



**Q3 2006 Earnings  
Conference Call**

# A Note From Our Lawyers

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The following presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding, among other things, our planned acquisition of YouTube, the planned combined offerings from Google and YouTube, the expected closing date of our planned acquisition of YouTube, and planned partnerships.

These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Many of the factors that could cause or contribute to such differences include: (1) changes in economic, business, competitive, technological and/or regulatory factors, (2) failure to receive regulatory approval for the acquisition and the failure of the other conditions set forth in the YouTube acquisition agreement to be satisfied, (3) failure to retain the levels of traffic on the YouTube site, (4) failure to compete successfully in a highly competitive and rapidly changing marketplace, (5) failure to retain key employees of YouTube, (6) other factors affecting the operation of the respective businesses of Google and YouTube, and (7) the failure of YouTube and Google to work together effectively. More detailed information about these factors may be found in our filings with the SEC, including our most recent Quarterly Report on Form 10-Q.

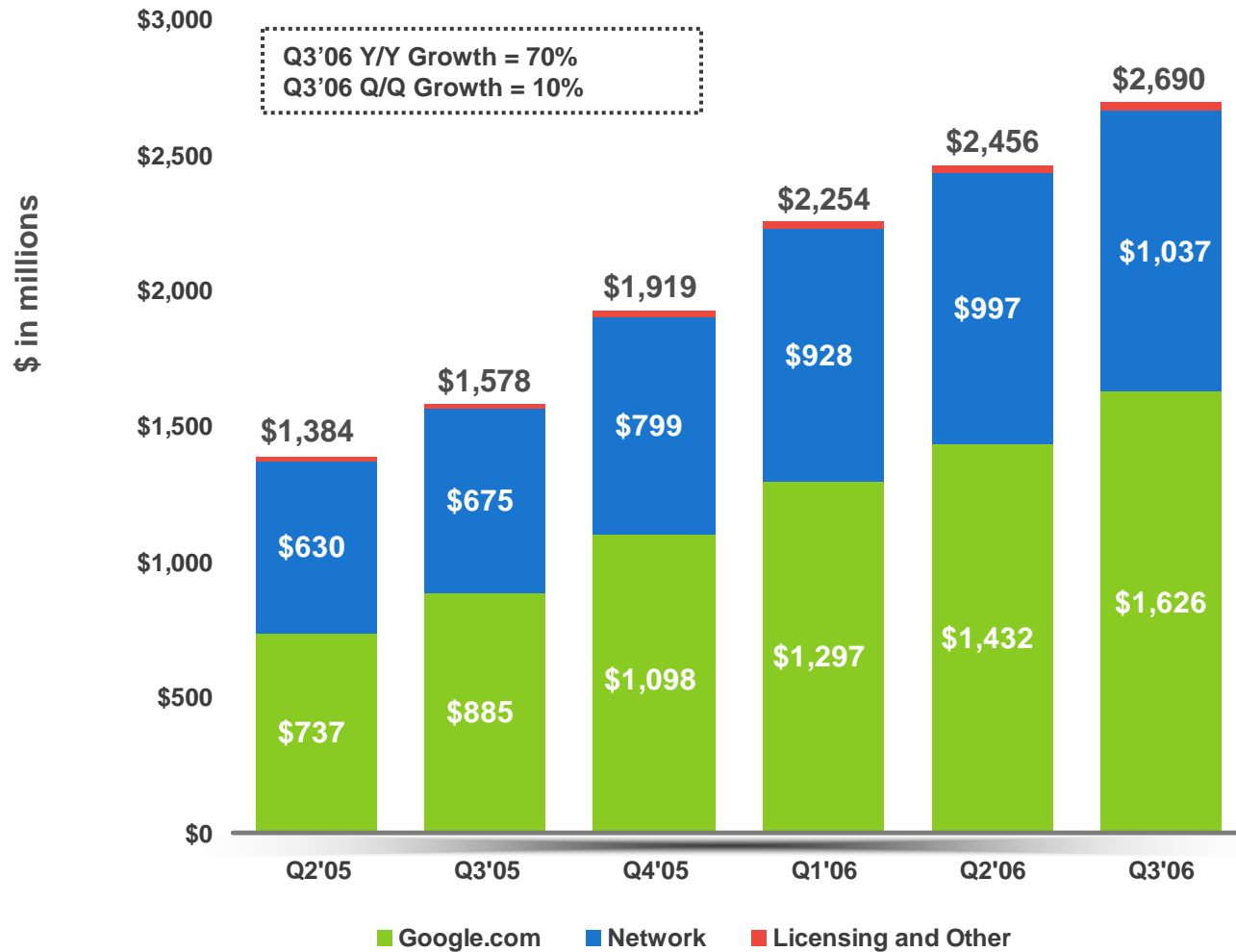
In light of these risks and uncertainties, the forward-looking statements included in this presentation may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

