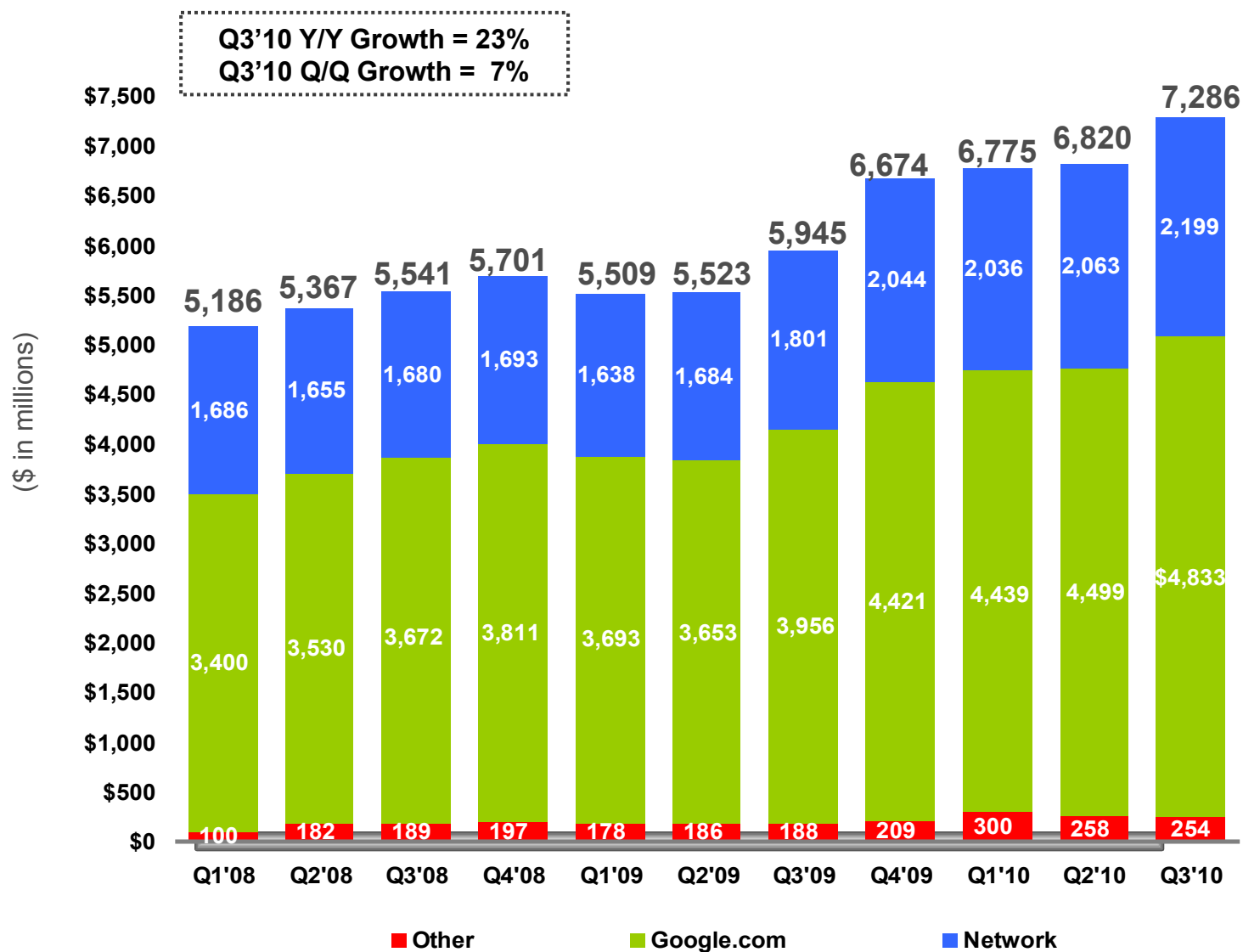


Q3 2010
Quarterly Earnings
Summary

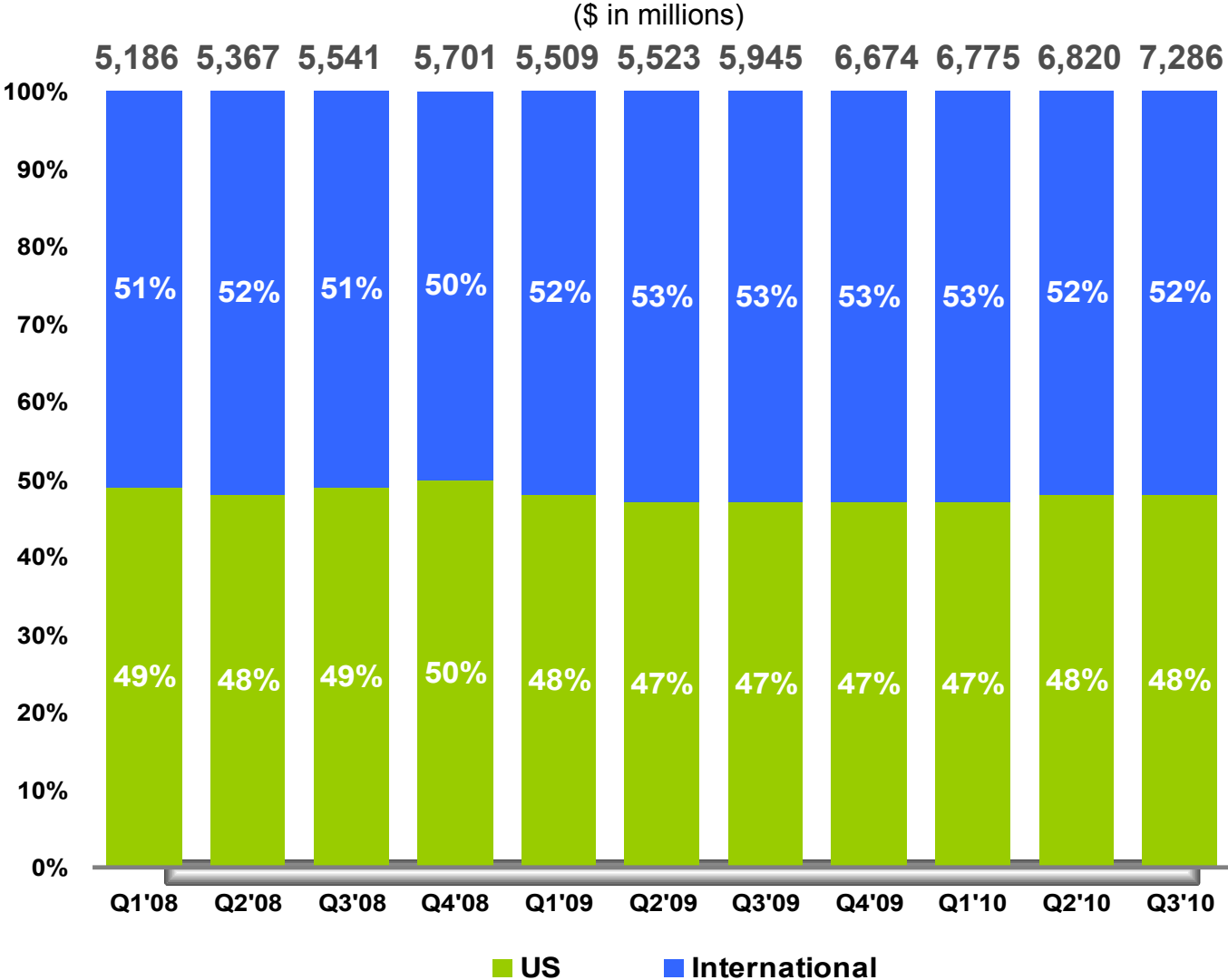
Third Quarter 2010 Highlights

- **Revenue growth of 23% Y/Y and 7% Q/Q**
 - Google properties revenue increased 22% Y/Y and 7% Q/Q
 - Network revenues increased 22% Y/Y and 7% Q/Q
 - International revenues were \$3.8 billion
- **Operational Highlights**
 - Strong financial metrics: revenue growth, profitability and cash flow
 - Continuing to invest heavily in our growth agenda
 - Investing in People -- to attract, retain, and reward the best talent
 - Investing in Products -- to leverage computer science to solve big problems

