sales	\$ 233,715	\$ 182,795	\$ 170,910
Cost of sales	140,089	112,258	106,606
Gross margin	93,626	70,537	64,304
Operating expenses:			
Research and development	8,067	6,041	4,475
Selling, general and administrative	14,329	11,993	10,830
Total operating expenses	22,396	18,034	15,305
Operating income	71,230	52,503	48,999
Other income/(expense), net	1,285	980	1,156
Income before provision for income taxes	72,515	53,483	50,155
Provision for income taxes	19,121	13,973	13,118
Net income	<u><u>\$ 53,394</u></u>	<u><u>\$ 39,510</u></u>	<u><u>\$ 37,037</u></u>
Earnings per share:			
Basic	\$ 9.28	\$ 6.49	\$ 5.72
Diluted	\$ 9.22	\$ 6.45	\$ 5.68
Shares used in computing earnings per share:			
Basic	5,753,421	6,085,572	6,477,320
Diluted	5,793,069	6,122,663	6,521,634
Cash dividends declared per share	\$ 1.98	\$ 1.82	\$ 1.64

Income Statement Q1-2016

	Three Months Ended	
	December 26, 2015	December 27, 2014
Net sales	\$ 75,872	\$ 74,599
Cost of sales	45,449	44,858
Gross margin	30,423	29,741
Operating expenses:		
Research and development	2,404	1,895
Selling, general and administrative	3,848	3,600
Total operating expenses	6,252	5,495
Operating income	24,171	24,246
Other income/(expense), net	402	170
Income before provision for income taxes	24,573	24,416
Provision for income taxes	6,212	6,392
Net income	<u>\$ 18,361</u>	<u>\$ 18,024</u>
Earnings per share:		
Basic	\$ 3.30	\$ 3.08
Diluted	\$ 3.28	\$ 3.06
Shares used in computing earnings per share:		
Basic	5,558,930	5,843,082
Diluted	5,594,127	5,881,803
Cash dividends declared per share	\$ 0.52	\$ 0.47

Cash Flow 10-K

	September 26, 2015	September 27, 2014	September 28, 2013
Cash and cash equivalents, beginning of the year	\$ 13,844	\$ 14,259	\$ 10,746
Operating activities:			
Net income	53,394	39,510	37,037
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and amortization	11,257	7,946	6,757
Share-based compensation expense	3,586	2,863	2,253
Deferred income tax expense	1,382	2,347	1,141
Changes in operating assets and liabilities:			
Accounts receivable, net	611	(4,232)	(2,172)
Inventories	(238)	(76)	(973)
Vendor non-trade receivables	(3,735)	(2,220)	223
Other current and non-current assets	(179)	167	1,080
Accounts payable	5,400	5,938	2,340
Deferred revenue	1,042	1,460	1,459
Other current and non-current liabilities	8,746	6,010	4,521
Cash generated by operating activities	<u>81,266</u>	<u>59,713</u>	<u>53,666</u>
Investing activities:			
Purchases of marketable securities	(166,402)	(217,128)	(148,489)
Proceeds from maturities of marketable securities	14,538	18,810	20,317
Proceeds from sales of marketable securities	107,447	189,301	104,130
Payments made in connection with business acquisitions, net	(343)	(3,765)	(496)
Payments for acquisition of property, plant and equipment	(11,247)	(9,571)	(8,165)
Payments for acquisition of intangible assets	(241)	(242)	(911)
Other	(26)	16	(160)
Cash used in investing activities	<u>(56,274)</u>	<u>(22,579)</u>	<u>(33,774)</u>
Financing activities:			
Proceeds from issuance of common stock	543	730	530
Excess tax benefits from equity awards	749	739	701
Taxes paid related to net share settlement of equity awards	(1,499)	(1,158)	(1,082)
Dividends and dividend equivalents paid	(11,561)	(11,126)	(10,564)
Repurchase of common stock	(35,253)	(45,000)	(22,860)
Proceeds from issuance of term debt, net	27,114	11,960	16,896
Change in commercial paper, net	2,191	6,306	0
Cash used in financing activities	<u>(17,716)</u>	<u>(37,549)</u>	<u>(16,379)</u>
Increase/(decrease) in cash and cash equivalents	<u>7,276</u>	<u>(415)</u>	<u>3,513</u>
Cash and cash equivalents, end of the year	<u>\$ 21,120</u>	<u>\$ 13,844</u>	<u>\$ 14,259</u>
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 13,252	\$ 10,026	\$ 9,128
Cash paid for interest	\$ 514	\$ 339	\$ 0

Income Statement Q1-2016

	Three Months Ended	
	December 26, 2015	December 27, 2014
Cash and cash equivalents, beginning of the period	\$ 21,120	\$ 13,844
Operating activities:		
Net income	18,361	18,024
Adjustments to reconcile net income to cash generated by operating activities:		
Depreciation and amortization	2,954	2,575
Share-based compensation expense	1,078	888
Deferred income tax expense	1,592	2,197
Changes in operating assets and liabilities:		
Accounts receivable, net	3,896	751
Inventories	(102)	(172)
Vendor non-trade receivables	1,826	(3,508)
Other current and non-current assets	(893)	(1,648)
Accounts payable	(852)	9,003
Deferred revenue	(29)	945
Other current and non-current liabilities	(368)	4,667
Cash generated by operating activities	<u>27,463</u>	<u>33,722</u>
Investing activities:		
Purchases of marketable securities	(47,836)	(44,915)
Proceeds from maturities of marketable securities	3,514	2,807
Proceeds from sales of marketable securities	28,262	24,166
Payments made in connection with business acquisitions, net	(86)	(23)
Payments for acquisition of property, plant and equipment	(3,612)	(3,217)
Payments for acquisition of intangible assets	(394)	(48)
Other	(298)	65
Cash used in investing activities	<u>(20,450)</u>	<u>(21,165)</u>
Financing activities:		
Proceeds from issuance of common stock	1	80
Excess tax benefits from equity awards	224	264
Payments for taxes related to net share settlement of equity awards	(597)	(512)
Payments for dividends and dividend equivalents	(2,969)	(2,801)
Repurchase of common stock	(6,863)	(5,030)
Proceeds from issuance of term debt, net	0	3,485
Change in commercial paper, net	(1,240)	(2,409)
Cash used in financing activities	<u>(11,444)</u>	<u>(6,923)</u>
Increase/(decrease) in cash and cash equivalents	(4,431)	5,634
Cash and cash equivalents, end of the period	<u>\$ 16,689</u>	<u>\$ 19,478</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes, net	\$ 3,398	\$ 3,869
Cash paid for interest	\$ 396	\$ 202

BUY!

Alphabet



Financial Snapshot



Key company metrics

Updated March 14 4:00 PM EDT. Delayed by at least 15 minutes.

Open	(U.S.) \$744.97	Volume	1,640,113	Trailing P/E	32.88x
Previous close	(U.S.) \$744.87	Average volume (10-day)	2,321,782	P/E 1 year forward	21.59x
High	(U.S.) \$754.26	Average volume (1-month)	3,080,076	Forward PEG	1.32x
Low	(U.S.) \$743.66	Average volume (3-month)	2,464,878	Indicated annual dividend	--
Bid / Ask	(U.S.) \$749.90 / (U.S.) \$750.40	52-week range	(U.S.) \$529.00 to (U.S.) \$810.35	Dividend yield	0.00%
YTD % change	-3.57%	Beta	0.90	Trailing EPS	(U.S.) \$22.82

Industry Overview

Microsoft

Apple

Google

One Year Performance-2015

Nasdaq: GOOGL

Alphabet Inc

Last

Today's change

P/E

Market cap

52-week range

(U.S.) \$744.87

+12.70 +1.73%

32.644 255.33B

Updated March 11 4:00 PM EST. Delayed by at least 15 minutes.