# Third Quarter 2006 Highlights

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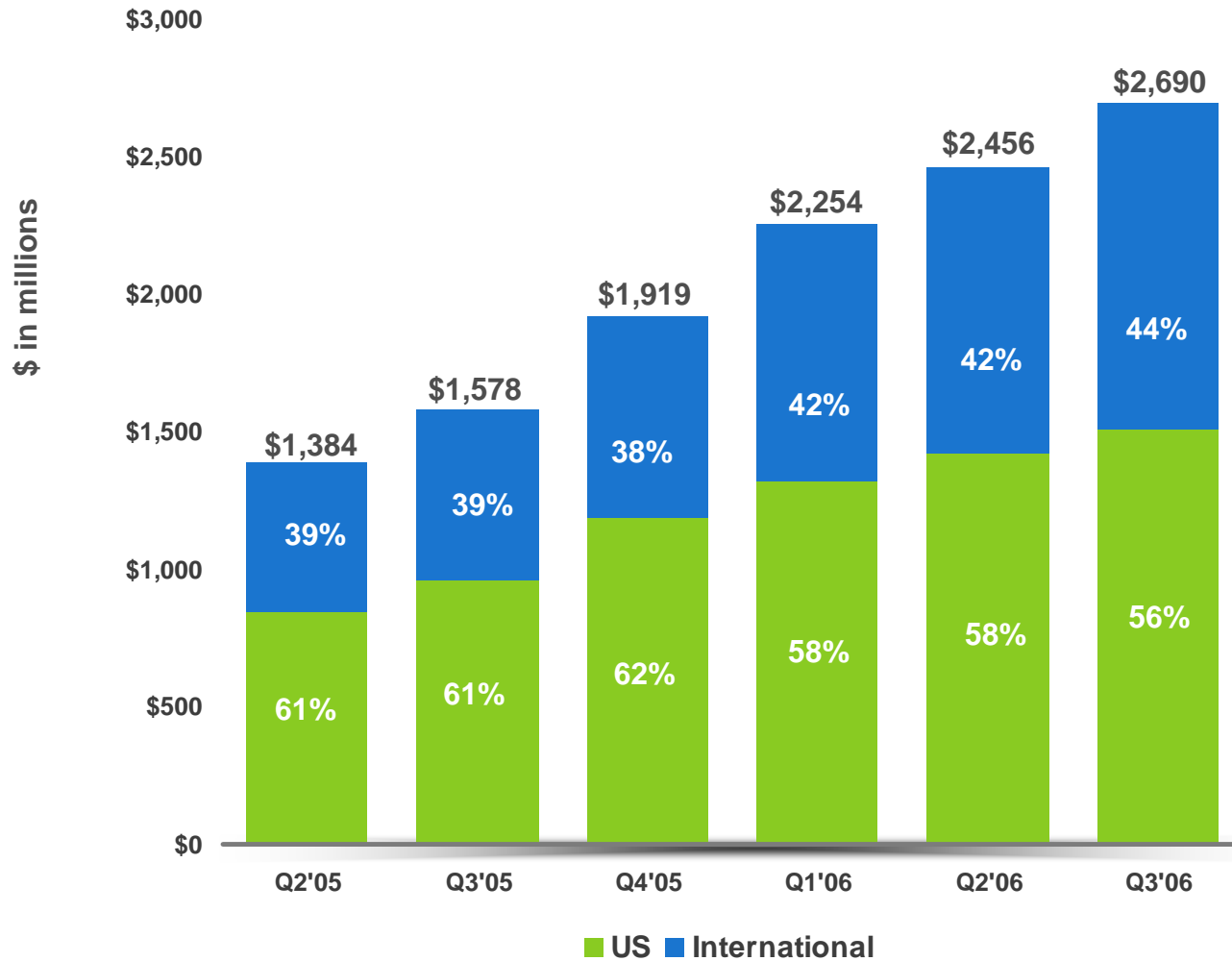
- Revenue growth of 70% Y/Y and 10% Q/Q in seasonally slow Q3
  - Monetization was the primary driver of revenue growth; traffic gains also contributed meaningfully
  - Strong growth across our diverse advertiser base
  - Continued international expansion
- Record levels of operating income and net income
- Continued innovation – more simple yet powerful products for users
- Multi-year partnerships with Fox Interactive Media (MySpace), eBay, and Intuit
- Agreement to acquire YouTube for \$1.65B in stock (October)