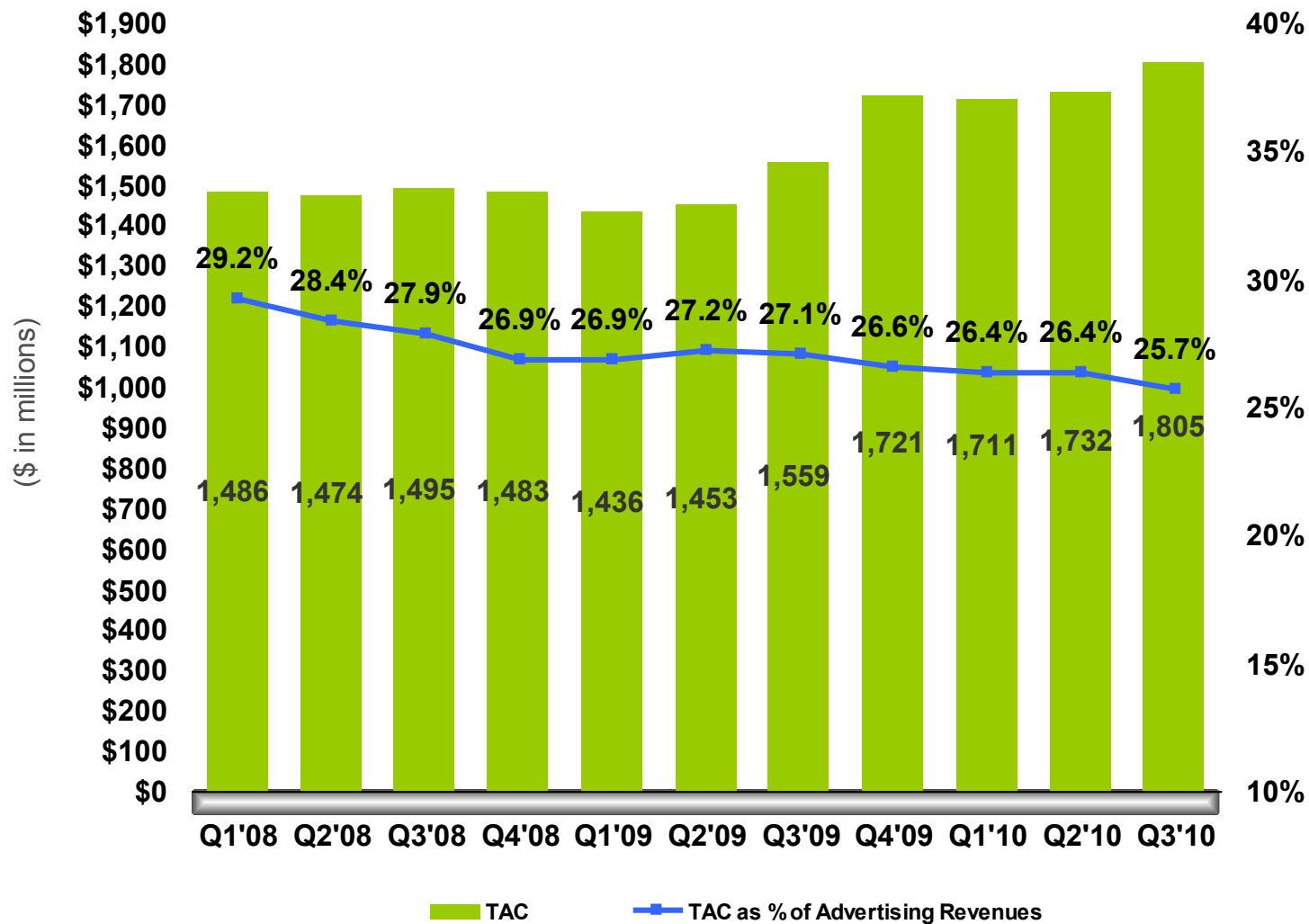
Quarterly Revenues



U.S. vs. International Revenues



Traffic Acquisition Costs



Costs and Expenses

GAAP			
(\$ in millions)	Q3'09	Q2'10	Q3'10
Cost of Revenues	\$2,226	\$2,467	\$2,552
<i>Percent of revenues</i>	37%	36%	35%
Research & Development	\$758	\$898	\$994
<i>Percent of revenues</i>	13%	13%	14%
Sales & Marketing	\$498	\$629	\$661
<i>Percent of revenues</i>	8%	9%	9%
General & Administrative	\$389	\$461	\$532
<i>Percent of revenues</i>	7%	7%	7%
Total Costs & Expenses	\$3,871	\$4,455	\$4,739
<i>Percent of revenues</i>	65%	65%	65%

