

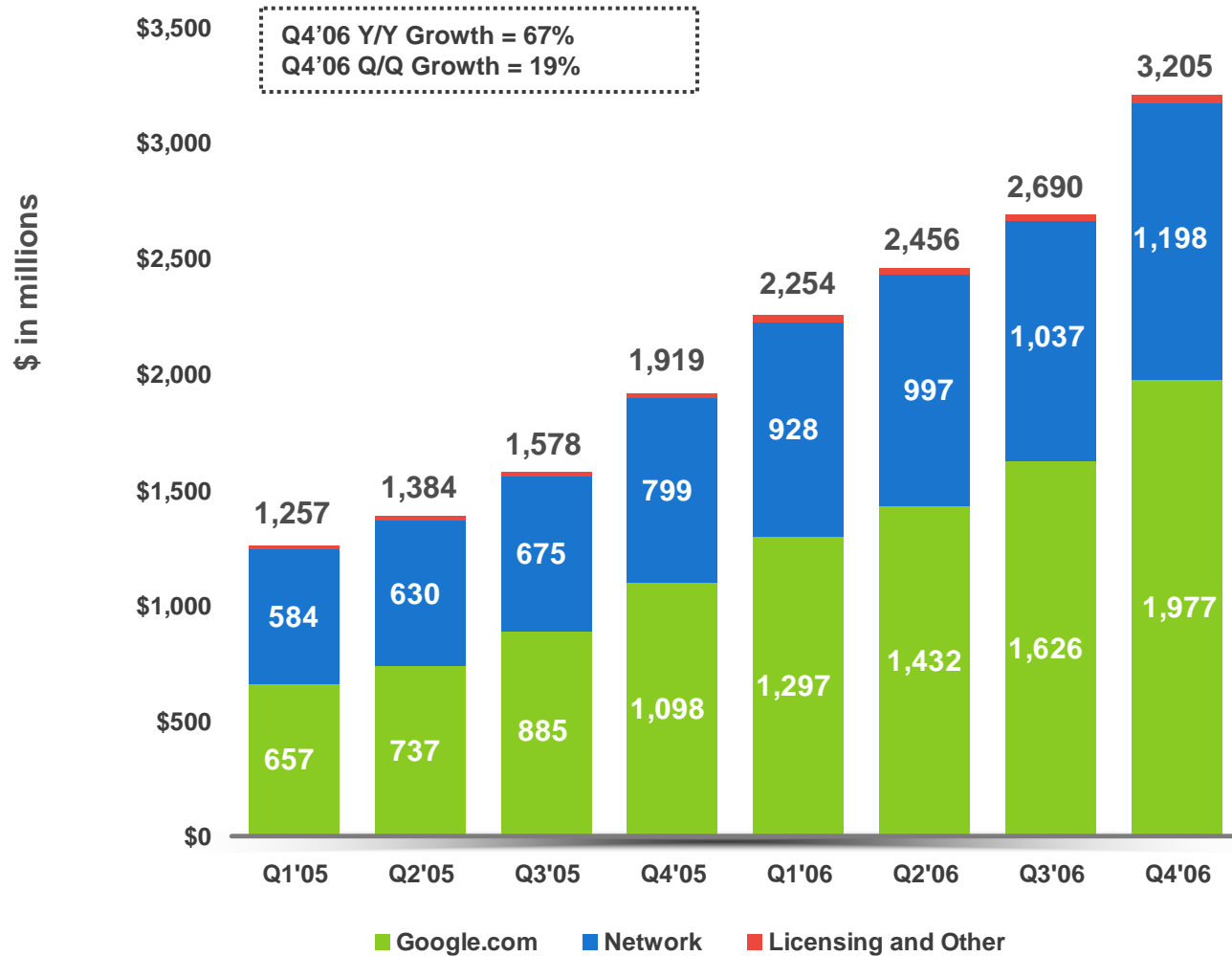
Google™

**Q4 2006 Earnings
Conference Call**

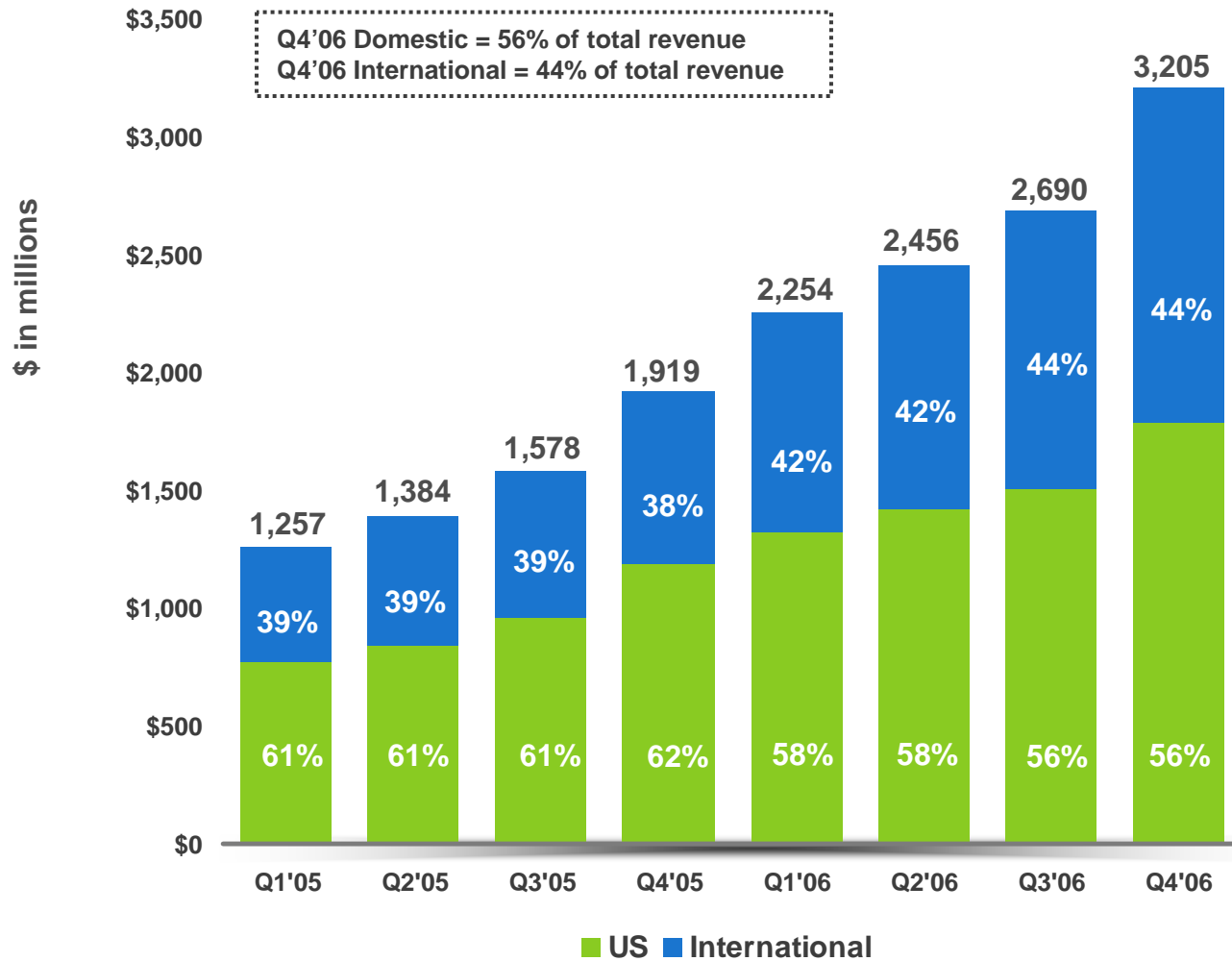
Fourth Quarter 2006 Highlights

- Revenue growth of 67% Y/Y and 19% Q/Q
 - Strong holiday season led to healthy traffic growth
 - International revenues grew 20% sequentially; particular strength in Germany and France
 - UK (15% of total revenue) demonstrated typical seasonal patterns, including relative softness in the travel and finance verticals
- Checkout acceptance and adoption exceeded expectations
- Signed key mobile partnerships – Apple, Samsung, China Mobile
- Closed acquisition of YouTube
- Continued to invest in employees and infrastructure

