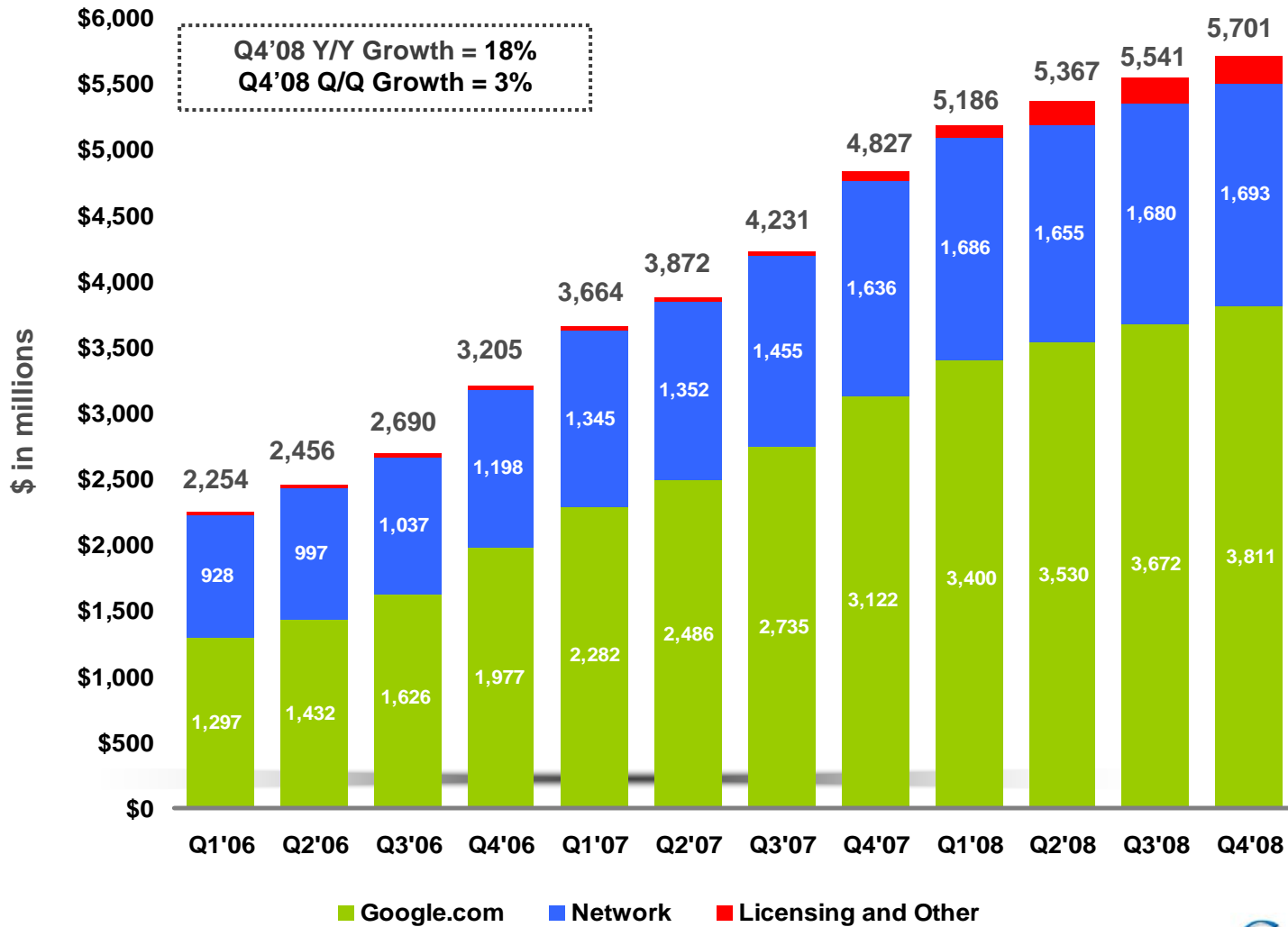


Q4 2008
Quarterly Earnings
Summary

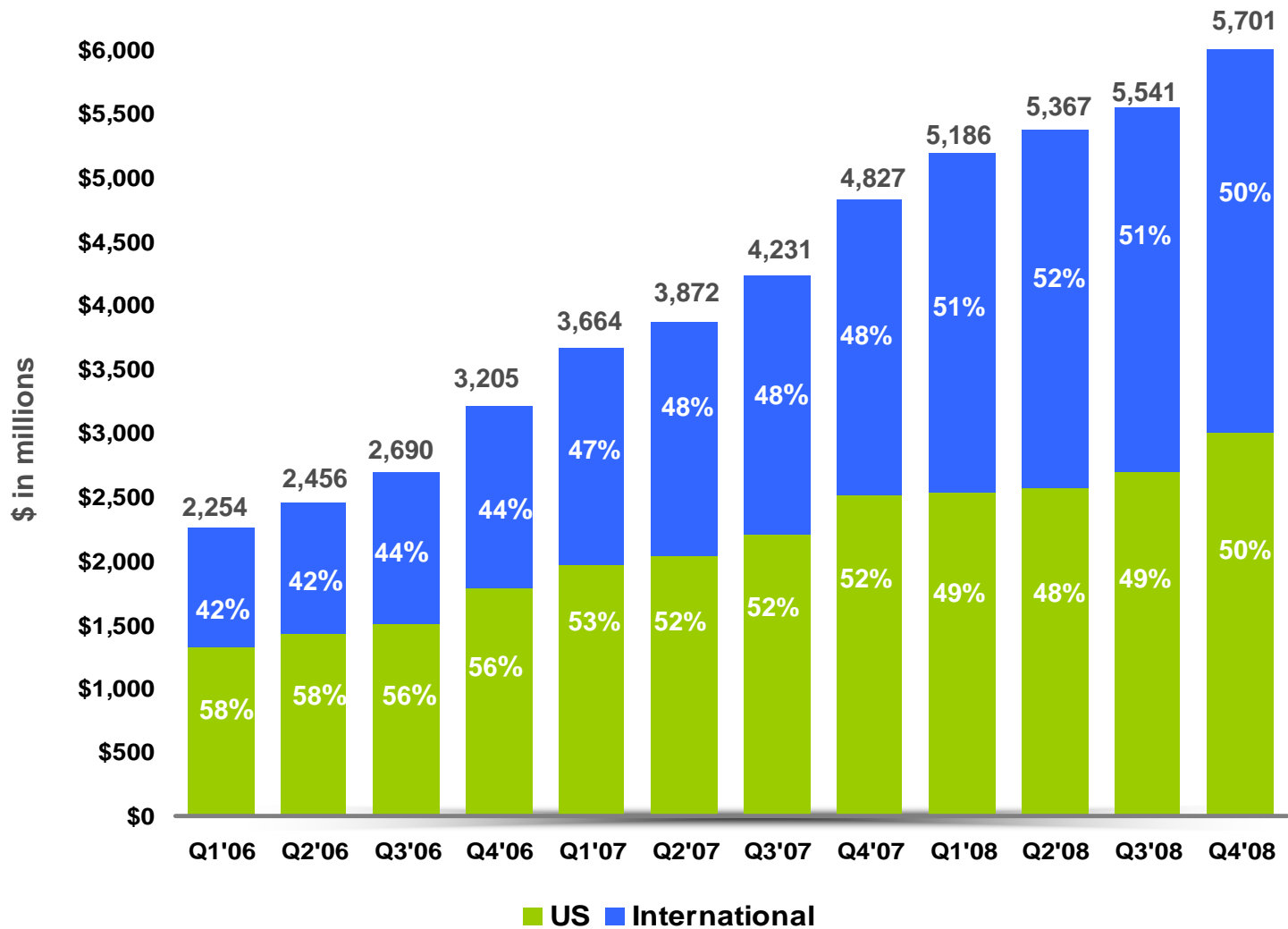
Fourth Quarter 2008 Highlights

- Revenue growth of 18% Y/Y and 3% Q/Q
 - Google properties revenue growth of 22% Y/Y and 4% Q/Q
 - Network revenues increased 4% Y/Y and 1% Q/Q
 - International revenue was \$2.9 billion
- Operational Highlights
 - Traffic and revenue solid in Q4 despite difficult economic environment
 - Key investments continue in our core search and ads businesses
 - Increasing prioritization of our newer investments:
 - Display, Mobile and Enterprise
- Maintaining a clear focus on operational efficiency and cost containment, better positioning Google for long-term growth