Non-GAAP			
(\$ in millions)	Q3'09	Q2'10	Q3'10
Cost of Revenues	\$2,211	\$2,459	\$2,544
<i>Percent of revenues</i>	37%	36%	35%
Research & Development	\$562	\$696	\$750
<i>Percent of revenues</i>	10%	10%	10%
Sales & Marketing	\$436	\$573	\$586
<i>Percent of revenues</i>	7%	8%	8%
General & Administrative	\$344	\$418	\$479
<i>Percent of revenues</i>	6%	7%	7%
Total Costs & Expenses	\$3,553	\$4,146	\$4,359
<i>Percent of revenues</i>	60%	61%	60%

Note: Please refer to supporting Table 1 for reconciliations of non-GAAP costs and expenses to GAAP costs and expenses

Profitability

GAAP (\$ in millions except per share amounts)	Q3'09	Q2'10	Q3'10
Income from Operations	\$ 2,074	\$ 2,365	\$ 2,547
<i>Operating Margin</i>	35%	35%	35%
Net Income	\$ 1,639	\$ 1,840	\$ 2,167
EPS (diluted)	\$ 5.13	\$ 5.71	\$ 6.72

Non-GAAP (\$ in millions except per share amounts)	Q3'09	Q2'10	Q3'10
Income from Operations	\$ 2,392	\$ 2,674	\$ 2,927
<i>Operating Margin</i>	40%	39%	40%
Net Income	\$ 1,884	\$ 2,079	\$ 2,462
EPS (diluted)	\$ 5.89	\$ 6.45	\$ 7.64

Note: Please refer to supporting Table 2 for reconciliations of non-GAAP results of operations measures to the nearest comparable GAAP measures

Free Cash Flow

(\$ in millions)	Q3'09	Q2'10	Q3'10
Net cash provided by operating activities	\$2,726	\$2,085	\$2,886
Less purchases of property and equipment	(\$186)	(\$476)	(\$757)
<u>Free cash flow (non-GAAP)</u>	<u>\$2,540</u>	<u>\$1,609</u>	<u>\$2,129</u>

Overview of Q3 2010 OI&E and FX

In Interest and Other Income (Expense), Net, we recognized net income of \$167M for Q3

- In Q3, we recognized \$172M of interest income earned on our investments and \$62M in realized gains.
- We expensed \$60M related to our FX cash flow hedging program.
- Excluding gains related to our FX cash flow hedging program, had foreign exchange rates remained constant from Q2 2010 through Q3 2010, our revenue in Q3 2010 would have been \$9M lower. Excluding gains related to our FX cash flow hedging program, had foreign exchange rates remained constant from Q3 2009 through Q3 2010, our revenue in Q3 2010 would have been \$169M higher.
- In addition, our FX cash flow hedging program allowed us to recognize a benefit of approximately \$89M to international revenue this quarter.

Revenues by Geography

(\$ in millions)	Q3'09	Q2'10	Q3'10
United States	\$2,802	\$3,288	\$3,517
United Kingdom	\$765	\$770	\$840
Rest of the World	\$2,378	\$2,762	\$2,929
Total Revenues	\$5,945	\$6,820	\$7,286

International Revenues Excluding Hedging and FX Impact (Y/Y)

(\$ in millions)	Q3'09	Q3'10
UK revenues (GAAP)	\$765	\$840
<i>exclude:</i>		
a) f/x impact on Q3'10 revenues using Q3'09 rates (gains)/losses	n/a	50
b) hedging gains	(25)	(11)
UK revenues excluding f/x and hedging impact (Non-GAAP)	\$740	\$879
Y/Y % (Non-GAAP)		19%

