

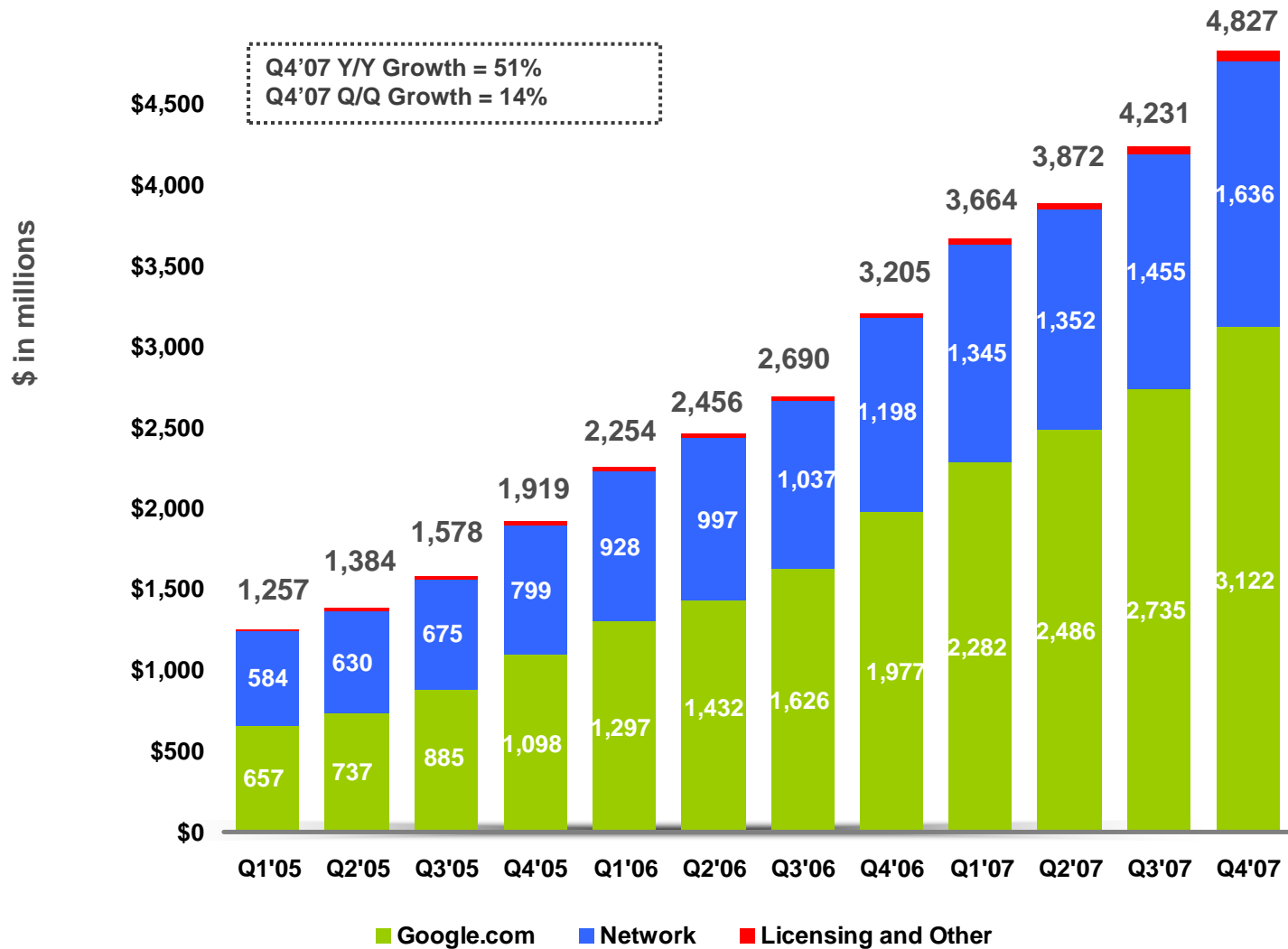


Q4 2007
Quarterly Earnings
Summary

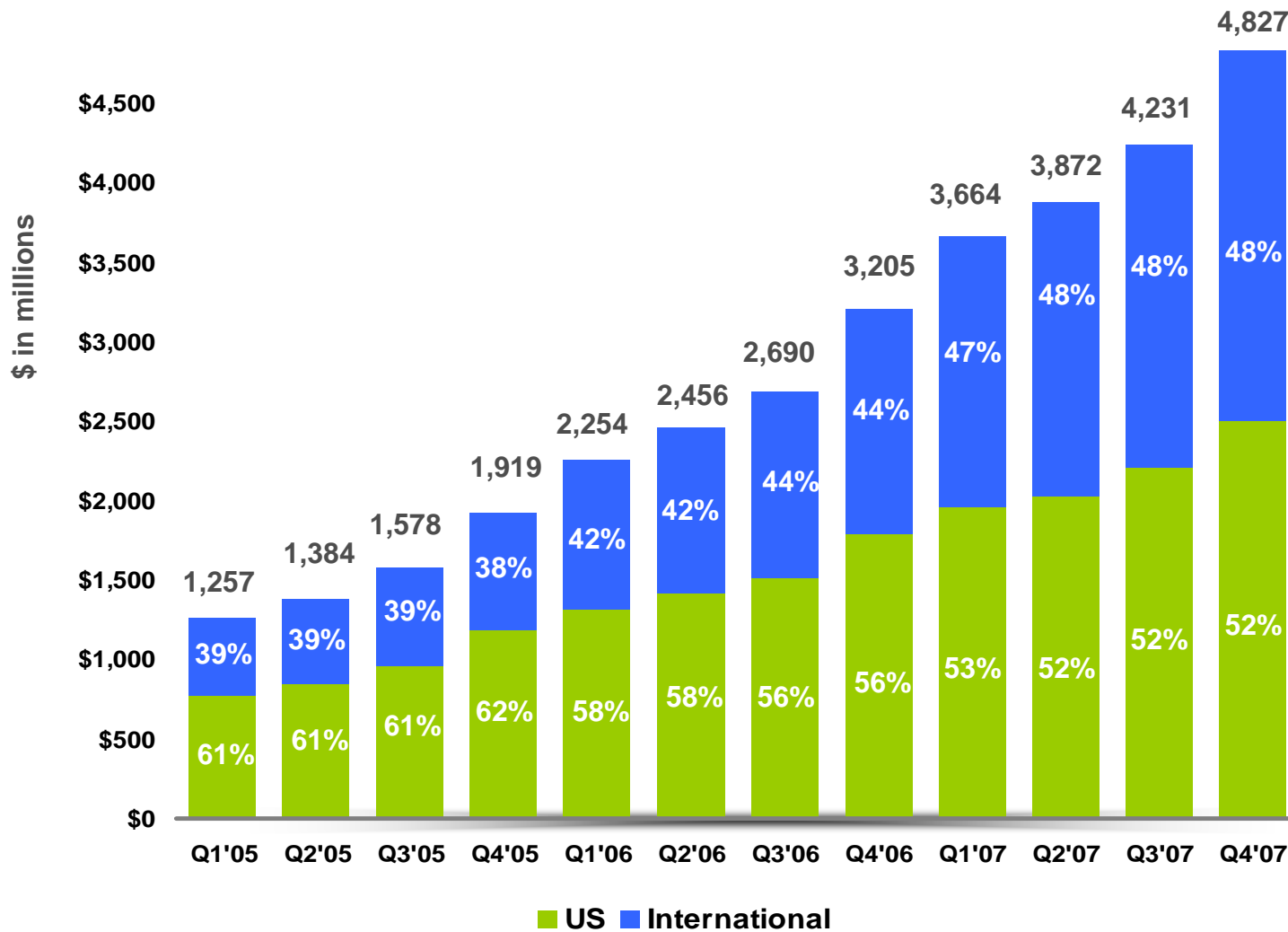
Fourth Quarter 2007 Highlights

- Revenue growth of 51% Y/Y and 14% Q/Q
 - Google properties revenue growth of 58% Y/Y and 14% Q/Q, driven by strength in the holiday retail season
 - Network revenues increased 37% Y/Y and 12% Q/Q
 - Strong international performance, with \$2.3 billion in Q4 international revenue
- Executing on Search.Ads.Apps Strategy
 - Infrastructure investments in search leading to improved quality worldwide
 - Giving advertisers more control and improving ROI
 - Improving Apps performance and ensuring data portability
 - Significant strides in mobile with the launch of Android
- Ongoing focus on growth and profitability