+ Indicators

+ Events

+ Comparisons

+ Style

+ Settings

Reset Chart

1 day

5 days

10 days

1 month

3 months

6 months

9 months

YTD

1 year

3 years

5 years

10 years

max

custom timeframe

Alphabet Inc

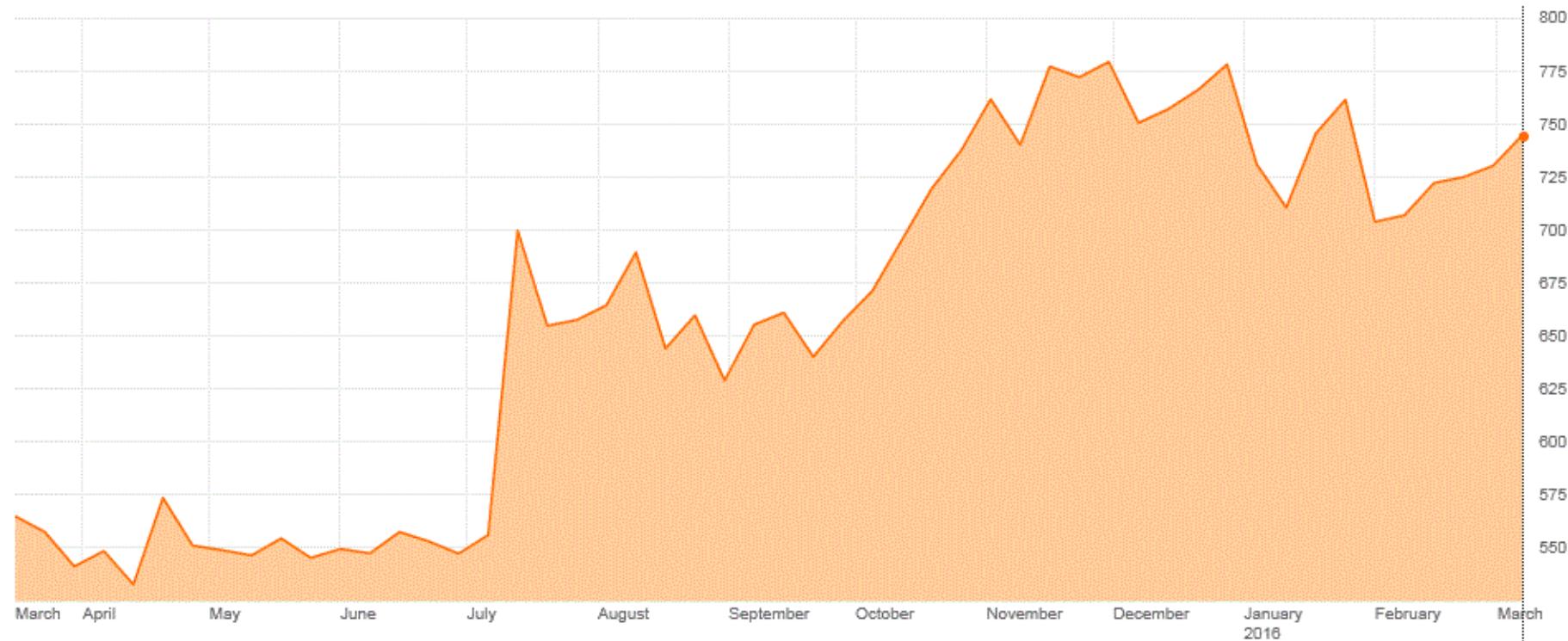
Date: 3/7/2016

Open: 725.15

High: 744.90

Low: 704.00

Close: 744.87



Industry Overview

Microsoft

Apple

Google

Five Years Performance

Nasdaq: GOOGL

Alphabet Inc

Last

Today's change

P/E

Market cap

52-week range

(U.S.) **\$744.87 +12.70 +1.73%**

32.644

255.33B



Updated March 11 4:00 PM EST. Delayed by at least 15 minutes.

Indicators

Events

Comparisons

Style

Settings

Reset Chart



1 day

5 days

10 days

1 month

3 months

6 months

9 months

YTD

1 year

3 years

5 years

10 years

max

custom timeframe

Alphabet Inc

Date: 3/1/2016

Open: 721.30

High: 744.90

Low: 704.00

Close: **744.87**



Industry Overview

Microsoft

Apple

Google

Ten Years Performance

Nasdaq: GOOGL

Alphabet Inc

Last

Today's change

P/E

Market cap

52-week range

(U.S.) **\$744.87**

+12.70 +1.73%

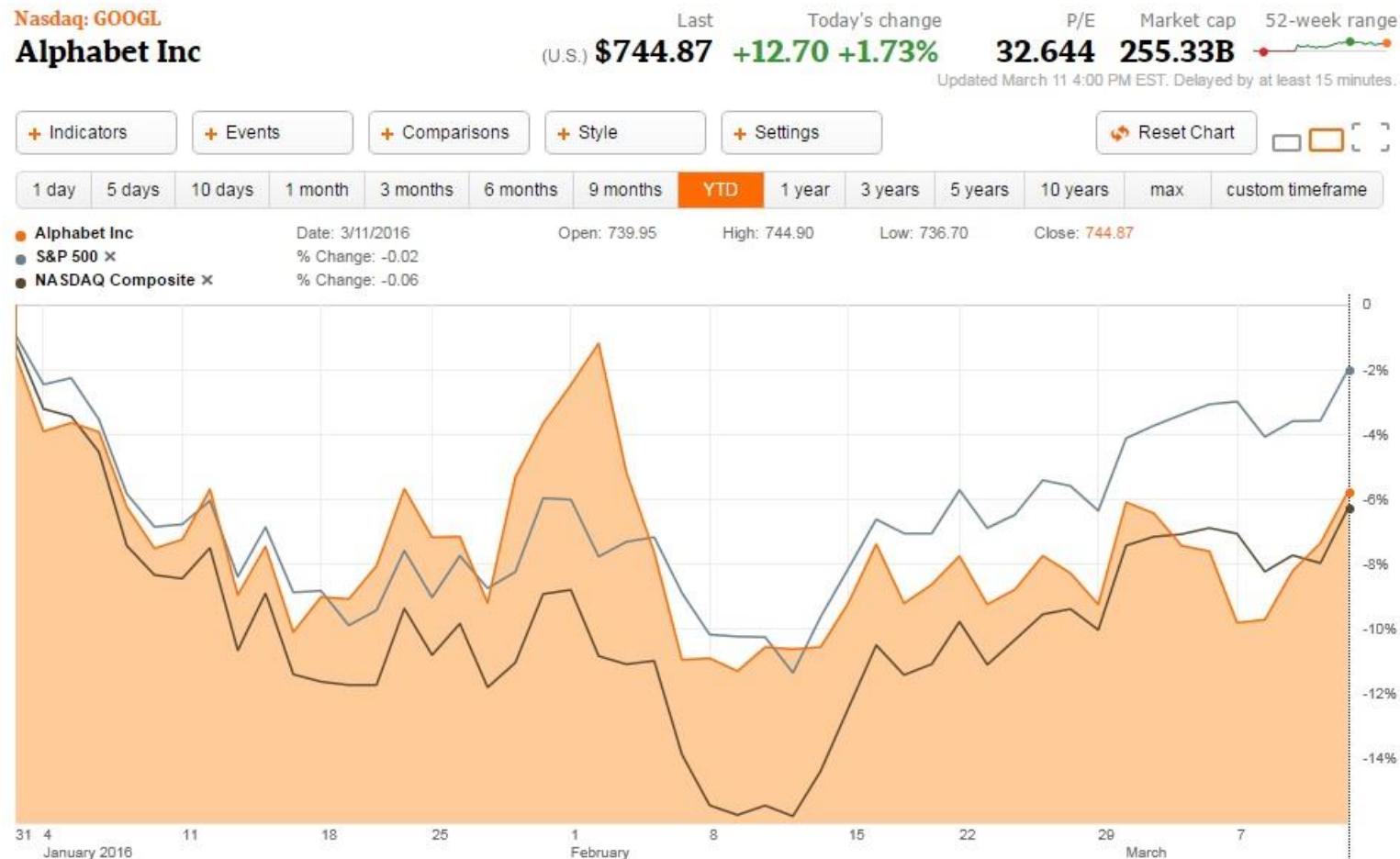
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Google VS. Nasdaq VS. SP500 – YTD



