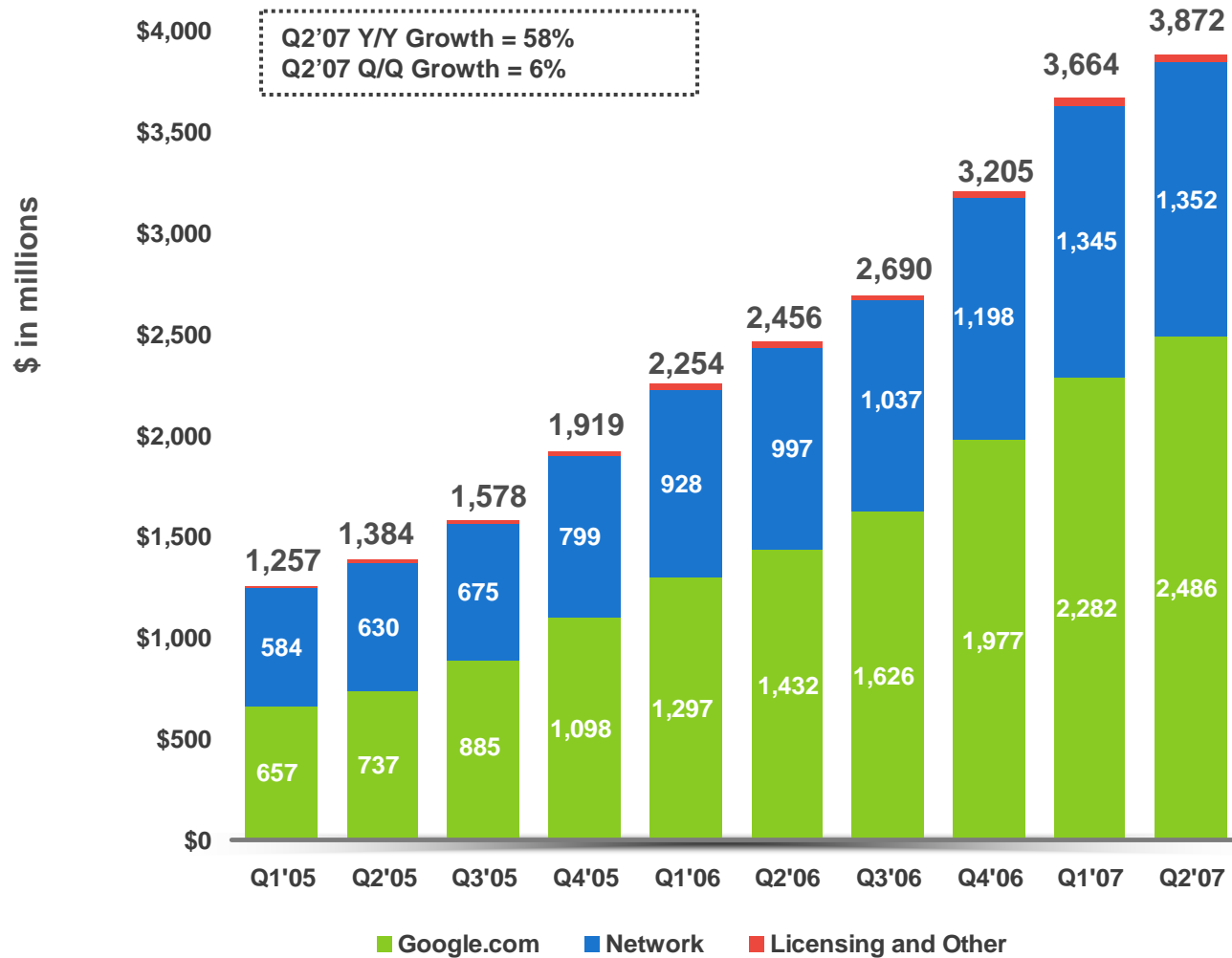


Q2 2007
Quarterly Earnings
Summary

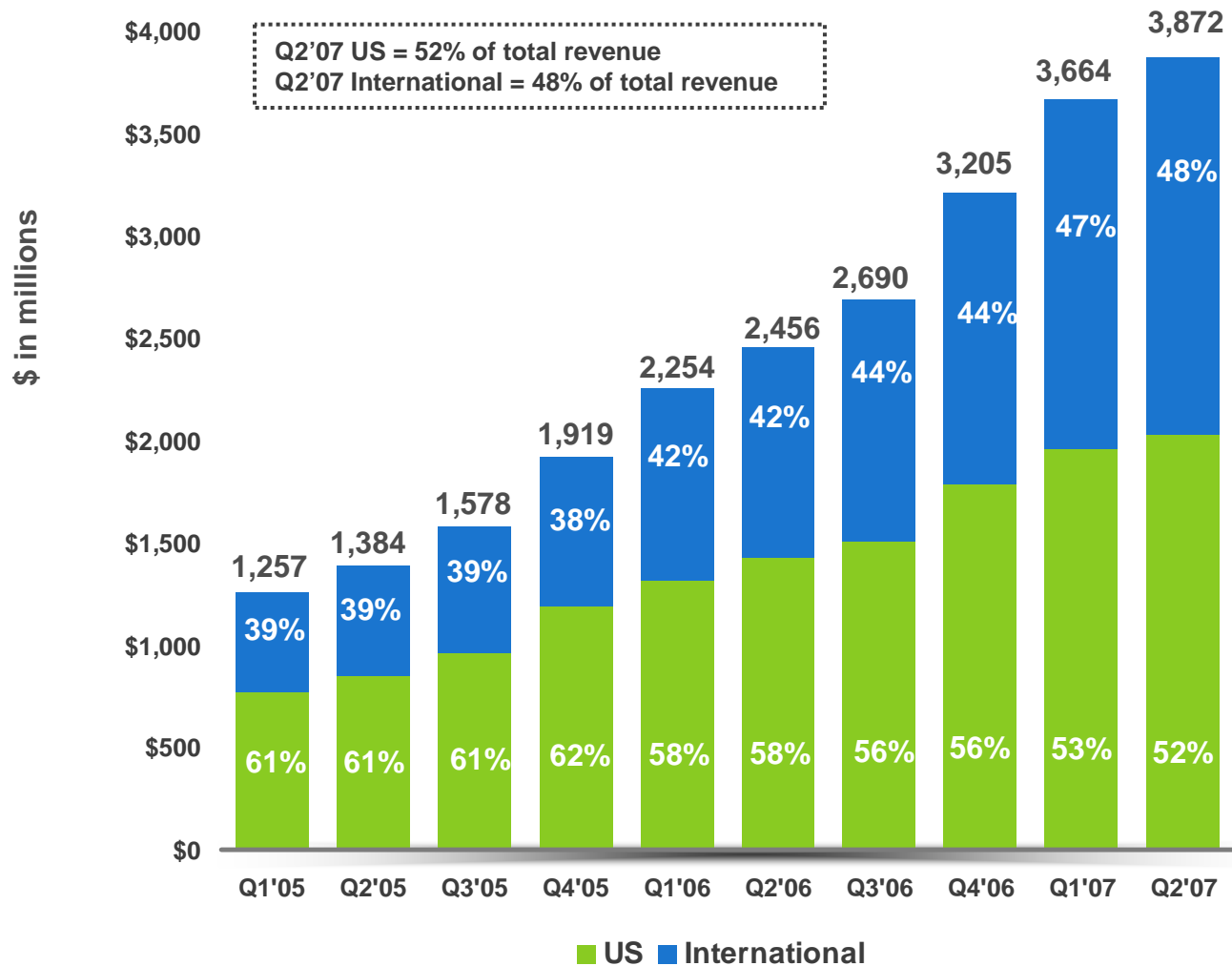
Second Quarter 2007 Highlights

- Revenue growth of 58% Y/Y and 6% Q/Q
 - Google properties revenue growth of 74% Y/Y and 9% Q/Q, driven by both traffic and monetization
 - Network revenues increased 36% Y/Y and flat Q/Q, reflecting seasonality
 - International revenue growth strong, particularly in Spain, Italy, and France
- Investments in hiring the best people and building the best global infrastructure remained key priorities
- Continued leadership in search and ads
- Raised the bar with the launch of Universal Search
- Strengthened Google Apps with agreement to acquire Postini (July)
 - Demonstrates Google's commitment to providing hosted applications to businesses of all sizes