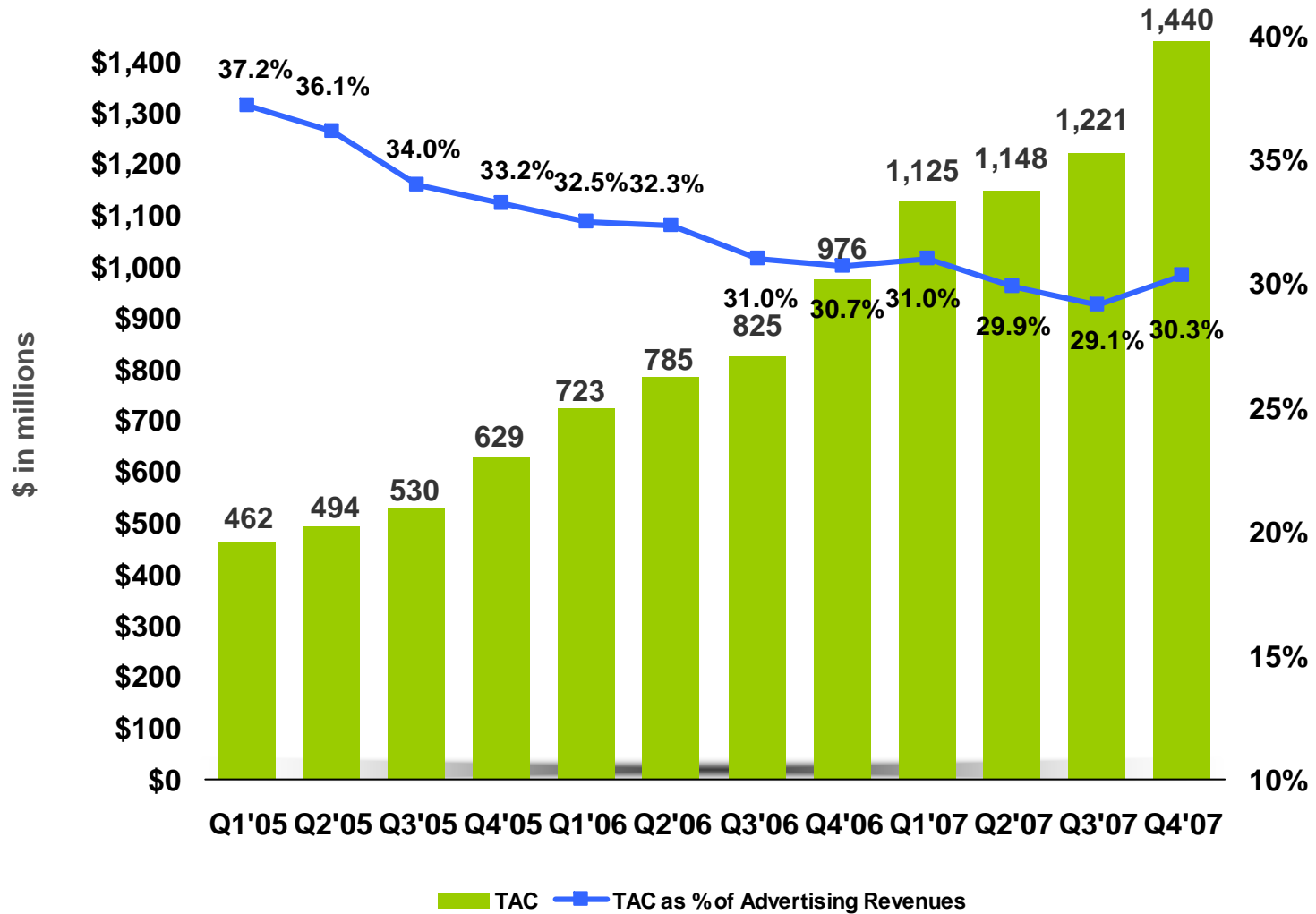
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q4'06	Q3'07	Q4'07
Cost of Revenues	\$1,283	\$1,663	\$1,956
<i>Percent of revenues</i>	40%	39%	41%
Research & Development	\$387	\$549	\$631
<i>Percent of revenues</i>	12%	13%	13%
Sales & Marketing	\$255	\$381	\$422
<i>Percent of revenues</i>	8%	9%	9%
General & Administrative	\$220	\$321	\$377
<i>Percent of revenues</i>	7%	8%	8%
Total Costs & Expenses	\$2,145	\$2,914	\$3,386
<i>Percent of revenues</i>	67%	69%	71%