Google VS. Nasdaq VS. SP500 – Five Years

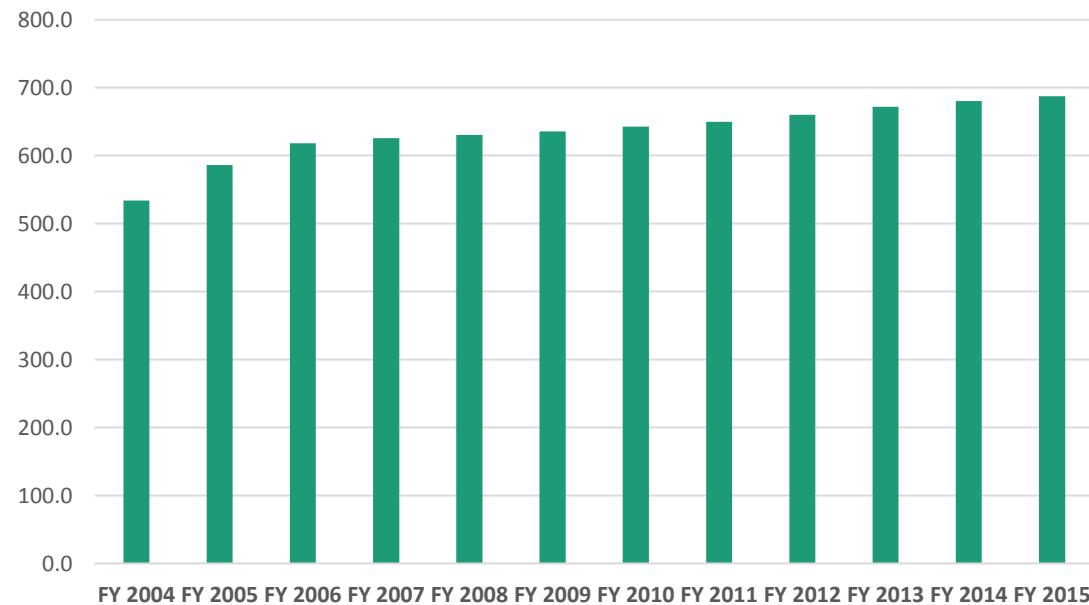


Common Share Structure

Annual Data (in millions of shares)

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Shares Outstanding	533.8	586.1	618.0	625.8	630.2	635.5	642.6	649.8	660.0	671.7	680.2	687.3

Shares Outstanding (in millions)



Common Share Structure

- **Common Shares Outstanding:** 687,348 Million (Balance as of December 31, 2015)
- **Class A (GOOGL)**
 - Listed on the Nasdaq Global Select Market since August 19, 2004
 - 1 vote per share
 - 2015 Q4: 292,297 million shares outstanding
- **Class B**
 - 10 votes per share
 - Only available to Google insiders and executives
 - As of Dec 31, 2015, Larry, Sergey, and Eric owned approximately **92.5% of outstanding Class B common stock**, which represented approximately **58.5% of the voting power** of outstanding capital stock
 - 2015 Q4 : 50,295 million shares outstanding
- **Class C (GOOG) – Capital stock**
 - Listed on the Nasdaq Global Select Market since April 3, 2014
 - no voting rights: maintain control of Google's direction
 - Repurchased 2,391 million shares
 - 2015 Q4 : 344,756 million shares outstanding

History and Milestones

1996: Larry and Sergey create a search engine called BackRub (Operating on Stanford servers). It featured an efficient algorithm named “PageRank”

1997: Google.com is registered as a domain

1998: Andy Bechtolsheim becomes first investor (\$100,000), and Google files for incorporation in California

1999: Venture capital firms Kleiner Perkins Caufield & Byers and Sequoia Capital provide \$25 million; Website officially launched

2000: Google AdWords launched (Paid web links with associated searches)

2001: Eric Schmidt becomes CEO and Chairman of the Board of Directors; “PageRank” granted a patent

2002: Google labs, Google Scholar released,.. AdWords becomes cost-per-click

2003: Re-incorporated in Delaware

2004: Google Local released (became Google Maps), Gmail released, IPO raised \$1.67 billion for 20 million shares at \$85

2005: Google Maps, Google Earth launched

2007: Share prices hit \$700

2011: Android exceeds 10 billion app downloads, growth rate of 1 billion downloads per month, Google Drive launched

2012: Google is the dominant search engine globally with 88.8% market share, Most visited website in the world

2013: 1 billion android devices activated, Calico founded, a company focused on health and well being

2014: Prototypes of self driving cars revealed

2015: In October, Alphabet Inc. was founded as the parent company of Google and several other companies