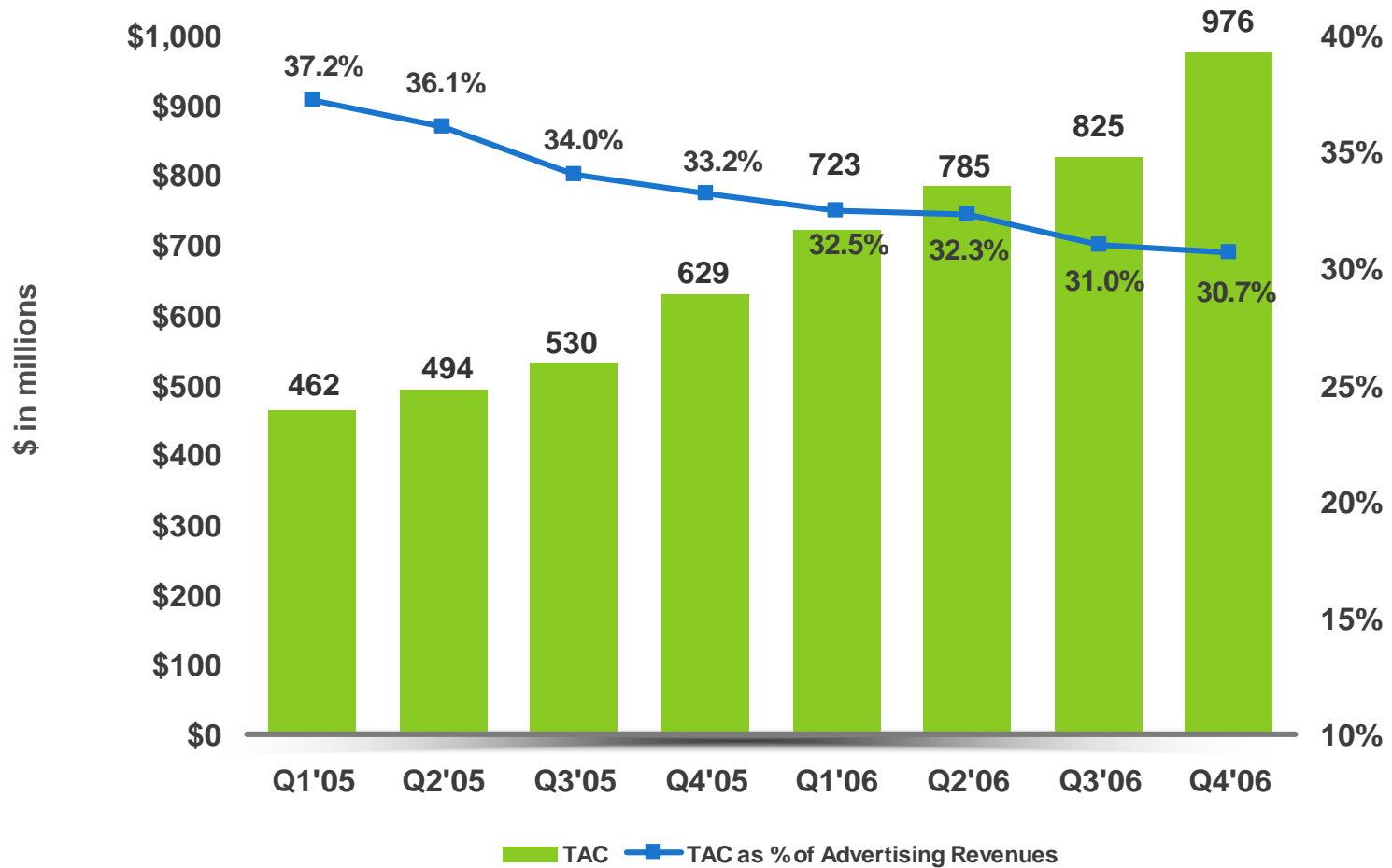
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q4'05	Q3'06	Q4'06
Costs of Revenues	\$777.0	\$1,048.7	\$1,283.1
<i>Percent of revenues</i>	40.5%	39.0%	40.0%
Research & Development	\$189.9	\$312.6	\$386.8
<i>Percent of revenues</i>	9.9%	11.6%	12.1%
Sales & Marketing	\$162.6	\$207.0	\$255.2
<i>Percent of revenues</i>	8.5%	7.7%	8.0%
General & Administrative*	\$219.9	\$190.0	\$219.8
<i>Percent of revenues</i>	11.5%	7.1%	6.9%
Total Costs & Expenses	\$1,349.4	\$1,758.3	\$2,144.9
<i>Percent of revenues</i>	70.4%	65.4%	67.0%

Non-GAAP			
\$Millions	Q4'05	Q3'06	Q4'06
Costs of Revenues	\$775.3	\$1,046.6	\$1,272.2
<i>Percent of revenues</i>	40.4%	38.9%	39.7%
Research & Development	\$157.1	\$250.9	\$304.7
<i>Percent of revenues</i>	8.2%	9.3%	9.5%
Sales & Marketing	\$154.7	\$192.3	\$240.7
<i>Percent of revenues</i>	8.1%	7.1%	7.5%
General & Administrative	\$114.1	\$168.7	\$192.9
<i>Percent of revenues</i>	5.9%	6.3%	6.0%
Total Costs & Expenses	\$1,201.2	\$1,658.5	\$2,010.5
<i>Percent of revenues</i>	62.6%	61.6%	62.7%

* Q405 includes \$90M contribution to Google Foundation

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

Profitability

GAAP			
\$Millions	Q4'05	Q3'06	Q4'06
Income from Operations	\$569.6	\$931.3	\$1,060.6
<i>Operating Margin</i>	29.7%	34.6%	33.1%
Net Income	\$372.2	\$733.4	\$1,030.7
EPS (diluted)	\$1.22	\$2.36	\$3.29