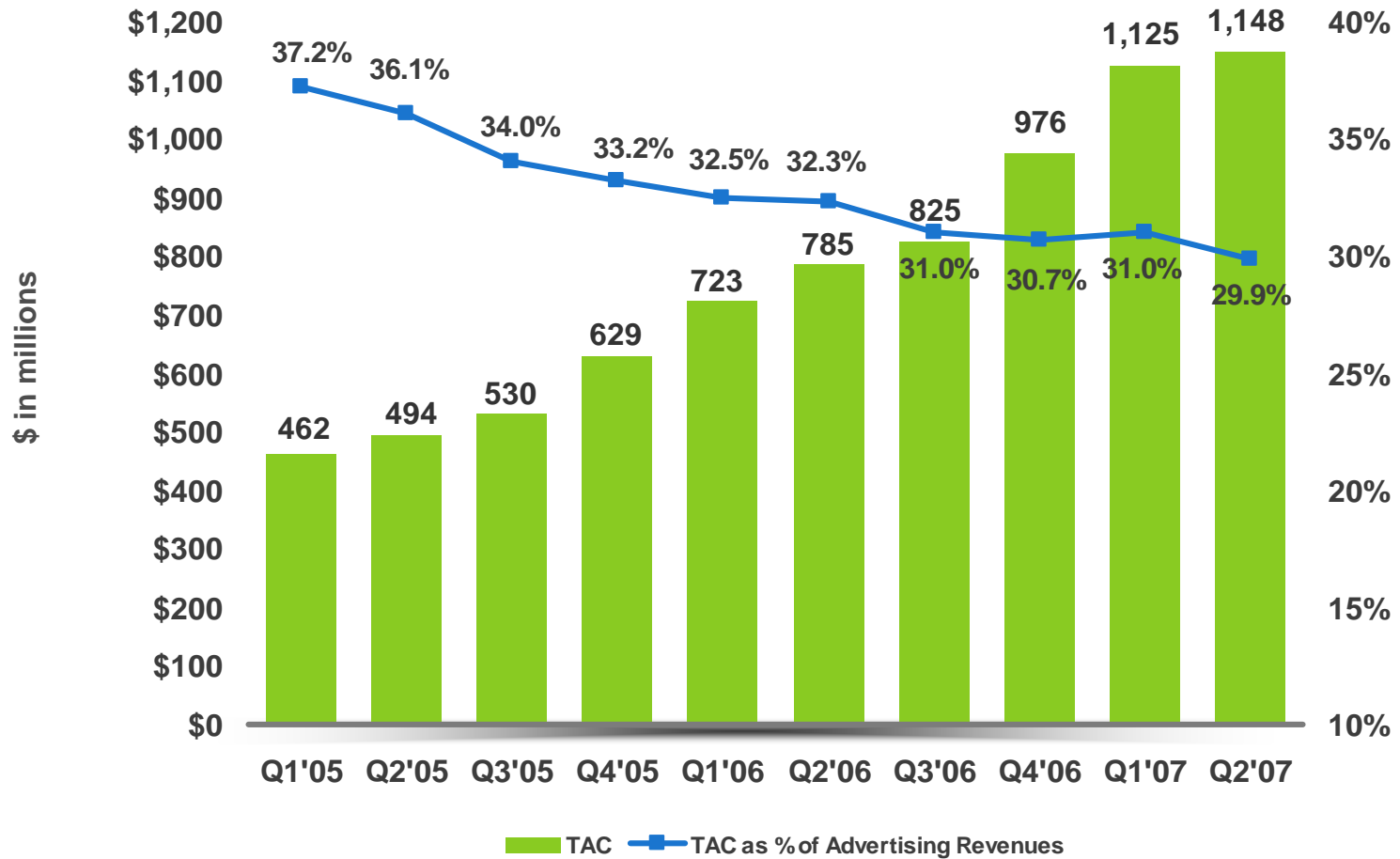
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q2'06	Q1'07	Q2'07
Costs of Revenues	\$989.0	\$1,470.4	\$1,560.3
<i>Percent of revenues</i>	40.3%	40.1%	40.3%
Research & Development	\$282.6	\$408.4	\$532.1
<i>Percent of revenues</i>	11.5%	11.1%	13.7%
Sales & Marketing	\$196.4	\$302.6	\$355.6
<i>Percent of revenues</i>	8.0%	8.3%	9.2%
General & Administrative	\$172.6	\$261.4	\$319.4
<i>Percent of revenues</i>	7.0%	7.2%	8.2%
Total Costs & Expenses	\$1,640.6	\$2,442.8	\$2,767.4
<i>Percent of revenues</i>	66.8%	66.7%	71.4%

Non-GAAP			
\$Millions	Q2'06	Q1'07	Q2'07
Costs of Revenues	\$986.7	\$1,466.0	\$1,552.6
<i>Percent of revenues</i>	40.2%	40.0%	40.1%
Research & Development	\$212.0	\$287.6	\$375.1
<i>Percent of revenues</i>	8.6%	7.8%	9.7%
Sales & Marketing	\$182.1	\$275.3	\$319.2
<i>Percent of revenues</i>	7.4%	7.5%	8.2%
General & Administrative	\$150.7	\$230.0	\$279.0
<i>Percent of revenues</i>	6.1%	6.3%	7.2%
Total Costs & Expenses	\$1,531.5	\$2,258.9	\$2,525.9
<i>Percent of revenues</i>	62.3%	61.6%	65.2%