Key Acquisitions Before 2015

Major Acquisitions before 2015

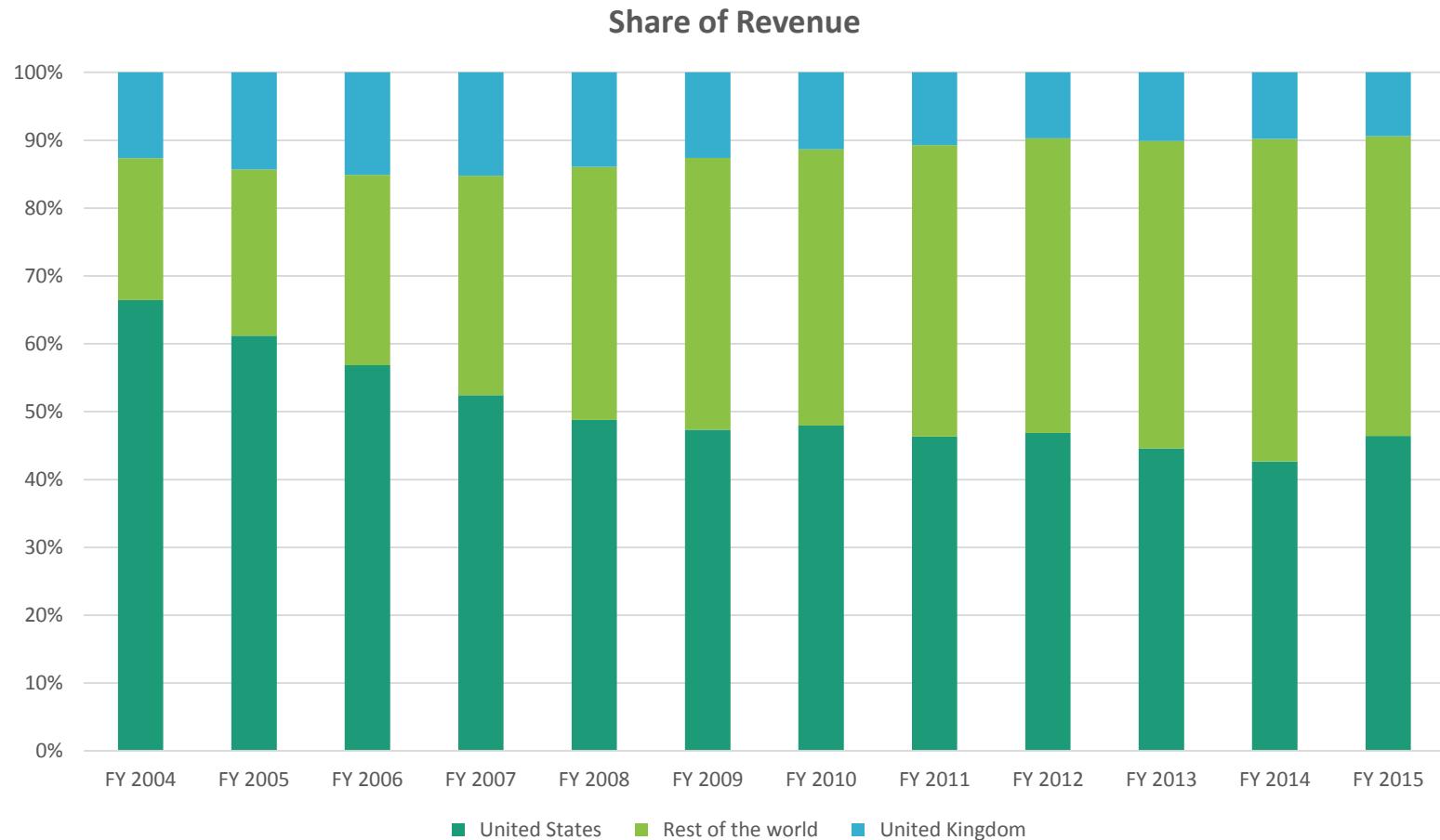


- Google Inc announced the acquisition of Nest Labs Inc for USD 3,200.00M. The transaction was announced on 01/13/2014 and completed on 02/12/2014. Google purchased the digital thermostat maker as the Internet search company moves deeper into devices
- Space Exploration Technologies Corp raised USD 1000.00M in a financing round by investors Google and Fidelity on 01/20/2015
- A consortium led by Menlo Ventures sold Dropcam Inc to Google Inc for USD 517.00M. The transaction was announced on 06/21/2014 and completed on 07/31/2014
- On 06/10/2014, Skybox Imaging Inc announced it was being acquired by Google for USD 478.00M

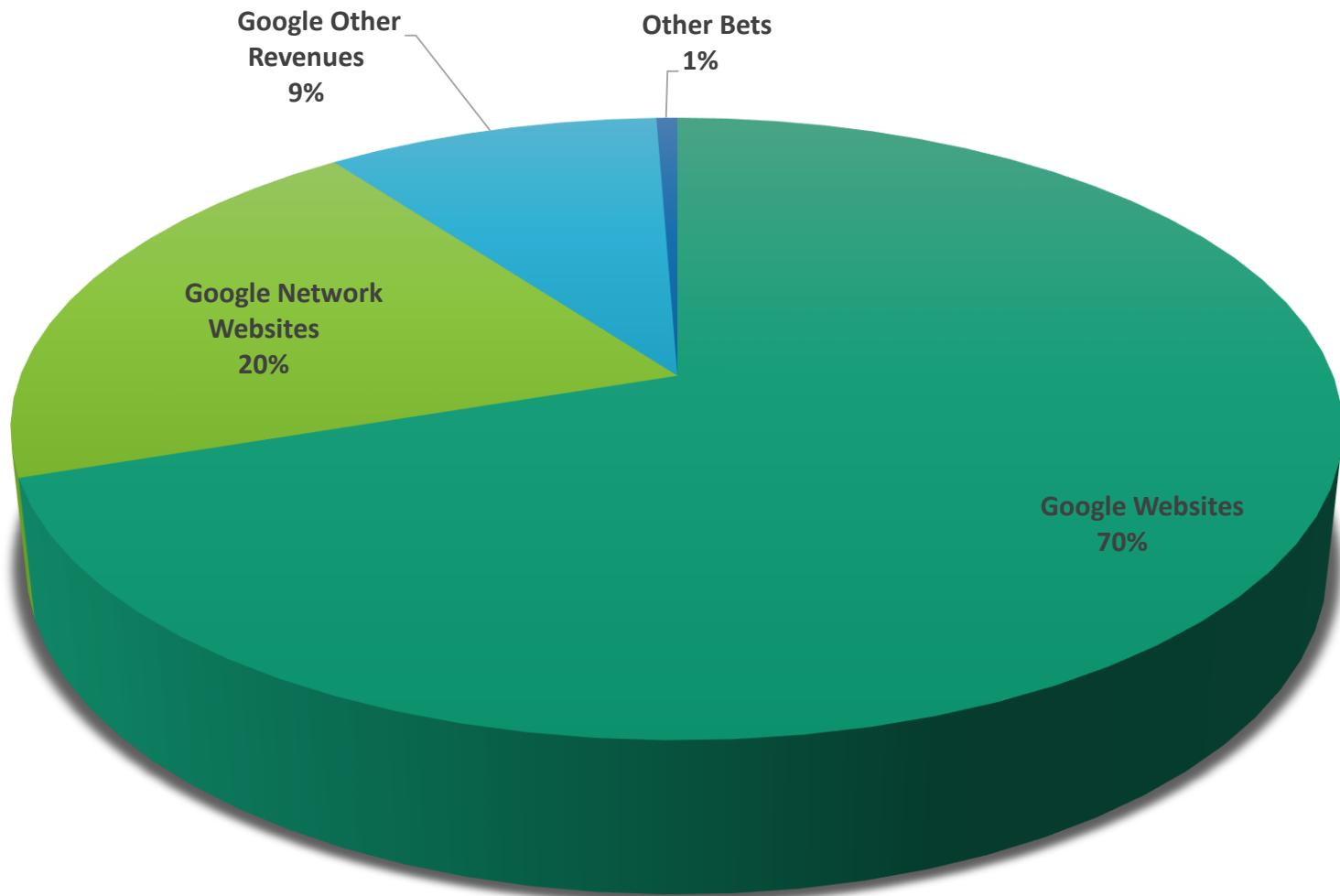
Products and Services

- Flight Explorer
- Google Scholar
- Patent Search
- Google+
- Google Books
- Google Maps
- Search
- Chrome
- Google Earth
- Google Image
- Chrome OS
- Android mobile OS
- Google Ads
- Gmail
- Google Play
- Google Docs
- Google Wallet
- Google Blog Search
- Google Finance
- Google TV
- Blogger
- Google Photos
- Translate
- YouTube
- Google Calendar
- Google Ventures

Revenue by Geography



2015 Revenue Breakdown



■ Google Websites

■ Google Network Websites

■ Google Other Revenues

■ Other Bets

Company Overview and Business Strategy

- Google is a global technology leader **focused on improving the ways people connect with information.**
- **Their mission is to organize the world's information and make it universally accessible and useful.** Their innovations in web search and advertising have made their website a top internet property and their brand one of the most recognized in the world. Google generates revenues primarily by delivering relevant, cost-effective online advertising. Businesses use Google's AdWords program and AdSense program to promote their products and services with advertising on both Google- owned properties and publishers' sites across the web.
- Their business is primarily focused around the following key areas: **search and display advertising, the Android operating system platform, consumer content through Google Play, enterprise, commerce and hardware products.**

Ad Words

- Advertisers create ads to show alongside Google search results
- Advertisers “bid” in an auction to have their ads displayed alongside certain specific keywords
 - Pay per click
 - Cost-per-thousand

Ad Words

Google Microphone Search

Web Images News Maps Videos More ▾ Search tools

About 53,200,000 results (0.16 seconds)