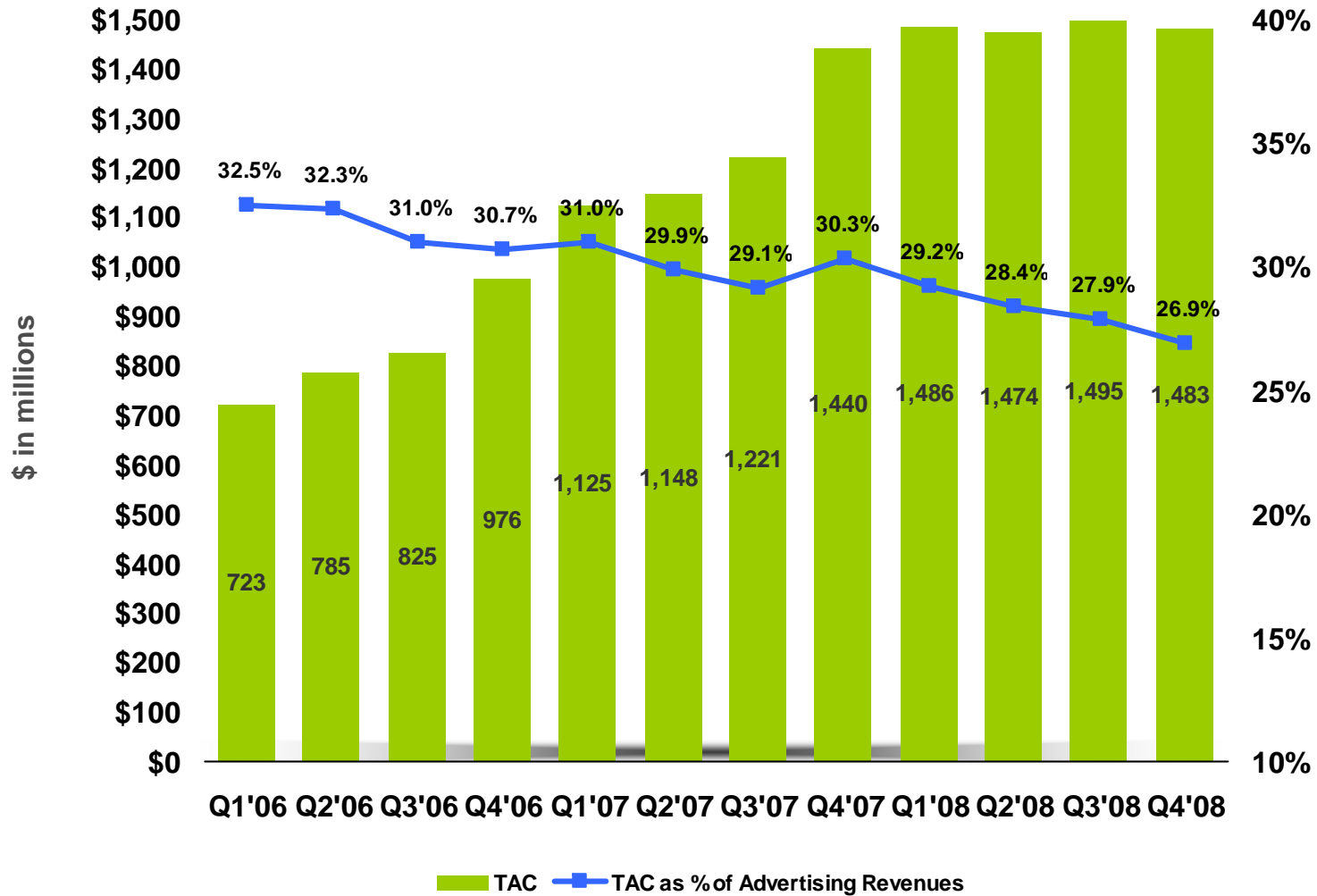
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q4'07	Q3'08	Q4'08
Cost of Revenues	\$1,956	\$2,173	\$2,190
<i>Percent of revenues</i>	41%	39%	38%
Research & Development	\$631	\$705	\$733
<i>Percent of revenues</i>	13%	13%	13%
Sales & Marketing	\$422	\$509	\$506
<i>Percent of revenues</i>	9%	9%	9%
General & Administrative	\$377	\$507	\$412
<i>Percent of revenues</i>	8%	9%	7%
Total Costs & Expenses	\$3,386	\$3,894	\$3,841
<i>Percent of revenues</i>	71%	70%	67%

