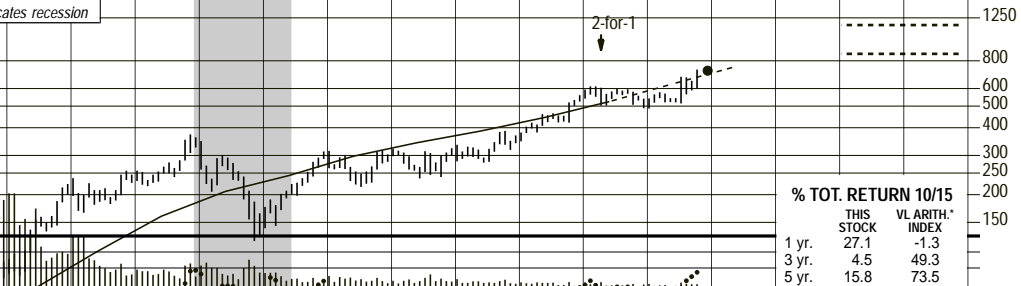


ALPHABET INC. NDQ-GOOG

RECENT PRICE **722.16** P/E RATIO **26.3** (Trailing: 30.4 Median: 25.0) RELATIVE P/E RATIO **1.43** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 1 Raised 11/6/15	High: 100.8	223.1	256.5	373.6	348.7	313.0	315.4	323.4	387.2	560.5	614.4	730.0		Target Price Range																																																											
SAFETY 2 Lowered 11/13/15	Low: 42.5	86.3	165.8	218.5	123.6	141.4	216.8	236.5	278.3	347.8	489.0	487.6		2018 2019 2020																																																											
TECHNICAL 3 Lowered 10/30/15	LEGENDS --- 20.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 4/14 Options: Yes Shaded area indicates recession																																																																								
BETA 1.00 (1.00 = Market)	2018-20 PROJECTIONS																																																																								
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Google Inc. undertook its initial public offering on August 19, 2004, selling approximately 19.6 million shares of its Class A Common stock for \$85 a share. Of the total shares, the company sold 14.1 million, and selling stockholders sold 5.5 million. The lead underwriters of the offering were Morgan Stanley and Credit Suisse First Boston.	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
CAPITAL STRUCTURE as of 9/30/15 Total Debt \$5231 mill. Due in 5 Yrs. \$3245 mill. LT Debt \$1994 mill. LT Interest \$80.0 mill. (2% of Cap'l)	10.33	17.16	26.48	34.58	37.21	45.63	58.29	76.10	89.03	96.97	108.00	123.95	Revenues per sh	174.10
Leases, Uncapitalized: Annual rentals \$598 mill.	2.99	5.56	8.00	10.33	12.21	14.90	17.12	19.38	22.31	26.20	31.60	37.90	"Cash Flow" per sh	52.80
Pension Liability None	2.60	4.75	6.65	8.35	10.21	13.16	14.88	16.23	18.03	20.82	26.00	32.00	Earnings per sh A	45.95
Pfd Stock None	---	---	---	---	---	---	---	---	---	---	Nil	Nil	Div'ds Decl'd per sh	Nil
Common Stock 687,725,164 shares (291,327,781 Class A shares, 50,893,362 Class B shares, and 345,504,021 Class C shares) C D	1.41	3.08	3.84	3.74	1.27	6.25	5.29	4.96	10.95	16.10	17.50	20.30	Cap'l Spending per sh	29.00
MARKET CAP: \$497 billion (Large Cap)	15.84	27.57	36.21	44.81	56.65	71.96	89.42	108.77	129.92	153.54	182.40	217.60	Book Value per sh	341.05
CURRENT POSITION	594.47	618.00	626.55	630.23	635.54	642.60	650.27	659.33	672.00	680.62	685.00	690.00	Common Shs Outst'g B	690.00
	NMF	43.4	40.7	27.6	21.5	20.3	19.1	19.8	24.6	27.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	22.0
	NMF	2.34	2.16	1.66	1.43	1.29	1.20	1.26	1.38	1.43			Relative P/E Ratio	1.40
	---	---	---	---	---	---	---	---	---	---			Avg Ann'l Div'd Yield	Nil
	6138.6	10605	16594	21796	23651	29321	37905	50175	59825	66001	74000	85500	Revenues (\$mill)	120125
	38.5%	38.1%	35.5%	36.0%	40.4%	39.0%	34.7%	29.4%	28.0%	30.9%	35.5%	37.0%	Operating Margin	37.0%
	256.8	494.4	807.7	1212.2	1240.0	1067.0	1396.0	1988.0	2781.0	3523.0	3700	3900	Depreciation (\$mill)	4500
	1518.4	2940.7	4203.7	5299.3	6520.4	8505.0	9737.0	10788	12214	14306	17940	22240	Net Profit (\$mill)	31920
	32.0%	26.7%	25.9%	9.5%	22.2%	21.2%	21.0%	19.4%	15.7%	20.0%	20.0%	20.0%	Income Tax Rate	20.0%
	24.7%	27.7%	25.3%	24.3%	27.6%	29.0%	25.7%	21.5%	20.4%	21.7%	24.3%	26.0%	Net Profit Margin	26.6%
	8255.7	11735	15254	17876	26420	31566	43845	46117	56978	63880	55310	49895	Working Cap'l (\$mill)	49020
	---	---	---	---	---	---	2986.0	2988.0	2236.0	3228.0	2500	2000	Long-Term Debt (\$mill)	2000
	9419.0	17040	22690	28239	36004	46241	58145	71715	87309	104500	124960	150140	Shr. Equity (\$mill)	235315
	16.1%	17.3%	18.5%	18.8%	18.1%	18.4%	16.0%	14.4%	13.7%	13.3%	14.0%	14.5%	Return on Total Cap'l	13.5%
	16.1%	17.3%	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	14.5%	15.0%	Return on Shr. Equity	13.5%
	16.1%	17.3%	18.5%	18.8%	18.1%	18.4%	16.7%	15.0%	14.0%	13.7%	14.5%	15.0%	Retained to Com Eq	13.5%
	---	---	---	---	---	---	---	---	---	---	Nil	Nil	All Div'ds to Net Prof	Nil