Chevrolet Canada - Learn More
Ad www.chevrolet.gm.ca/ ▼
Winner of the 2014 North American Car & Truck of the Year.
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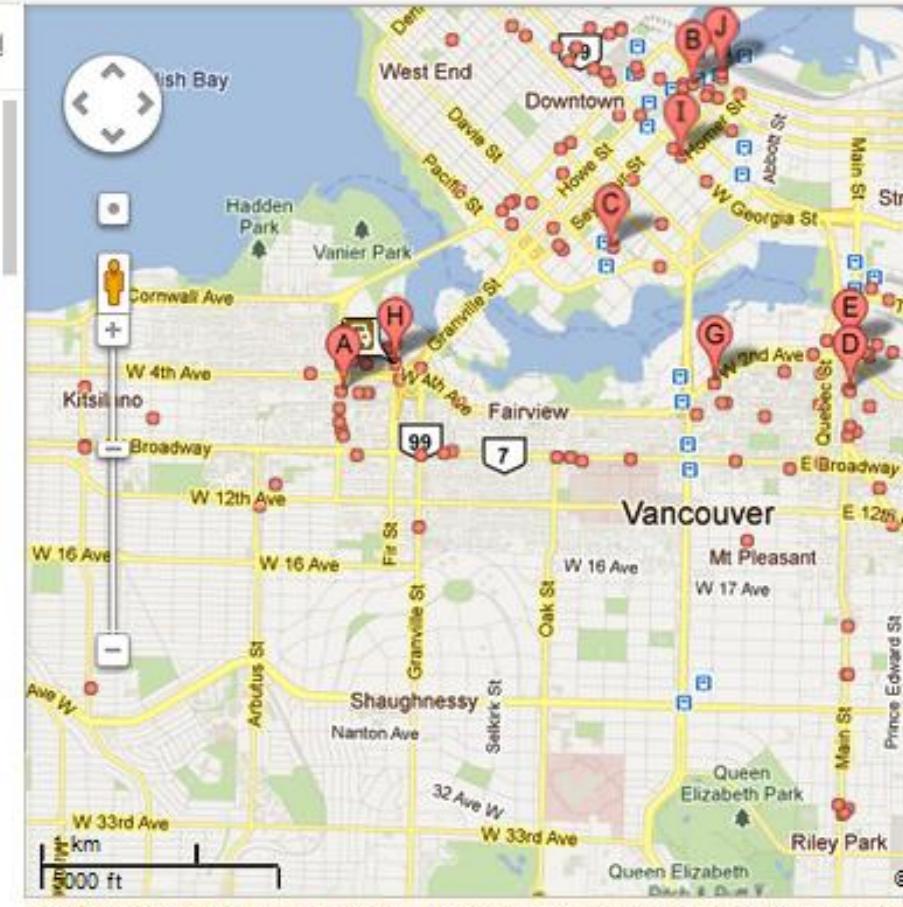
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★★★★★ 20 reviews
new car - automobile - used cars - service center -
luxury
"parts delivery sucks" -



Ad Sense

- Google partnerships with publishers within Google Network Members, who sell the ad space of their websites
- Ads are shown on publishers' websites in terms of relevancy to their products
- Google shares profits with the website publishers
 - Per click
 - Per impression

Google Glass

- The beginning of wearable technology
- Searches the web
- Records videos
- GPS navigation
- MP3



YouTube

- The biggest video site in the world
- More and more mobile viewers
- Google has established partnerships with content companies to aid in monetizing video in the mobile space



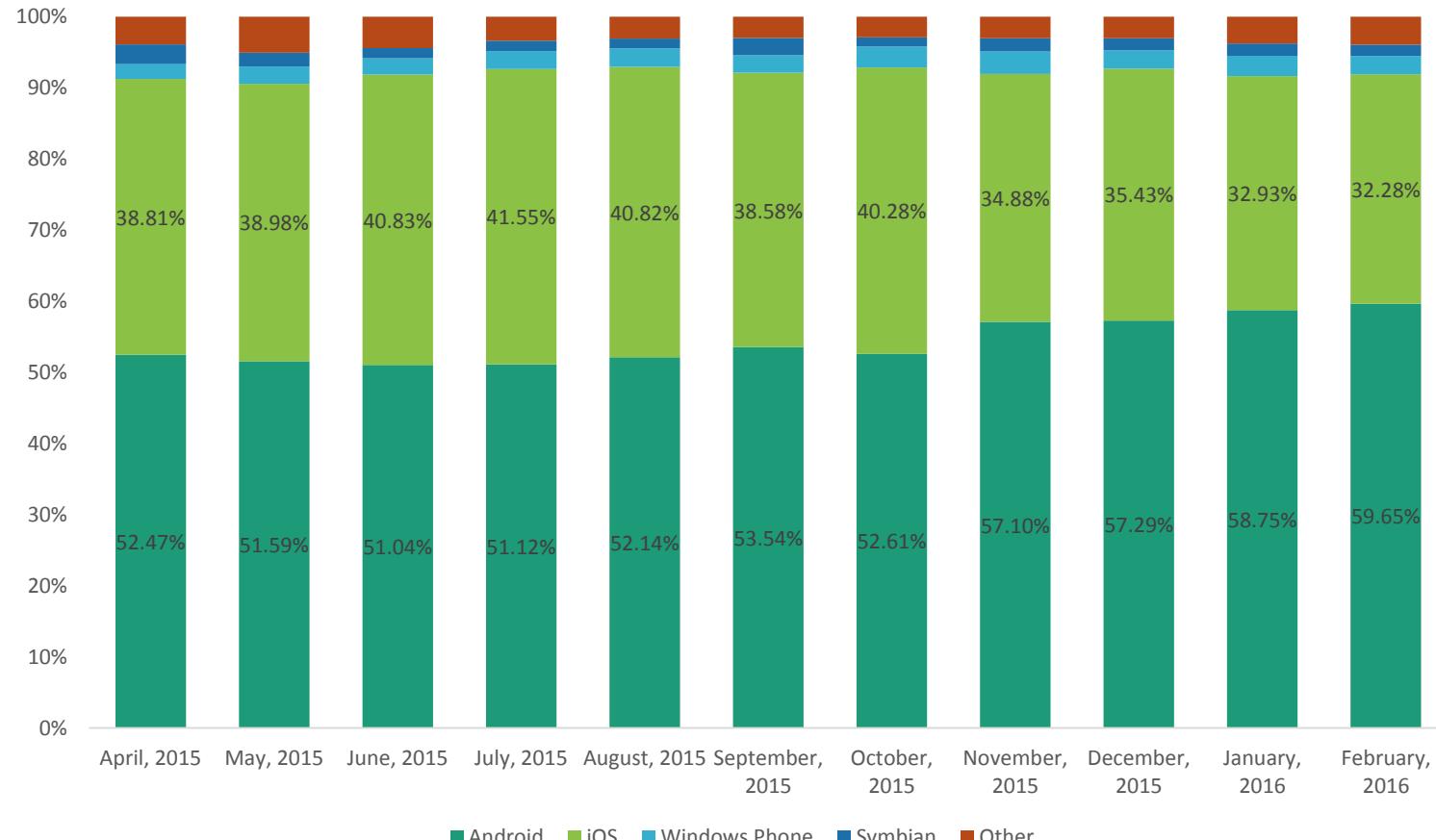
Google+

- Social Network like Facebook
- Integrated to Google owned platforms such as YouTube
- Google Hangout
- An OS designed for touch screen devices
 - Nexus, HTC One, Galaxy, Xperia Z
- Opened sourced



2015 Corporate Highlights

- **Android** - Android operating system continues to grow with more than a billion Android devices activated globally.



Industry Overview

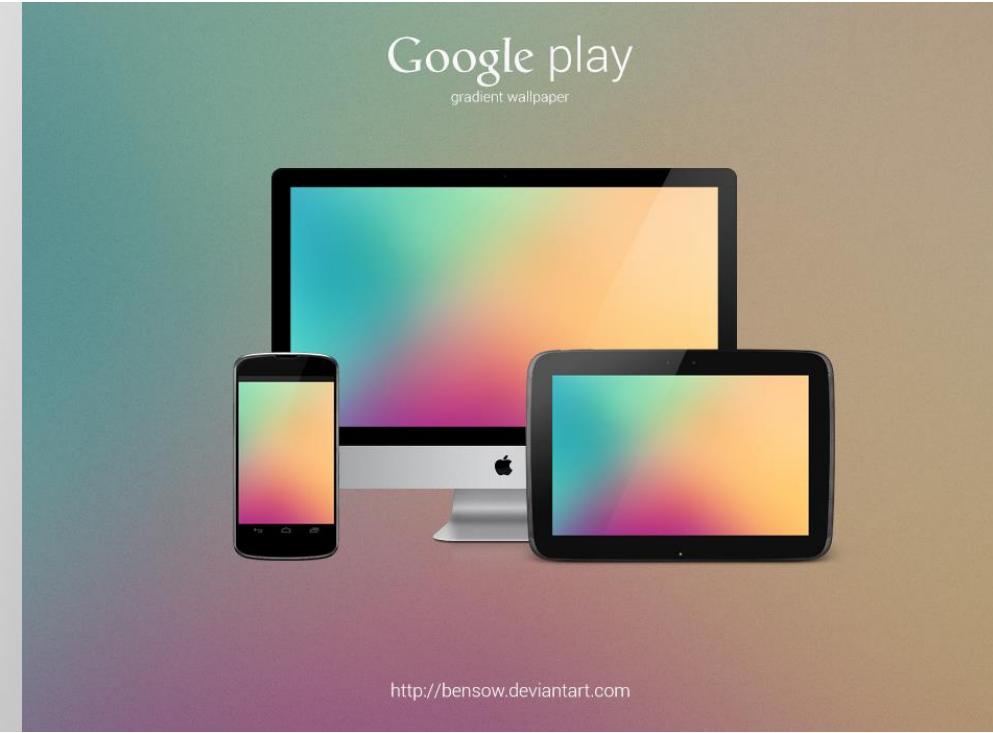
Microsoft

Apple

Google

2015 Corporate Highlights

- **Google Play** - Google Play is an entirely cloud-based, digital entertainment store with more than a million apps and games plus millions of songs and books and thousands of movies that users can find, enjoy and share on their computer, phone or tablet.