# Quarterly Revenue



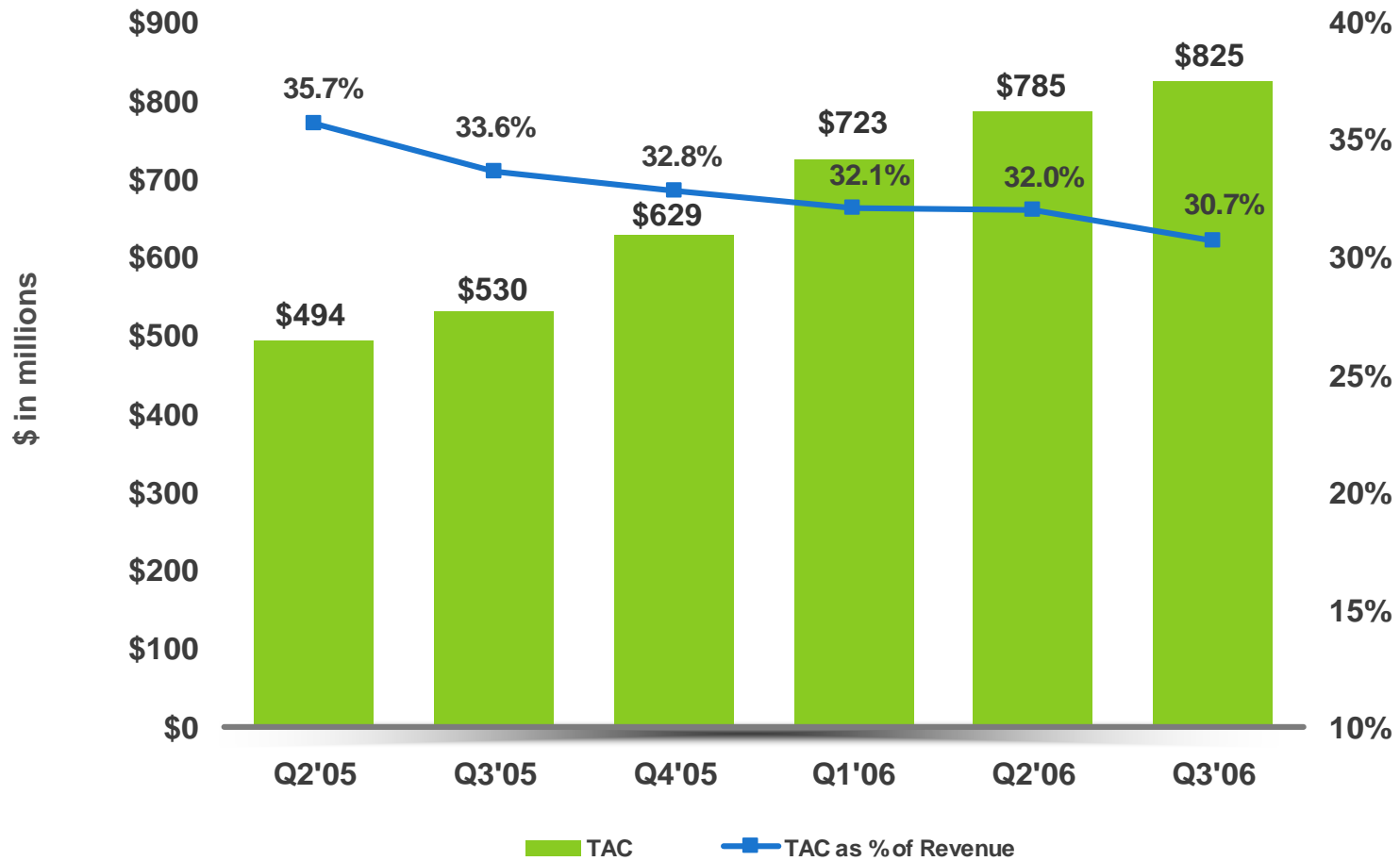
# U.S. vs. International Revenue

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# Traffic Acquisition Costs

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# Costs and Expenses

| GAAP<br>\$Millions                  | Q3'05     | Q2'06     | Q3'06     | Q3'06 |       |
|-------------------------------------|-----------|-----------|-----------|-------|-------|
|                                     |           |           |           | Q/Q   | Y/Y   |
| <b>Costs of Revenues</b>            | \$655.1   | \$989.0   | \$1,048.7 | 6.0%  | 60.1% |
| <i>Percent of revenues</i>          | 41.5%     | 40.3%     | 39.0%     |       |       |
| <b>Research &amp; Development*</b>  | \$177.8   | \$282.6   | \$312.6   | 10.6% | 75.8% |
| <i>Percent of revenues</i>          | 11.3%     | 11.5%     | 11.6%     |       |       |
| <b>Sales &amp; Marketing</b>        | \$111.5   | \$196.4   | \$207.0   | 5.4%  | 85.7% |
| <i>Percent of revenues</i>          | 7.1%      | 8.0%      | 7.7%      |       |       |
| <b>General &amp; Administrative</b> | \$104.9   | \$172.6   | \$190.0   | 10.1% | 81.1% |
| <i>Percent of revenues</i>          | 6.6%      | 7.0%      | 7.1%      |       |       |