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 of change (per sh)
Revenues	39.0%	21.5%	12.0%
"Cash Flow"	46.0%	17.5%	15.0%
Earnings	47.0%	17.0%	16.5%
Dividends	---	---	Nil
Book Value	50.0%	23.5%	17.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2012	10645	11807	13304	14419	50175
2013	13969	14105	14893	16858	59825
2014	15420	15955	16523	18103	66001
2015	17258	17727	18675	20340	74000
2016	20135	20600	21550	23215	85500

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2012	4.38	4.28	3.24	4.33	16.23
2013	4.94	3.78	4.36	4.95	18.03
2014	5.33	5.09	4.91	5.50	20.82
2015	5.20	5.69	7.35	7.76	26.00
2016	6.70	7.20	8.85	9.25	32.00

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011					
2012					
2013					
2014					
2015					

NO CASH DIVIDENDS BEING PAID

BUSINESS: Alphabet Inc. is the successor and parent holding company of Google Inc., which operates the world's leading Internet search engine. The company derives revenues primarily through delivering targeted advertising. Revenues are also derived from the licensing of search technology and solutions to enterprises. Revenues in 2014: United States, 43%; International, 57%.

Shares of Alphabet Inc., the successor and parent holding company of Google Inc., are trading about 15% higher in price since our August review. A good portion of that increase stemmed from the company reporting better-than-expected September-period financial results. At the same time, the previously announced reorganization of the company's operating structure went into effect on October 2nd. Moving forward, GOOG will report its performance with regard to two major operating segments: Google and all other Alphabet businesses "Other Bets". The latter will include its Access & Energy, Nest, Life Sciences, the investment arm, and finally X, which will comprise things like driverless cars and other incubator-type ventures.

For the third quarter, revenues increased 13%, thanks to double-digit gains for advertising and other revenues. This uptick reflects substantial growth of its mobile search business, complemented by strong contributions from YouTube and its Programmatic operations. On the profitability front, traffic acquisition costs were down 120 basis points as a

function of revenues. What's more, total expenses fell 270 basis points by similar comparisons. On balance, these factors sent Alphabet's bottom line almost 50% higher, to \$7.35 a share. This was markedly above our earlier call.

As a result, we have raised our 2015 share-net estimate by \$3.10, to \$26.00. In the current year, this would represent an annual earnings increase of approximately 25%. The continued demand for the company's search offerings along with reduced expenses should be the primary drivers here. Additional benefits could come from a recent stock-buyback authorization that was passed by the board, allowing it to repurchase up to \$5 billion in Class C shares. It is still unclear whether or not this will be utilized, given the stock's lofty quotation, and GOOG's ever-rising share count on a historical basis.

Meantime, the stock continues to be ranked to outperform the broader-market averages in the coming year (Timeliness: 1). And for the pull to late decade, GOOG offers worthwhile capital appreciation potential.

Bryan J. Fong November 13, 2015

(A) Diluted earnings per share for Class A and B common stock and Class C capital stock. Excludes nonrecurring gains/(losses): '05, (9¢); '06, 22¢; '08, (\$1.69); '14, (\$0.55). Qlty. eqs. may not sum. Next earnings report due late Jan. (B) In millions.	(C) Class A common stock entitled to one vote per share. Class B common stock entitled to 10 votes per share. Class C common stock is non-voting.	(D) All preferred stock converted to Class B common stock upon initial public offering.	Company's Financial Strength	A++
			Stock's Price Stability	65
			Price Growth Persistence	85
			Earnings Predictability	100