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

Profitability

GAAP \$Millions	Q2'06	Q1'07	Q2'07
Income from Operations	\$815.4	\$1,221.2	\$1,104.6
<i>Operating Margin</i>	33.2%	33.3%	28.5%
Net Income	\$721.1	\$1,002.2	\$925.1
EPS (diluted)	\$2.33	\$3.18	\$2.93

Non-GAAP \$Millions	Q2'06	Q1'07	Q2'07
Income from Operations	\$924.5	\$1,405.1	\$1,346.1
<i>Operating Margin</i>	37.6%	38.3%	34.8%
Net Income	\$772.1	\$1,159.3	\$1,123.6
EPS (diluted)	\$2.49	\$3.68	\$3.56

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

\$Millions	Q2'06	Q1'07	Q2'07
Net cash provided by operating activities	\$840.6	\$1,219.6	\$1,229.9
Less purchases of property and equipment	(\$699.0)	(\$596.9)	(\$575.1)
Free cash flow (Non-GAAP)	\$141.6	\$622.7	\$654.8

Key Takeaways

- Google's excellence in search and ads continues to drive growth
- Executing on Search.Ads.Apps strategy at scale around the world
- Investing in international markets to meet tremendous opportunity
- Significant investments in people and infrastructure key differentiator
- Creating a better, richer experience for users around the world drives all investment decisions

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

\$Millions	Q2'06	As a % of Revenues (1)	Q1'07	As a % of Revenues (1)	Q2'07	As a % of Revenues (1)
Cost of Revenues (GAAP)	\$ 989.0	40.3%	\$ 1,470.4	40.1%	\$ 1,560.3	40.3%
Less: Stock-based compensation	(2.3)	-	(4.4)	-	(7.7)	-
Cost of Revenues (non-GAAP)	\$ 986.7	40.2%	\$ 1,466.0	40.0%	\$ 1,552.6	40.1%
Research and development (GAAP)	\$ 282.6	11.5%	\$ 408.4	11.1%	\$ 532.1	13.7%
Less: Stock-based compensation	(70.6)	-	(120.8)	-	(157.0)	-
Research and development (non-GAAP)	\$ 212.0	8.6%	\$ 287.6	7.8%	\$ 375.1	9.7%
Sales and marketing (GAAP)	\$ 196.4	8.0%	\$ 302.6	8.3%	\$ 355.6	9.2%
Less: Stock-based compensation	(14.3)	-	(27.3)	-	(36.4)	-
Sales and marketing (non-GAAP)	\$ 182.1	7.4%	\$ 275.3	7.5%	\$ 319.2	8.2%
General and administrative (GAAP)	\$ 172.6	7.0%	\$ 261.4	7.2%	\$ 319.4	8.2%
Less: Stock-based compensation	(21.9)	-	(31.4)	-	(40.4)	-
General and administrative (non-GAAP)	\$ 150.7	6.1%	\$ 230.0	6.3%	\$ 279.0	7.2%
Total costs and expenses (GAAP)	\$ 1,640.6	66.8%	\$ 2,442.8	66.7%	\$ 2,767.4	71.4%
Less: Stock-based compensation	(109.1)	-	(183.9)	-	(241.5)	-
Total costs and expenses (non-GAAP)	\$ 1,531.5	62.3%	\$ 2,258.9	61.6%	\$ 2,525.9	65.2%

(1) Percentages based on GAAP revenues of \$2,456 million in Q2 '06, \$3,664 million in Q1 '07 and \$3,872 million in Q2 '07

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

\$Millions except per share amounts	Q2'06	Operating Margin (1)	Q1'07	Operating Margin (1)	Q2'07	Operating Margin (1)
Income from operations (GAAP)	\$ 815.4	33.2%	\$ 1,221.2	33.3%	\$ 1,104.6	28.5%
Add: Stock-based compensation	109.1	-	183.9	-	241.5	-
Income from operations (non-GAAP)	\$ 924.5	37.6%	\$ 1,405.1	38.3%	\$ 1,346.1	34.8%
Net income (GAAP)	\$ 721.1		\$ 1,002.2		\$ 925.1	
Add: Stock-based compensation (net of tax)	83.3		157.1		198.5	
Less: One-time gain from the sale of our investment in Baidu (net of tax)	(32.3)		-		-	
Net income (non-GAAP)	\$ 772.1		\$ 1,159.3		\$ 1,123.6	
Net income per share - diluted (GAAP)	\$2.33		\$3.18		\$2.93	
Net income per share - diluted (non-GAAP)	\$2.49		\$3.68		\$3.56	
Shares used in per share calculation - diluted	310		315		315	

(1) Percentages based on GAAP revenues of \$2,456 million in Q2 '06, \$3,664 million in Q1 '07 and \$3,872 million in Q2 '07



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