



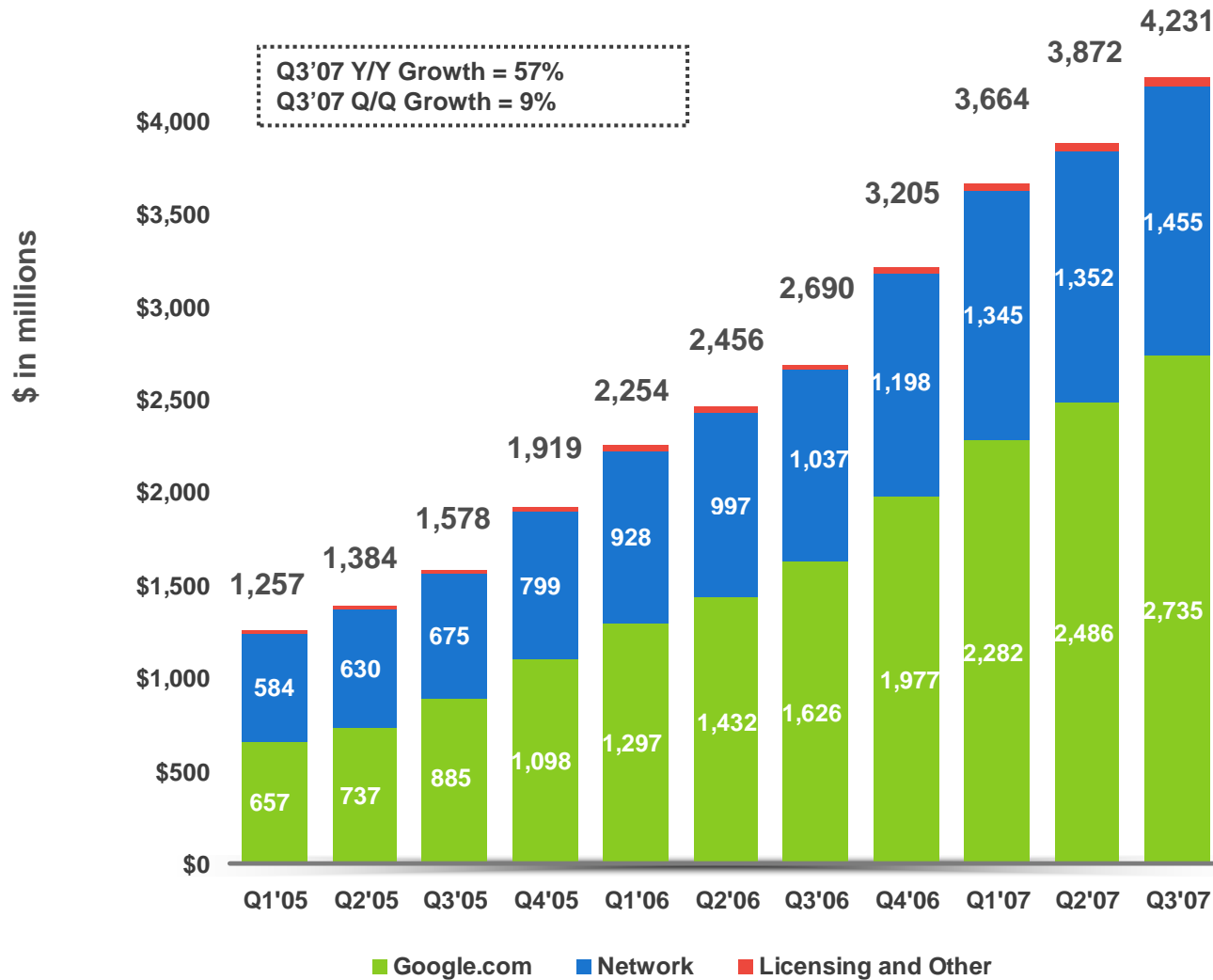
Q3 2007

**Quarterly Earnings
Summary**

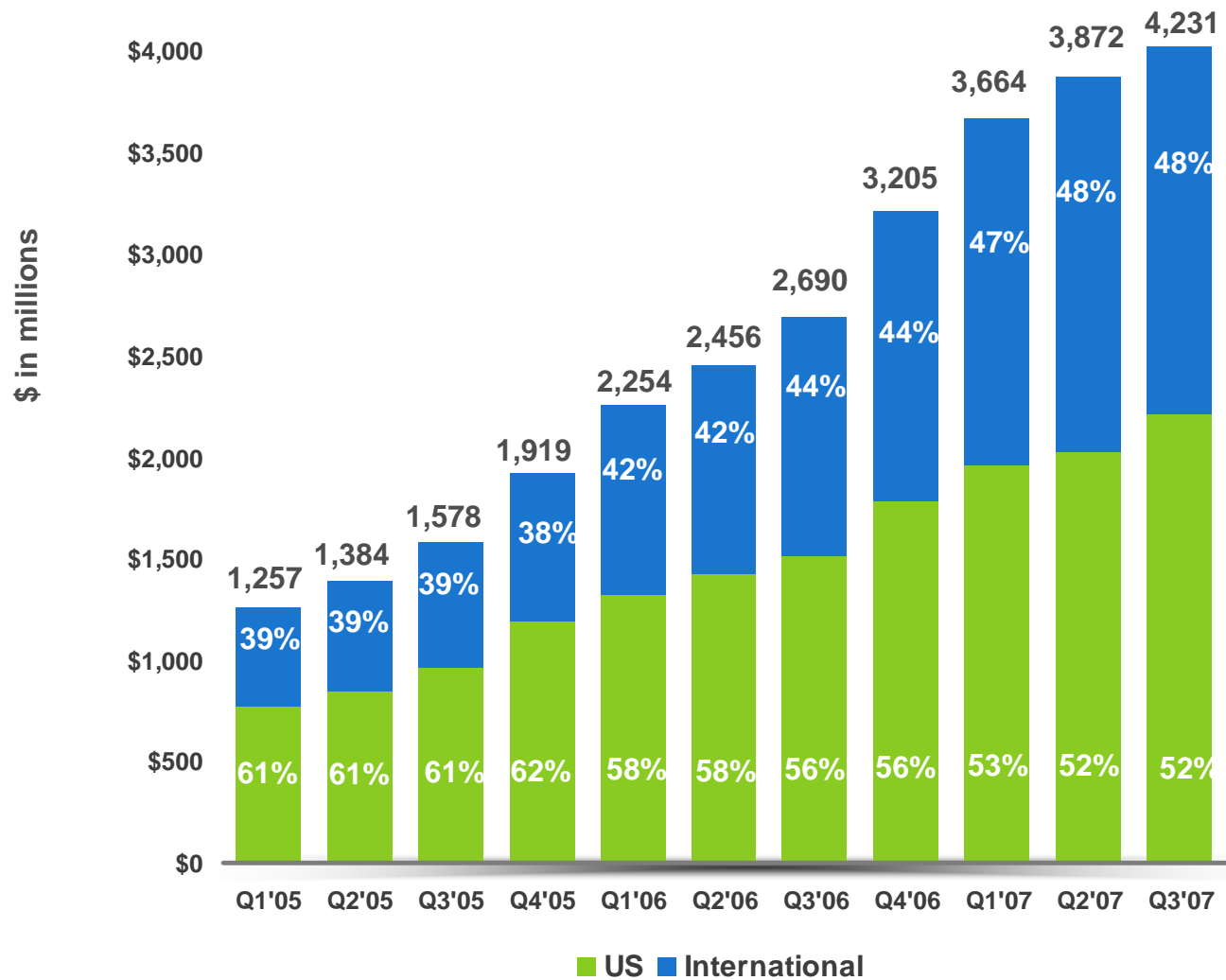
Third Quarter 2007 Highlights

- Revenue growth of 57% Y/Y and 9% Q/Q
 - Google properties revenue growth of 68% Y/Y and 10% Q/Q, driven by strength in traffic and monetization
 - Network revenues increased 40% Y/Y and 8% Q/Q, driven by strength in AdSense for Content and AdSense for Search
 - Growth in international markets continued to be strong, with \$2+ billion in Q3 international revenue
- Executing on Search.Ads.Apps Strategy
 - Continued enhancements to search quality, particularly internationally
 - Ads quality remains strong
 - Expanded product offerings with addition of presentations to Google Apps and the closing of Postini in September
- Continuing to grow global infrastructure and enhance talent base