Non-GAAP			
\$Millions	Q4'07	Q3'08	Q4'08
Cost of Revenues	\$1,950	\$2,162	\$2,178
<i>Percent of revenues</i>	40%	39%	38%
Research & Development	\$470	\$536	\$551
<i>Percent of revenues</i>	10%	10%	10%
Sales & Marketing	\$384	\$445	\$450
<i>Percent of revenues</i>	8%	8%	8%
General & Administrative	\$337	\$376	\$376
<i>Percent of revenues</i>	7%	7%	6%
Total Costs & Expenses	\$3,141	\$3,519	\$3,555
<i>Percent of revenues</i>	65%	64%	62%

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

Profitability

GAAP \$Millions	Q4'07	Q3'08	Q4'08
Income from Operations	\$ 1,441	\$ 1,648	\$ 1,860
<i>Operating Margin</i>	30%	30%	33%
Net Income	\$ 1,206	\$ 1,290	\$ 382
EPS (diluted)	\$ 3.79	\$ 4.06	\$ 1.21

Non-GAAP \$Millions	Q4'07	Q3'08	Q4'08
Income from Operations	\$ 1,686	\$ 2,023	\$ 2,146
<i>Operating Margin</i>	35%	37%	38%
Net Income	\$ 1,409	\$ 1,563	\$ 1,616
EPS (diluted)	\$ 4.43	\$ 4.92	\$ 5.10

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	Q4'07	Q3'08	Q4'08
Net cash provided by operating activities	\$1,693	\$2,185	\$2,122
Less purchases of property and equipment	(\$678)	(\$452)	(\$368)
Free cash flow (Non-GAAP)	\$1,015	\$1,733	\$1,754

Google Exchange Offer

- Offers employees the ability to participate in a voluntary one-for-one stock option exchange
- Designed to increase retention
- The number of Google shares subject to outstanding options will not change as a result of the exchange offer
- Total options expected to be exchanged represents less than 3% of total shares currently outstanding
- New options are subject to an increased vesting schedule which adds 12 months to the original vesting schedule
- In addition, new options will vest no sooner than 6 months after the close of the offer period
- We expect to take a modification charge estimated to be \$460 million over the vesting periods of the new options. These vesting periods range from six months to approximately five years. This modification charge will be recorded as additional stock based compensation beginning in the first quarter of 2009
- This estimate assumes an exchange price of approximately \$300 and that all eligible underwater options will be exchanged under the program. As a result, it is subject to change.

The option exchange described in this slide has not launched. When the option exchange begins, Google will provide employees with written materials explaining the terms and timing. Eligible optionholders should read these materials carefully when they become available because they will contain important information about the option exchange. When the offer period begins, Google will file these materials with the Securities and Exchange Commission (SEC) as part of a tender offer statement. You will be able to obtain these written materials and other documents filed by Google with the SEC free of charge from the SEC's website at www.sec.gov.