(\$ in millions)	Q3'09	Q3'10
ROW revenues (GAAP)	\$2,378	\$2,929
<i>exclude:</i>		
a) f/x impact on Q3'10 revenues using Q3'09 rates (gains)/losses	n/a	119
b) hedging gains	(14)	(78)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	\$2,364	\$2,970
Y/Y % (Non-GAAP)		26%

(\$ in millions)	Q2'09	Q2'10
UK revenues (GAAP)	\$715	\$770
<i>exclude:</i>		
a) f/x impact on Q2'10 revenues using Q2'09 rates (gains)/losses	n/a	5
b) hedging gains	(67)	(19)
UK revenues excluding f/x and hedging impact (Non-GAAP)	\$648	\$756
Y/Y % (Non-GAAP)		17%

(\$ in millions)	Q2'09	Q2'10
ROW revenues (GAAP)	\$2,199	\$2,762
<i>exclude:</i>		
a) f/x impact on Q2'10 revenues using Q2'09 rates (gains)/losses	n/a	(29)
b) hedging gains	(57)	(60)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	\$2,142	\$2,673
Y/Y % (Non-GAAP)		25%

International Revenues Excluding Hedging and FX Impact (Q/Q)

(\$ in millions)	Q2'10	Q3'10
UK Revenues (GAAP)	\$770	\$840
<i>exclude:</i>		
a) f/x impact on Q3'10 revenues using Q2'10 rates (gains)/losses	n/a	(24)
b) hedging gains	(19)	(11)
UK revenues excluding f/x and hedging impact (Non-GAAP)	\$751	\$805
Q/Q % (Non-GAAP)		7%

(\$ in millions)	Q2'10	Q3'10
ROW Revenues (GAAP)	\$2,762	\$2,929
<i>exclude:</i>		
a) f/x impact on Q3'10 revenues using Q2'10 rates (gains)/losses	n/a	15
b) hedging gains	(60)	(78)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	\$2,702	\$2,866
Q/Q % (Non-GAAP)		6%

(\$ in millions)	Q1'10	Q2'10
UK Revenues (GAAP)	\$842	\$770
<i>exclude:</i>		
a) f/x impact on Q2'10 revenues using Q1'10 rates (gains)/losses	n/a	47
b) hedging gains	(10)	(19)
UK revenues excluding f/x and hedging impact (Non-GAAP)	\$832	\$798
Q/Q % (Non-GAAP)		-4%

(\$ in millions)	Q1'10	Q2'10
ROW Revenues (GAAP)	\$2,737	\$2,762
<i>exclude:</i>		
a) f/x impact on Q2'10 revenues using Q1'10 rates (gains)/losses	n/a	129
b) hedging gains	-	(60)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	\$2,737	\$2,831
Q/Q % (Non-GAAP)		3%

Table 1 - Reconciliations of non-GAAP costs and expenses to GAAP costs and expenses