2015 Corporate Highlights

Chromebooks and Chrome - Chromebooks are computers that are built for the way people work and live today. Chromebooks, like the Chrome browser, are built around the core tenets of speed, simplicity, and security.

Today, eight of the top computer manufacturers are making Chromebooks, and Chromebooks are used in more than 5,000 schools. Chrome has made browsing the web simpler, speedier and safer for more than 750 million users around the world.



acer



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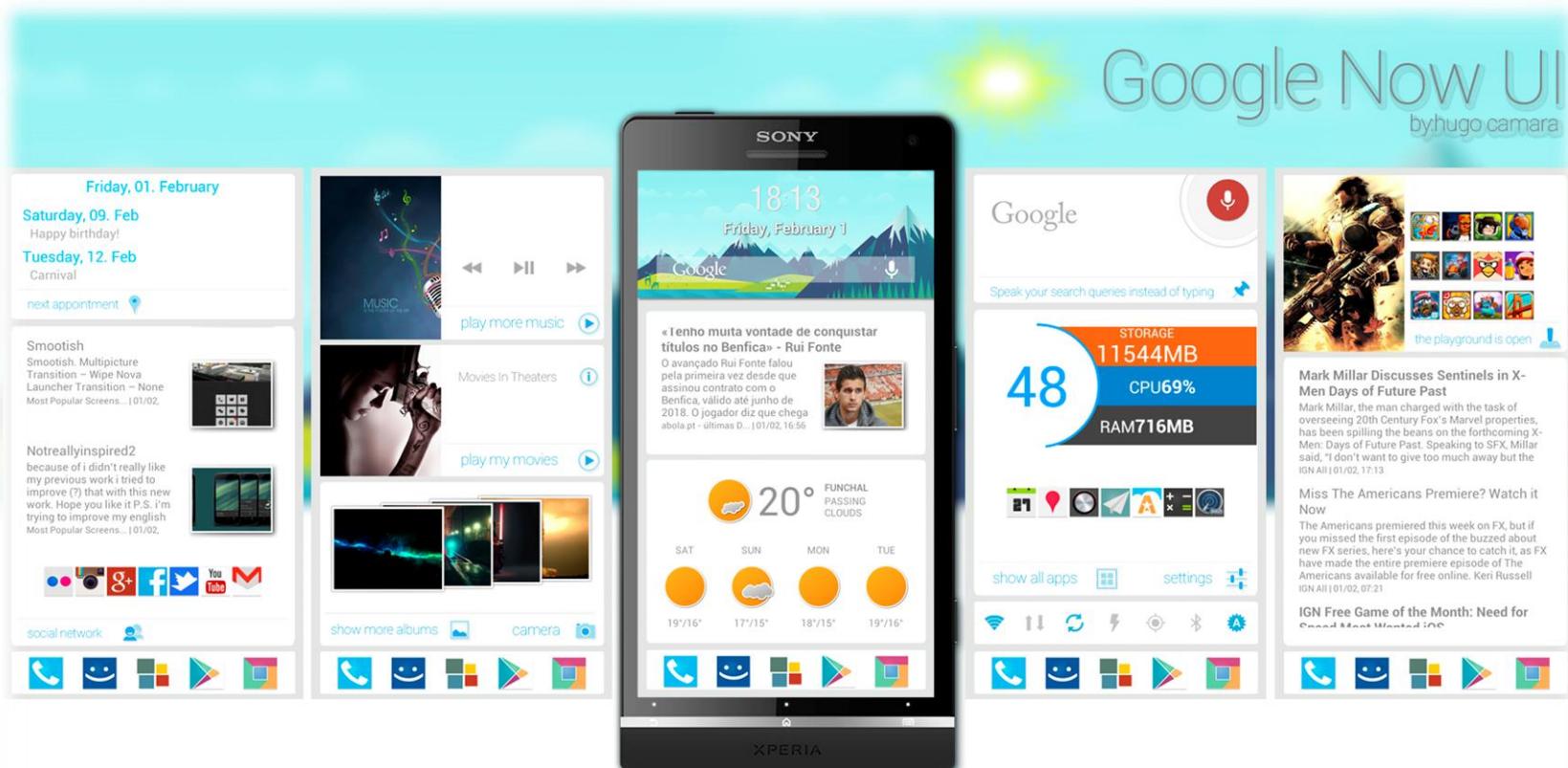
2015 Corporate Highlights

- **Chromecast** - To help make it easy to bring users' favorite online entertainment to the biggest screen in their house - the TV - Goolge introduced Chromecast.
- Chromecast is a small and affordable device that users simply plug into their high-definition (HD) TV and it allows users to use their phone, tablet or laptop to "cast" online content to their TV screen. It works with Netflix, YouTube, Google Play Movies & TV, Google Play Music, HBO Go, Hulu Plus and Pandora. With Chromecast, they wanted to create an easy solution that works for everyone, for every TV in the house.



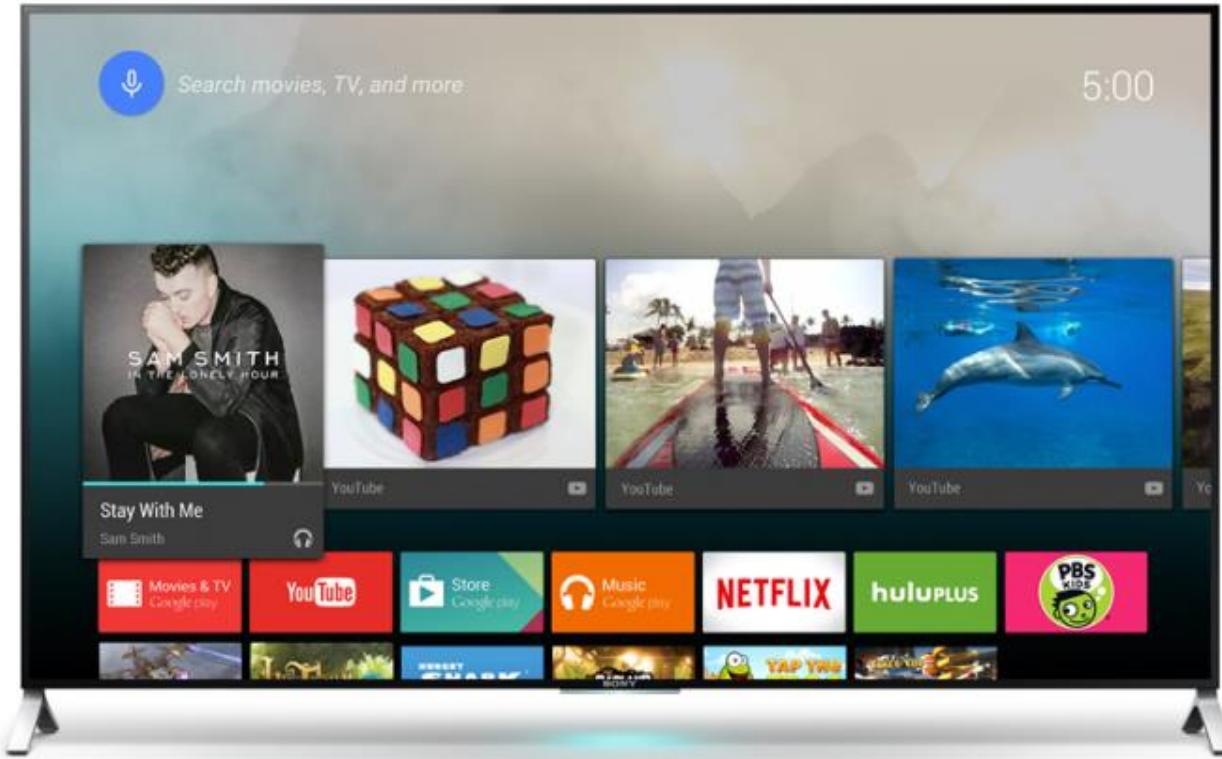
2015 Corporate Highlights

- **Google Now** - Google continues to improve Google Now. In 2013, they added a number of new cards for car rentals, concert tickets, commute sharing, NCAA football and new reminders, as well as improved public transit and updated TV cards, all appearing automatically throughout the day on any device at the moment users need them.