| <b>Total Costs &amp; Expenses</b>   | \$1,049.3 | \$1,640.6 | \$1,758.3 | 7.2%  | 67.6% |
| <i>Percent of revenues</i>          | 66.5%     | 66.8%     | 65.4%     |       |       |

| Non-GAAP<br>\$Millions              | Q3'05   | Q2'06     | Q3'06     | Q3'06 |       |
|-------------------------------------|---------|-----------|-----------|-------|-------|
|                                     |         |           |           | Q/Q   | Y/Y   |
| <b>Costs of Revenues</b>            | \$653.8 | \$986.7   | \$1,046.6 | 6.1%  | 60.1% |
| <i>Percent of revenues</i>          | 41.4%   | 40.2%     | 38.9%     |       |       |
| <b>Research &amp; Development</b>   | \$130.9 | \$212.0   | \$250.9   | 18.3% | 91.7% |
| <i>Percent of revenues</i>          | 8.3%    | 8.6%      | 9.3%      |       |       |
| <b>Sales &amp; Marketing</b>        | \$105.0 | \$182.1   | \$192.3   | 5.6%  | 83.1% |
| <i>Percent of revenues</i>          | 6.7%    | 7.4%      | 7.1%      |       |       |
| <b>General &amp; Administrative</b> | \$92.5  | \$150.6   | \$168.7   | 12.0% | 82.4% |
| <i>Percent of revenues</i>          | 5.9%    | 6.1%      | 6.3%      |       |       |
| <b>Total Costs &amp; Expenses</b>   | \$982.2 | \$1,531.4 | \$1,658.5 | 8.3%  | 68.9% |
| <i>Percent of revenues</i>          | 62.3%   | 62.3%     | 61.6%     |       |       |