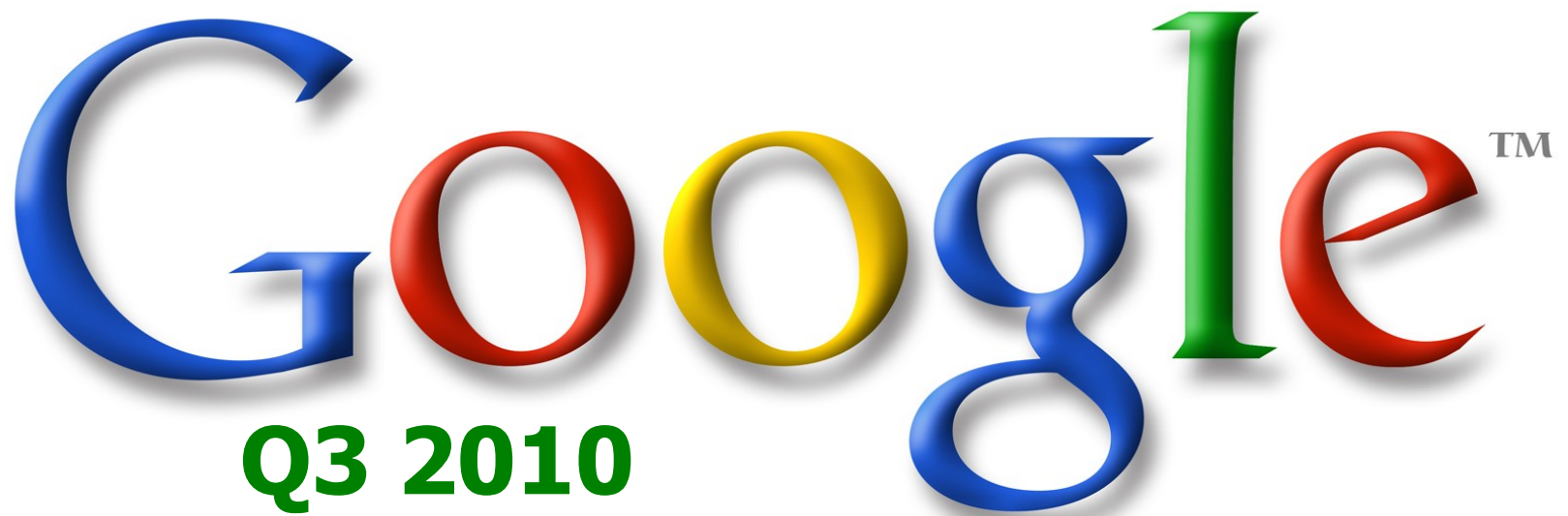
(\$ in millions)	As a % of		As a % of		As a % of	
	Q3'09	Revenues (1)	Q2'10	Revenues (1)	Q3'10	Revenues (1)
Cost of revenues (GAAP)	\$ 2,226	37%	\$ 2,467	36%	\$ 2,552	35%
Less: Stock-based compensation expense	(15)		(8)		(8)	
Cost of revenues (non-GAAP)	\$ 2,211	37%	\$ 2,459	36%	\$ 2,544	35%
Research and development (GAAP)	\$ 758	13%	\$ 898	13%	\$ 994	14%
Less: Stock-based compensation expense	(196)		(202)		(244)	
Research and development (non-GAAP)	\$ 562	10%	\$ 696	10%	\$ 750	10%
Sales and marketing (GAAP)	\$ 498	8%	\$ 629	9%	\$ 661	9%
Less: Stock-based compensation expense	(62)		(56)		(75)	
Sales and marketing (non-GAAP)	\$ 436	7%	\$ 573	8%	\$ 586	8%
General and administrative (GAAP)	\$ 389	7%	\$ 461	7%	\$ 532	7%
Less: Stock-based compensation expense	(45)		(43)		(53)	
General and administrative (non-GAAP)	\$ 344	6%	\$ 418	7%	\$ 479	7%
Total costs and expenses (GAAP)	\$ 3,871	65%	\$ 4,455	65%	\$ 4,739	65%
Less: Stock-based compensation expense	(318)		(309)		(380)	
Total costs and expenses (non-GAAP)	\$ 3,553	60%	\$ 4,146	61%	\$ 4,359	60%

(1) Percentages based on revenues of \$5,945 million in Q3'09, \$6,820 million in Q2'10 and \$7,286 million in Q3'10.

Table 2 - Reconciliations of non-GAAP results of operations measures to the nearest comparable GAAP measures

(\$ in millions except per share amounts)	Q3'09	Operating Margin (1)	Q2'10	Operating Margin (1)	Q3'10	Operating Margin (1)
Income from operations (GAAP)	\$ 2,074	35%	\$ 2,365	35%	\$ 2,547	35%
Add: Stock-based compensation expense	318		309		380	
Income from operations (non-GAAP)	\$ 2,392	40%	\$ 2,674	39%	\$ 2,927	40%
Net income (GAAP)	\$ 1,639		\$ 1,840		\$ 2,167	
Add: Stock-based compensation expense (net of tax)	245		239		295	
Net income (non-GAAP)	\$ 1,884		\$ 2,079		\$ 2,462	
Net income per share - diluted (GAAP)	\$ 5.13		\$ 5.71		\$ 6.72	
Net income per share - diluted (non-GAAP)	\$ 5.89		\$ 6.45		\$ 7.64	
Shares used in per share calculation - diluted	320		322		322	

(1) Percentages based on revenues of \$5,945 million in Q3'09, \$6,820 million in Q2'10 and \$7,286 million in Q3'10.



Q3 2010
Quarterly Earnings
Summary