Non-GAAP			
\$Millions	Q4'05	Q3'06	Q4'06
Income from Operations	\$717.8	\$1,031.2	\$1,195.0
<i>Operating Margin</i>	37.4%	38.3%	37.3%
Net Income	\$469.5	\$812.3	\$997.3
EPS (diluted)	\$1.54	\$2.62	\$3.18

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	Q4'05	Q3'06	Q4'06
Net cash provided by operating activities	\$658.4	\$1,004.3	\$910.8
Less purchases of property and equipment	\$245.8	\$492.2	\$366.6
Free cash flow (Non-GAAP)	\$412.6	\$512.1	\$544.2

Summary

- Google's continued excellence and market leadership in core search and ads drove strong results in Q4
- We continue to invest in our international operations, which represented an increasing portion of total revenues on a year-over-year basis
- Partnerships remain a key strategic initiative
- Innovation for the user and strengthening the Google ecosystem are overriding goals
- Investments in infrastructure and people are a competitive advantage and key factor in our success; we continue to invest aggressively for the long term

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

\$Millions	As a % of		As a % of		As a % of	
	Q4'05	Revenues (1)	Q3'06	Revenues (1)	Q4'06	Revenues (1)
Cost of Revenues (GAAP)	\$ 777.0	40.5%	\$ 1,048.7	39.0%	\$ 1,283.1	40.0%
Less: Stock-based compensation	(1.7)	-	(2.1)	-	(10.9)	-
Cost of Revenues (non-GAAP)	\$ 775.3	40.4%	\$ 1,046.6	38.9%	\$ 1,272.2	39.7%
Research and development (GAAP)	\$ 189.9	9.9%	\$ 312.6	11.6%	\$ 386.8	12.1%
Less: Stock-based compensation	(32.8)	-	(61.7)	-	(82.1)	-
Research and development (non-GAAP)	\$ 157.1	8.2%	\$ 250.9	9.3%	\$ 304.7	9.5%
Sales and marketing (GAAP)	\$ 162.6	8.5%	\$ 207.0	7.7%	\$ 255.2	8.0%
Less: Stock-based compensation	(7.9)	-	(14.7)	-	(14.5)	-
Sales and marketing (non-GAAP)	\$ 154.7	8.1%	\$ 192.3	7.1%	\$ 240.7	7.5%
General and administrative (GAAP)	\$ 219.9	11.5%	\$ 190.0	7.1%	\$ 219.8	6.9%
Less: Google Foundation Contribution	(90.0)	-	-	-	-	-
Less: Stock-based compensation	(15.8)	-	(21.3)	-	(26.9)	-
General and administrative (non-GAAP)	\$ 114.1	5.9%	\$ 168.7	6.3%	\$ 192.9	6.0%
Total costs and expenses (GAAP)	\$ 1,349.4	70.4%	\$ 1,758.3	65.4%	\$ 2,144.9	67.0%
Less: Google Foundation Contribution	(90.0)	-	-	-	-	-
Less: Stock-based compensation	(58.2)	-	(99.8)	-	(134.4)	-
Total costs and expenses (non-GAAP)	\$ 1,201.2	62.6%	\$ 1,658.5	61.6%	\$ 2,010.5	62.7%

(1) Percentages based on GAAP revenues of \$1,919 million in Q4 '05, \$2,690 million in Q3 '06 and \$3,205 million in Q4 '06

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

\$Millions except per share amounts	Q4'05	As a % of Revenues (1)	Q3'06	As a % of Revenues (1)	Q4'06	As a % of Revenues (1)
Income from operations (GAAP)	\$ 569.6	29.7%	\$ 931.3	34.6%	\$ 1,060.6	33.1%
Add: Stock-based compensation	58.2	-	99.9	-	134.4	-
Add: Google Foundation contribution	90.0	-	-	-	-	-
Income from operations (non-GAAP)	\$ 717.8	37.4%	\$ 1,031.2	38.3%	\$ 1,195.0	37.3%
Net income (GAAP)	\$ 372.2	19.4%	\$ 733.4	27.3%	\$ 1,030.7	32.2%
Add: Stock-based compensation (net of tax)	44.3	-	78.9	-	99.8	-
Add: Google Foundation contribution (net of tax)	53.0	-	-	-	-	-
Less: Advanced Pricing Agreement and R&D credit	-	-	-	-	(133.2)	-
Net income (non-GAAP)	\$ 469.5	24.5%	\$ 812.3	30.2%	\$ 997.3	31.1%
Net income per share - diluted (GAAP)	\$1.22		\$2.36		\$3.29	
Net income per share - diluted (non-GAAP)	\$1.54		\$2.62		\$3.18	
Shares used in per share calculation - diluted	304		311		313	

(1) Percentages based on GAAP revenues of \$1,919 million in Q4 '05, \$2,690 million in Q3 '06 and \$3,205 million in Q4 '06

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