2015 Corporate Highlights

- Android TV is a smart TV platform developed by Google. Running the Android 6.0 ("Marshmallow") operating system, it creates an interactive television experience through a 10-foot user interface. It was announced on June 25, 2014, at Google I/O 2014 as a successor to Google's earlier attempt at smart TV, Google TV.



2015 Corporate Highlights

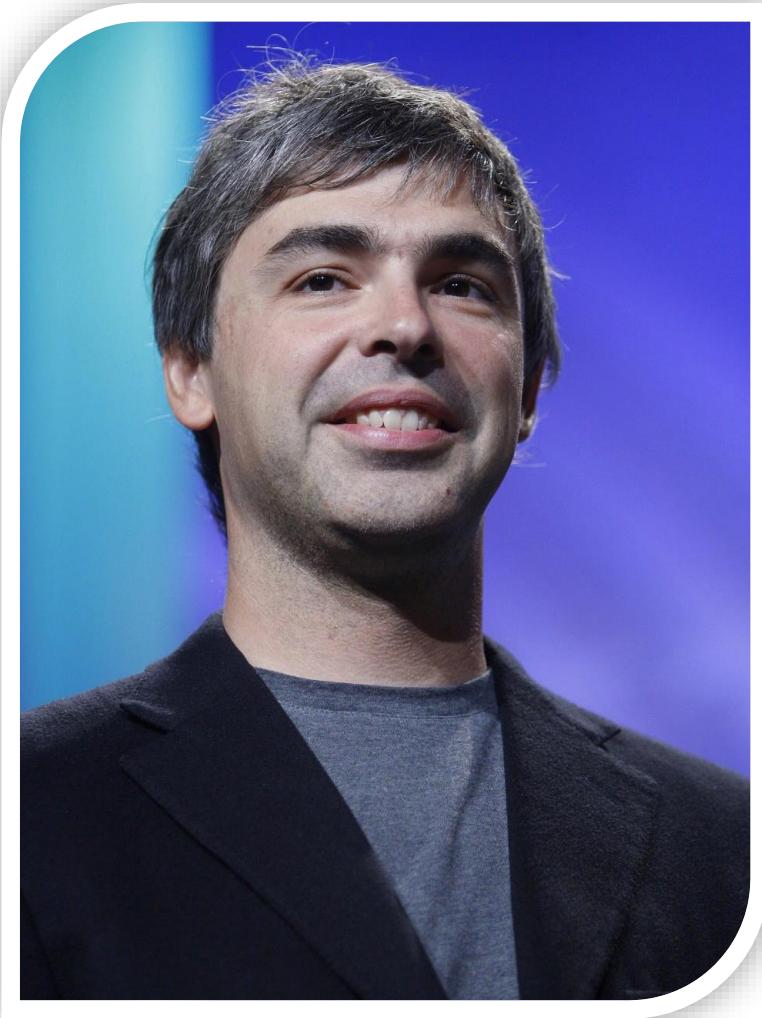
- Android Auto is a smartphone projection standard developed by Google to allow mobile devices running the Android operating system (version 5.0 "Lollipop" and later) to be operated in automobiles through the dashboard's head unit. Android Auto was announced on June 25, 2014, at Google I/O 2014. The Android Auto mobile app was released on March 19, 2015.



Management Team

Larry Page

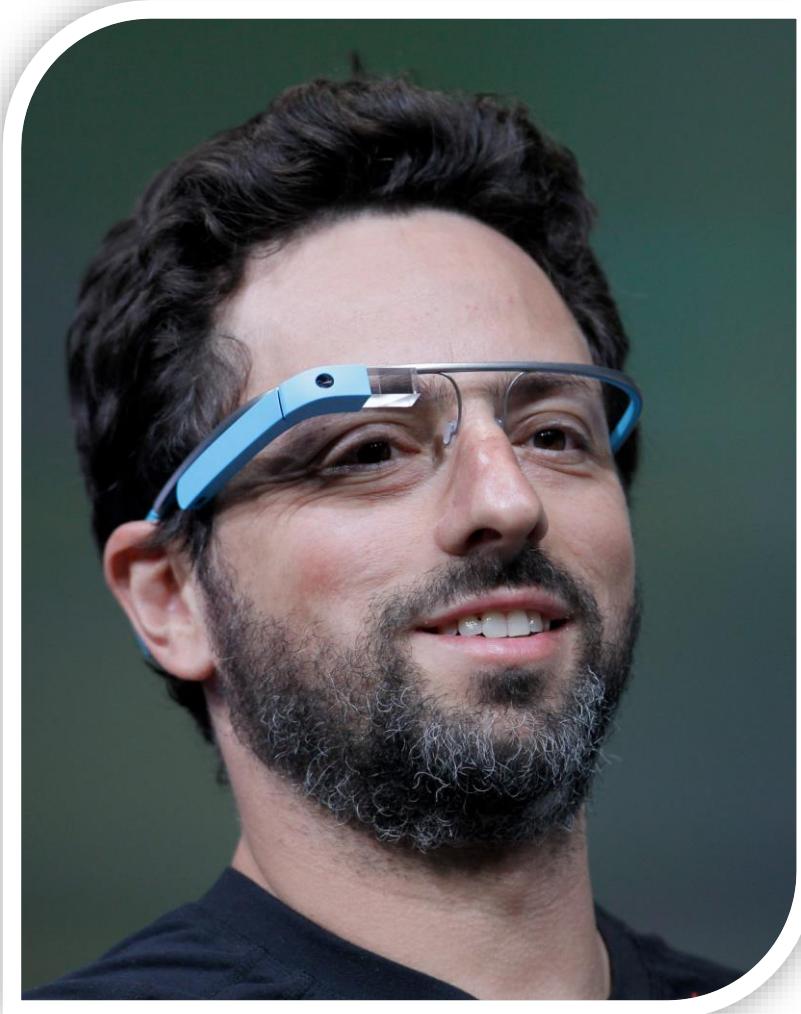
- Co-Founder in 1998
- CEO of Alphabet Inc.(2015-Present)
- CEO of Google (2011-2015)
- Bachelor of Engineering from Michigan
- Master of Computer Science at Stanford
- PhD (dropout) in Computer Science at Stanford



Management Team

Sergey Brin

- Co-Founder in 1998
- President of Alphabet Inc.(2015-Present)
- Served as President of Technology from 2001-2011
- B.Sc. in Math and Computer Science
- Master of Computer Science from Stanford
- PhD (dropout) in Computer Science from Stanford



Management Team

Sundar Pichai

- CEO of Google – August 2015
- Born in Chennai, Tamil Nadu, India
- Joined Google in 2004
- Wharton School of the University of Pennsylvania
- Stanford University
- Indian Institute of Technology Kharagpur



Management Team

Executive Chairman: Eric Schmidt

- Former CEO
- Former CEO of Novell & CTO of Sun Microsystems
- Bachelor of Engineering degree from Princeton
- Master's and PhD in Comp. Sci. from UC Berkley
- Member of President Obama's council of Science and Technology



Management Team

Senior Vice President, Corporate Development and Chief Legal Officer: David Drummond

- Responsible for company's business development (Investments and M&A)
- Previous experience at a leading law firm in US
- Bachelors of Arts – Major in History
- JD in Law from Stanford University



Potential Risks

- Google faces intense competition. If they do not continue to innovate and provide products and services that are useful to users, they may not remain competitive, and their revenues and operating results could be adversely affected.
- Their ongoing investment in new businesses and new products, services, and technologies is inherently risky, and could disrupt their ongoing businesses.