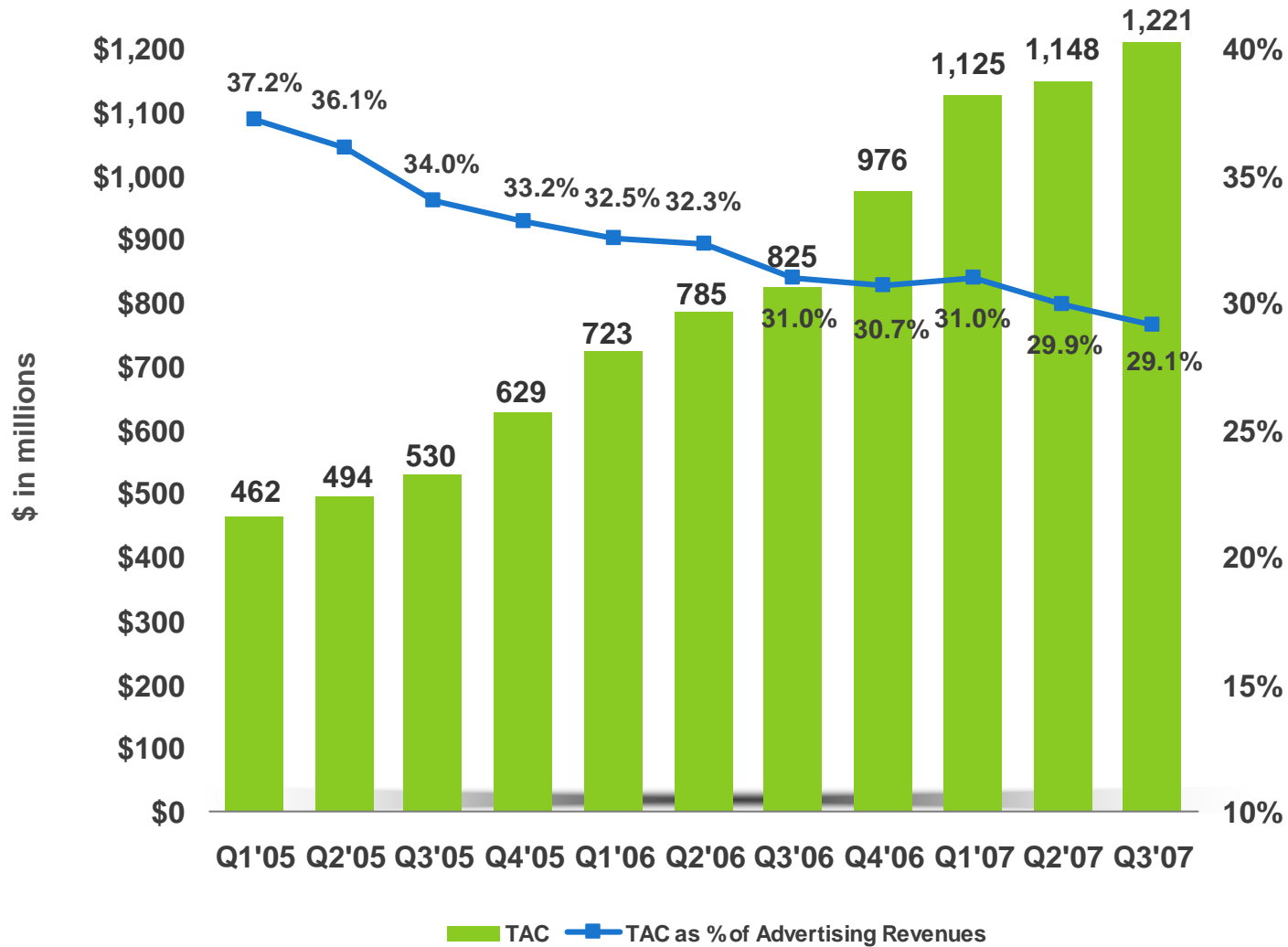
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q3'06	Q2'07	Q3'07
Cost of Revenues	\$1,049	\$1,560	\$1,663
<i>Percent of revenues</i>	39%	40%	39%
Research & Development	\$312	\$532	\$549
<i>Percent of revenues</i>	12%	14%	13%
Sales & Marketing	\$207	\$356	\$381
<i>Percent of revenues</i>	7%	9%	9%
General & Administrative	\$190	\$319	\$321
<i>Percent of revenues</i>	7%	8%	8%
Total Costs & Expenses	\$1,758	\$2,767	\$2,914
<i>Percent of revenues</i>	65%	71%	69%