Non-GAAP			
\$Millions	Q4'06	Q3'07	Q4'07
Cost of Revenues	\$1,272	\$1,659	\$1,950
<i>Percent of revenues</i>	40%	39%	40%
Research & Development	\$305	\$418	\$470
<i>Percent of revenues</i>	10%	10%	10%
Sales & Marketing	\$241	\$351	\$384
<i>Percent of revenues</i>	7%	8%	8%
General & Administrative	\$193	\$288	\$337
<i>Percent of revenues</i>	6%	7%	7%
Total Costs & Expenses	\$2,011	\$2,716	\$3,141
<i>Percent of revenues</i>	63%	64%	65%

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

Profitability

GAAP			
\$Millions	Q4'06	Q3'07	Q4'07
Income from Operations	\$1,061	\$1,318	\$1,441
<i>Operating Margin</i>	33%	31%	30%
Net Income	\$1,031	\$1,070	\$1,206
EPS (diluted)	\$3.29	\$3.38	\$3.79

Non-GAAP			
\$Millions	Q4'06	Q3'07	Q4'07
Income from Operations	\$1,195	\$1,516	\$1,686
<i>Operating Margin</i>	37%	36%	35%
Net Income	\$997	\$1,237	\$1,409
EPS (diluted)	\$3.18	\$3.91	\$4.43

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	Q4'06	Q3'07	Q4'07
Net cash provided by operating activities	\$911	\$1,633	\$1,693
Less purchases of property and equipment	(\$367)	(\$553)	(\$678)
Free cash flow (Non-GAAP)	\$544	\$1,080	\$1,015

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

\$Millions	Q4'06	As a % of Revenues (1)	Q3'07	As a % of Revenues (1)	Q4'07	As a % of Revenues (1)
Cost of Revenues (GAAP)	\$ 1,283	40%	\$ 1,663	39%	\$ 1,956	41%
Less: Stock-based compensation	(11)	-	(4)	-	(6)	-
Cost of Revenues (non-GAAP)	\$ 1,272	40%	\$ 1,659	39%	\$ 1,950	40%
Research and development (GAAP)	\$ 387	12%	\$ 549	13%	\$ 631	13%
Less: Stock-based compensation	(82)	-	(131)	-	(161)	-
Research and development (non-GAAP)	\$ 305	10%	\$ 418	10%	\$ 470	10%
Sales and marketing (GAAP)	\$ 255	8%	\$ 381	9%	\$ 422	9%
Less: Stock-based compensation	(14)	-	(30)	-	(38)	-
Sales and marketing (non-GAAP)	\$ 241	7%	\$ 351	8%	\$ 384	8%
General and administrative (GAAP)	\$ 220	7%	\$ 321	8%	\$ 377	8%
Less: Stock-based compensation	(27)	-	(33)	-	(40)	-
General and administrative (non-GAAP)	\$ 193	6%	\$ 288	7%	\$ 337	7%
Total costs and expenses (GAAP)	\$ 2,145	67%	\$ 2,914	69%	\$ 3,386	71%
Less: Stock-based compensation	(134)	-	(198)	-	(245)	-
Total costs and expenses (non-GAAP)	\$ 2,011	63%	\$ 2,716	64%	\$ 3,141	65%

(1) Percentages based on GAAP revenues of \$3,205 million in Q4 '06, \$4,231 million in Q3 '07 and \$4,827 million in Q4 '07

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

Figures in millions except per share amounts	Q4'06	Operating Margin (1)	Q3'07	Operating Margin (1)	Q4'07	Operating Margin (1)
Income from operations (GAAP)	\$ 1,061	33%	\$ 1,318	31%	\$ 1,441	30%
Add: Stock-based compensation	134	-	198		245	
Income from operations (non-GAAP)	\$ 1,195	37%	\$ 1,516	36%	\$ 1,686	35%
Net income (GAAP)	\$ 1,031		\$ 1,070		\$ 1,206	
Add: Stock-based compensation (net of tax)	99		167		203	
Less: Advanced Pricing Agreement and R&D credit	(133)		-		-	
Net income (non-GAAP)	\$ 997		\$ 1,237		\$ 1,409	
Net income per share - diluted (GAAP)	\$3.29		\$3.38		\$3.79	
Net income per share - diluted (non-GAAP)	\$3.18		\$3.91		\$4.43	
Shares used in per share calculation - diluted	313		317		318	

(1) Percentages based on GAAP revenues of \$3,205 million in Q4 '06, \$4,231 million in Q3 '07 and \$4,827 million in Q4 '07



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