\* Q305 includes \$20.8M of in-process R&D

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

# Profitability

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| <b>GAAP</b><br><b>\$Millions</b> | <b>Q3'05</b> | <b>Q2'06</b> | <b>Q3'06</b> |
|----------------------------------|--------------|--------------|--------------|
| <b>Income from Operations</b>    | \$529.2      | \$815.4      | \$931.3      |
| <i>Operating Margin</i>          | 33.5%        | 33.2%        | 34.6%        |
| <b>Net Income</b>                | \$381.2      | \$721.1      | \$733.4      |
| <i>Net Margin</i>                | 24.1%        | 29.4%        | 27.3%        |
| <b>EPS (diluted)</b>             | \$1.32       | \$2.33       | \$2.36       |

| <b>Non-GAAP</b><br><b>\$Millions</b> | <b>Q3'05</b> | <b>Q2'06</b> | <b>Q3'06</b> |
|--------------------------------------|--------------|--------------|--------------|
| <b>Income from Operations</b>        | \$596.3      | \$924.5      | \$1,031.2    |
| <i>Operating Margin</i>              | 37.8%        | 37.6%        | 38.3%        |
| <b>Net Income</b>                    | \$437.2      | \$772.1      | \$812.3      |
| <i>Net Margin</i>                    | 27.7%        | 31.4%        | 30.2%        |
| <b>EPS (diluted)</b>                 | \$1.51       | \$2.49       | \$2.62       |

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

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| \$Millions                                       | Q3'05   | Q2'06   | Q3'06     | Q3'06   |       |
|--|---------|---------|-----------|---------|-------|
|  |         |         |           | Q/Q     | Y/Y   |
| <b>Net cash provided by operating activities</b> | \$646.7 | \$840.6 | \$1,004.3 | 19.5%   | 55.3% |
| <b>Less purchases of property and equipment</b>  | \$292.5 | \$699.0 | \$492.2   | (29.6)% | 68.3% |
| <b>Free cash flow (Non-GAAP)</b>                 | \$354.2 | \$141.6 | \$512.1   | 261.7%  | 44.6% |

# YouTube Agreement

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- YouTube is one of the largest and fastest growing online video entertainment communities on the Internet
- Google and YouTube share the vision of enabling anyone to upload, watch and share original videos worldwide, and the dedication to innovate with video to offer compelling services for our users and for content owners
- YouTube to remain independent following close
  - Company to remain in San Bruno, CA
  - Transaction expected to close in Q4

# Summary

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- Strong results are a direct result of Google's diversity across geographic regions, industry verticals, and advertiser/partner segments (small, medium, large).
- Google continues to focus on innovation and on the user experience.
- We continue to invest in our technology, infrastructure and people to maintain our market leadership and improve our competitive positioning.
- Partnerships remain a key strategic initiative – Fox Interactive, eBay, Intuit – more to come.