Potential Risks

- More people are using devices other than personal computers to access the internet and accessing new platforms to make search queries. If manufacturers and users do not widely adopt versions of their web search technology, products, or operating systems developed for these devices, their business could be adversely affected.
- They generate a significant portion of their revenues from advertising, and a reduction in spending by or loss of advertisers could seriously harm their business.

2015 Consolidated Balance Sheet

	As of December 31, 2014	As of December 31, 2015
Assets		
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

2015 Consolidated Balance Sheet

Liabilities and Stockholders' Equity		
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

2015 Consolidated Income Statement

	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

2015 – Q4 Income Statement

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2014	2015	2014	2015 ^(a)
	(unaudited)		(unaudited)	
Revenues	\$ 18,103	\$ 21,329	\$ 66,001	\$ 74,989
Costs and expenses:				
Cost of revenues	6,921	8,188	25,691	28,164
Research and development	2,813	3,510	9,832	12,282
Sales and marketing	2,377	2,679	8,131	9,047
General and administrative	1,593	1,572	5,851	6,136
Total costs and expenses	13,704	15,949	49,505	55,629
Income from operations	4,399	5,380	16,496	19,360
Other income (expense), net	128	(180)	763	291
Income from continuing operations before income taxes	4,527	5,200	17,259	19,651
Provision for income taxes	819	277	3,639	3,303
Net income from continuing operations	3,708	4,923	13,620	16,348
Net income from discontinued operations	967	0	516	0
Net income	\$ 4,675	\$ 4,923	\$ 14,136	\$ 16,348
Less: Adjustment Payment to Class C capital stockholders	0	0	0	522
Net income available to all stockholders	\$ 4,675	\$ 4,923	\$ 14,136	\$ 15,826
Basic net income per share of Class A and B common stock:				
Continuing operations	\$ 5.46	\$ 7.16	\$ 20.15	\$ 23.11
Discontinued operations	1.43	0.00	0.76	0.00
Basic net income per share of Class A and B common stock	\$ 6.89	\$ 7.16	\$ 20.91	\$ 23.11
Basic net income per share of Class C capital stock:				
Continuing operations	\$ 5.46	\$ 7.16	\$ 20.15	\$ 24.63
Discontinued operations	1.43	0.00	0.76	0.00
Basic net income per share of Class C capital stock	\$ 6.89	\$ 7.16	\$ 20.91	\$ 24.63
Diluted net income per share of Class A and B common stock:				
Continuing operations	\$ 5.38	\$ 7.06	\$ 19.82	\$ 22.84
Discontinued operations	1.41	0.00	0.75	0.00
Diluted net income per share of Class A and B common stock	\$ 6.79	\$ 7.06	\$ 20.57	\$ 22.84
Diluted net income per share of Class C capital stock:				
Continuing operations	\$ 5.38	\$ 7.06	\$ 19.82	\$ 24.34
Discontinued operations	1.41	0.00	0.75	0.00
Diluted net income per share of Class C capital stock	\$ 6.79	\$ 7.06	\$ 20.57	\$ 24.34

^(a) Basic and diluted net income per share for the twelve months ended December 31, 2015 includes impact from Adjustment Payment to Class C capital stockholders.

2015 Consolidated Statement Of Cash Flows

	Year Ended December 31,		
	2013	2014	2015
Operating activities			
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
Net cash provided by operating activities	18,659	22,376	26,024

Financial Statement-Cash Flows

	Year Ended December 31,		
	2013	2014	2015
Investing activities			
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)
Net cash used in investing activities	(13,679)	(21,055)	(23,711)
Financing activities			
Net payments related to stock-based award activities	(781)	(2,069)	(1,612)
Excess tax benefits from stock-based award activities	481	648	548
Adjustment Payment to Class C capital stockholders	0	0	(47)
Capital transactions with Alphabet	0	0	(2,543)
Proceeds from issuance of debt, net of costs	10,768	11,625	13,705
Repayments of debt	(11,325)	(11,643)	(13,728)
Net cash used in financing activities	(857)	(1,439)	(3,677)
Effect of exchange rate changes on cash and cash equivalents	(3)	(433)	(434)
Net increase (decrease) in cash and cash equivalents	4,120	(551)	(1,798)
Cash and cash equivalents at beginning of period	14,778	18,898	18,347
Cash and cash equivalents at end of period	\$ 18,898	\$ 18,347	\$ 16,549
Supplemental disclosures of cash flow information			
Cash paid for taxes	\$ 1,932	\$ 2,819	\$ 3,338
Cash paid for interest	72	86	96

Financial Statement-Cash Flows Q4 2015

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2014	2015	2014	2015
	(unaudited)		(unaudited)	
Operating activities				
Net income	\$ 4,675	\$ 4,923	\$ 14,136	\$ 16,348
Adjustments:				
Depreciation and impairment of property and equipment	1,010	1,153	3,523	4,132
Amortization and impairment of intangible assets	257	251	1,456	931
Stock-based compensation expense	1,187	1,436	4,279	5,203
Excess tax benefits from stock-based award activities	(181)	(194)	(648)	(548)
Deferred income taxes	394	387	(104)	(179)
Gain on divestiture of business	(740)	0	(740)	0
(Gain) loss on marketable and non-marketable investments, net	(13)	302	(390)	334
Other	35	55	192	212
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable	(1,151)	(1,758)	(1,641)	(2,094)
Income taxes, net	14	(1,272)	591	(179)
Prepaid revenue share, expenses and other assets	(47)	(522)	459	(318)
Accounts payable	549	371	436	203
Accrued expenses and other liabilities	341	777	757	1,597
Accrued revenue share	209	408	245	339
Deferred revenue	(175)	98	(175)	43
Net cash provided by operating activities	6,364	6,415	22,376	26,024

Financial Statement-Cash Flows Q4 2015

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2014	2015	2014	2015
	(unaudited)		(unaudited)	
Investing activities				
Purchases of property and equipment	(3,551)	(2,100)	(10,959)	(9,915)
Purchases of marketable securities	(13,118)	(18,151)	(56,310)	(74,368)
Maturities and sales of marketable securities	14,665	16,045	51,315	62,905
Purchases of non-marketable investments	(691)	(401)	(1,227)	(2,172)
Cash collateral related to securities lending	(626)	(838)	1,403	(350)
Investments in reverse repurchase agreements	(50)	(50)	(775)	425
Proceeds from divestiture of business	386	0	386	0
Acquisitions, net of cash acquired, and purchases of intangibles and other assets	(256)	8	(4,888)	(236)
Net cash used in investing activities	(3,241)	(5,487)	(21,055)	(23,711)
Financing activities				
Net payments related to stock-based award activities	(521)	(765)	(2,069)	(2,375)
Excess tax benefits from stock-based award activities	181	194	648	548
Adjustment Payment to Class C capital stockholders	0	0	0	(47)
Repurchases of capital stock	0	(1,780)	0	(1,780)
Proceeds from issuance of debt, net of costs	2,458	3,373	11,625	13,705
Repayments of debt	(2,462)	(3,387)	(11,643)	(13,728)
Net cash used in financing activities	(344)	(2,365)	(1,439)	(3,677)
Effect of exchange rate changes on cash and cash equivalents	(197)	(82)	(433)	(434)
Net increase (decrease) in cash and cash equivalents	2,582	(1,519)	(551)	(1,798)
Cash and cash equivalents at beginning of period	15,605	18,068	18,898	18,347
Reclassification of assets previously held for sale	160	0	0	0
Cash and cash equivalents at end of period	\$ 18,347	\$ 16,549	\$ 18,347	\$ 16,549

Recommendation

BUY