Non-GAAP			
\$Millions	Q3'06	Q2'07	Q3'07
Cost of Revenues	\$1,047	\$1,553	\$1,659
<i>Percent of revenues</i>	39%	40%	39%
Research & Development	\$251	\$375	\$418
<i>Percent of revenues</i>	9%	10%	10%
Sales & Marketing	\$192	\$319	\$351
<i>Percent of revenues</i>	7%	8%	8%
General & Administrative	\$169	\$279	\$288
<i>Percent of revenues</i>	7%	7%	7%
Total Costs & Expenses	\$1,659	\$2,526	\$2,716
<i>Percent of revenues</i>	62%	65%	64%

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

Profitability

GAAP			
\$Millions	Q3'06	Q2'07	Q3'07
Income from Operations	\$931	\$1,105	\$1,318
<i>Operating Margin</i>	35%	29%	31%
Net Income	\$733	\$925	\$1,070
EPS (diluted)	\$2.36	\$2.93	\$3.38

Non-GAAP			
\$Millions	Q3'06	Q2'07	Q3'07
Income from Operations	\$1,031	\$1,346	\$1,516
<i>Operating Margin</i>	38%	35%	36%
Net Income	\$812	\$1,124	\$1,237
EPS (diluted)	\$2.62	\$3.56	\$3.91

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	Q3'06	Q2'07	Q3'07
Net cash provided by operating activities	\$1,004	\$1,230	\$1,633
Less purchases of property and equipment	(\$492)	(\$575)	(\$553)
Free cash flow (Non-GAAP)	\$512	\$655	\$1,080

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

\$Millions	As a % of		As a % of		As a % of	
	Q3'06	Revenues (1)	Q2'07	Revenues (1)	Q3'07	Revenues (1)
Cost of Revenues (GAAP)	\$ 1,049	39%	\$ 1,560	40%	\$ 1,663	39%
Less: Stock-based compensation	(2)	-	(8)	-	(4)	-
Cost of Revenues (non-GAAP)	\$ 1,047	39%	\$ 1,552	40%	\$ 1,659	39%
Research and development (GAAP)	\$ 312	12%	\$ 532	14%	\$ 549	13%
Less: Stock-based compensation	(62)	-	(157)	-	(131)	-
Research and development (non-GAAP)	\$ 250	9%	\$ 375	10%	\$ 418	10%
Sales and marketing (GAAP)	\$ 207	7%	\$ 356	9%	\$ 381	9%
Less: Stock-based compensation	(15)	-	(36)	-	(30)	-
Sales and marketing (non-GAAP)	\$ 192	7%	\$ 320	8%	\$ 351	8%
General and administrative (GAAP)	\$ 190	7%	\$ 319	8%	\$ 321	8%
Less: Stock-based compensation	(21)	-	(40)	-	(33)	-
General and administrative (non-GAAP)	\$ 169	7%	\$ 279	7%	\$ 288	7%
Total costs and expenses (GAAP)	\$ 1,758	65%	\$ 2,767	71%	\$ 2,914	69%
Less: Stock-based compensation	(100)	-	(241)	-	(198)	-
Total costs and expenses (non-GAAP)	\$ 1,658	62%	\$ 2,526	65%	\$ 2,716	64%

(1) Percentages based on GAAP revenues of \$2,690 million in Q3 '06, \$3,872 million in Q2 '07 and \$4,231 million in Q3 '07

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

Figures in millions except per share amounts	Q3'06	Operating Margin (1)	Q2'07	Operating Margin (1)	Q3'07	Operating Margin (1)
Income from operations (GAAP)	\$ 931	35%	\$ 1,105	29%	\$ 1,318	31%
Add: Stock-based compensation	100	-	242		198	
Income from operations (non-GAAP)	\$ 1,031	38%	\$ 1,347	35%	\$ 1,516	36%
Net income (GAAP)	\$ 733		\$ 925		\$ 1,070	
Add: Stock-based compensation (net of tax)	79		199		167	
Net income (non-GAAP)	\$ 812		\$ 1,124		\$ 1,237	
Net income per share - diluted (GAAP)	\$2.36		\$2.93		\$3.38	
Net income per share - diluted (non-GAAP)	\$2.62		\$3.56		\$3.91	
Shares used in per share calculation - diluted	311		315		317	

(1) Percentages based on GAAP revenues of \$2,690 million in Q3 '06, \$3,872 million in Q2 '07 and \$4,231 million in Q3 '07



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