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

| \$Millions                                    | Q3'05      | As a % of Revenues (1) | Q2'06      | As a % of Revenues (1) | Q3'06      | As a % of Revenues (1) | Q3'06 Q/Q | Q3'06 Y/Y |
|---|------------|------------------------|------------|------------------------|------------|------------------------|-----------|-----------|
| <b>Cost of Revenues (GAAP)</b>                | \$ 655.1   | 41.5%                  | \$ 989.0   | 40.3%                  | \$ 1,048.7 | 39.0%                  | 6.0%      | 60.1%     |
| Less: Stock-based compensation                | (1.3)      | -                      | (2.3)      | -                      | (2.1)      | -                      | -         | -         |
| <b>Cost of Revenues (non-GAAP)</b>            | \$ 653.8   | 41.4%                  | \$ 986.7   | 40.2%                  | \$ 1,046.6 | 38.9%                  | 6.1%      | 60.1%     |
| <b>Research and development (GAAP)</b>        | \$ 177.8   | 11.3%                  | \$ 282.6   | 11.5%                  | \$ 312.6   | 11.6%                  | 10.6%     | 75.8%     |
| Less: Stock-based compensation                | (26.1)     | -                      | (70.6)     | -                      | (61.7)     | -                      | -         | -         |
| Less: In-process research and development (2) | (20.8)     | -                      | -          | -                      | -          | -                      | -         | -         |
| <b>Research and development (non-GAAP)</b>    | \$ 130.9   | 8.3%                   | \$ 212.0   | 8.6%                   | \$ 250.9   | 9.3%                   | 18.3%     | 91.7%     |
| <b>Sales and marketing (GAAP)</b>             | \$ 111.5   | 7.1%                   | \$ 196.4   | 8.0%                   | \$ 207.0   | 7.7%                   | 5.4%      | 85.7%     |
| Less: Stock-based compensation                | (6.5)      | -                      | (14.3)     | -                      | (14.7)     | -                      | -         | -         |
| <b>Sales and marketing (non-GAAP)</b>         | \$ 105.0   | 6.7%                   | \$ 182.1   | 7.4%                   | \$ 192.3   | 7.1%                   | 5.6%      | 83.1%     |
| <b>General and administrative (GAAP)</b>      | \$ 104.9   | 6.6%                   | \$ 172.6   | 7.0%                   | \$ 190.0   | 7.1%                   | 10.1%     | 81.1%     |
| Less: Stock-based compensation                | (12.4)     | -                      | (22.0)     | -                      | (21.3)     | -                      | -         | -         |
| <b>General and administrative (non-GAAP)</b>  | \$ 92.5    | 5.9%                   | \$ 150.6   | 6.1%                   | \$ 168.7   | 6.3%                   | 12.0%     | 82.4%     |
| <b>Total costs and expenses (GAAP)</b>        | \$ 1,049.3 | 66.5%                  | \$ 1,640.6 | 66.8%                  | \$ 1,758.3 | 65.4%                  | 7.2%      | 67.6%     |
| Less: Stock-based compensation                | (46.3)     | -                      | (109.2)    | -                      | (99.8)     | -                      | -         | -         |
| Less: In-process research and development (2) | (20.8)     | -                      | -          | -                      | -          | -                      | -         | -         |
| <b>Total costs and expenses (non-GAAP)</b>    | \$ 982.2   | 62.3%                  | \$ 1,531.4 | 62.3%                  | \$ 1,658.5 | 61.6%                  | 8.3%      | 68.9%     |

(1) Percentages based on GAAP Revenues of \$1,578 million in Q3 '05, \$2,456 million in Q2 '06 and \$2,690 million in Q3 '06

(2) In-process research and development relates to an acquisition

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

| \$Millions except per share amounts                                       | Q3'05    | As a % of Revenues (1) | Q2'06    | As a % of Revenues (1) | Q3'06      | As a % of Revenues (1) |
|---|----------|------------------------|----------|------------------------|------------|------------------------|
| <b>Income from operations (GAAP)</b>                                      | \$ 529.2 | 33.5%                  | \$ 815.4 | 33.2%                  | \$ 931.3   | 34.6%                  |
| Add: Stock-based compensation   | 46.3     | -                      | 109.1    | -                      | 99.9       | -                      |
| Add: In-process research and development (2)                              | 20.8     | -                      | -        | -                      | -          | -                      |
| <b>Income from operations (non-GAAP)</b>                                  | \$ 596.3 | 37.8%                  | \$ 924.5 | 37.6%                  | \$ 1,031.2 | 38.3%                  |
| <b>Net income (GAAP)</b>  | \$ 381.2 | 24.1%                  | \$ 721.1 | 29.4%                  | \$ 733.4   | 27.3%                  |
| Add: Stock-based compensation (net of tax)                                | 35.2     | -                      | 83.3     | -                      | 78.9       | -                      |
| Add: In-process research and development (net of tax)                     | 20.8     | -                      | -        | -                      | -          | -                      |
| Less: One-time gain from the sale of our investment in Baidu (net of tax) | -        | -                      | (32.3)   | -                      | -          | -                      |
| <b>Net income (non-GAAP)</b>  | \$ 437.2 | 27.7%                  | \$ 772.1 | 31.4%                  | \$ 812.3   | 30.2%                  |
| <b>Net income per share - diluted (GAAP)</b>                              | \$1.32   |                        | \$2.33   |                        | \$2.36     |                        |
| <b>Net income per share - diluted (non-GAAP)</b>                          | \$1.51   |                        | \$2.49   |                        | \$2.62     |                        |
| Shares used in per share calculation - diluted                            | 290      |                        | 310      |                        | 311        |                        |

(1) Percentages based on GAAP revenues of \$1,578 million in Q3 '05, \$2,456 million in Q2 '06 and \$2,690 million in Q3 '06

(2) In-process research and development relates to an acquisition



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