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

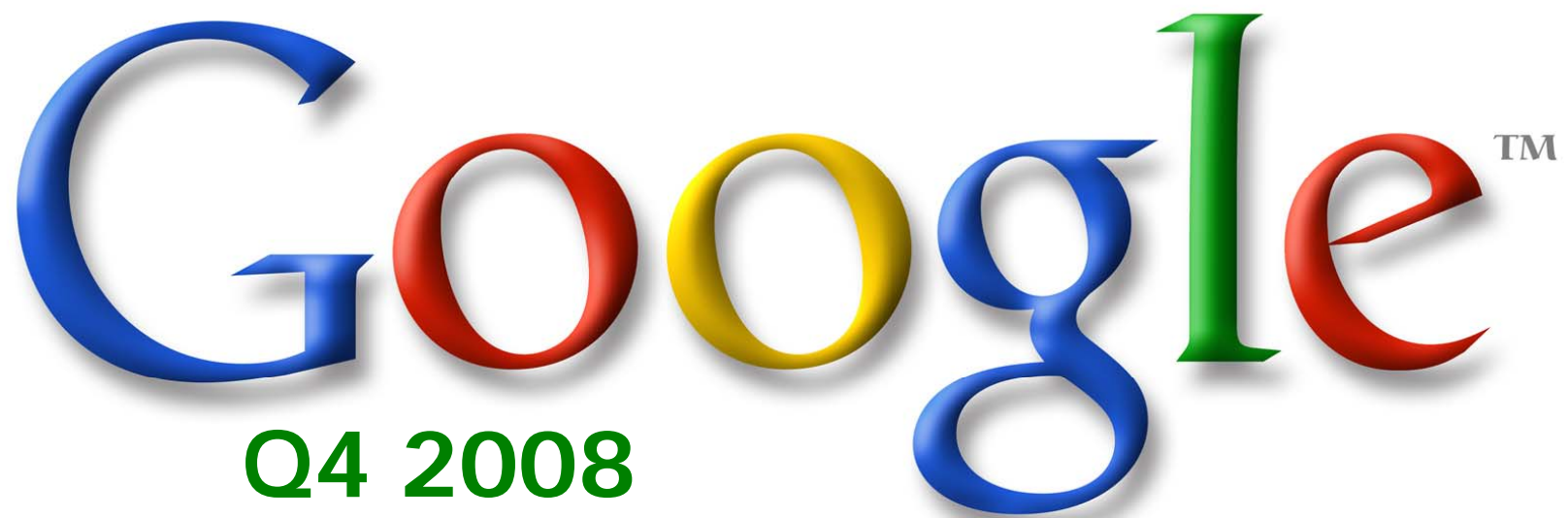
\$Millions	As a % of		As a % of		As a % of	
	Q4'07	Revenues (1)	Q3'08	Revenues (1)	Q4'08	Revenues (1)
Cost of Revenues (GAAP)	\$ 1,956	41%	\$ 2,173	39%	\$ 2,190	38%
Less: Stock-based compensation	(6)		(11)		(12)	
Cost of Revenues (non-GAAP)	\$ 1,950	40%	\$ 2,162	39%	\$ 2,178	38%
Research and development (GAAP)	\$ 631	13%	\$ 705	13%	\$ 733	13%
Less: Stock-based compensation	(161)		(169)		(182)	
Research and development (non-GAAP)	\$ 470	10%	\$ 536	10%	\$ 551	10%
Sales and marketing (GAAP)	\$ 422	9%	\$ 509	9%	\$ 506	9%
Less: Stock-based compensation	(38)		(64)		(56)	
Sales and marketing (non-GAAP)	\$ 384	8%	\$ 445	8%	\$ 450	8%
General and administrative (GAAP)	\$ 377	8%	\$ 507	9%	\$ 412	7%
Less: Stock-based compensation	(40)		(36)		(36)	
Less: Settlement agreement with the Authors Guild and the Association of American Publishers ("AAP")	-		(95)		-	
General and administrative (non-GAAP)	\$ 337	7%	\$ 376	7%	\$ 376	6%
Total costs and expenses (GAAP)	\$ 3,386	71%	\$ 3,894	70%	\$ 3,841	67%
Less: Stock-based compensation and settlement agreement with the Authors Guild and the AAP	(245)		(375)		(286)	
Total costs and expenses (non-GAAP)	\$ 3,141	65%	\$ 3,519	64%	\$ 3,555	62%

(1) Percentages based on GAAP revenues of \$4,827 million in Q4'07, \$5,541 million in Q3 '08 and \$5,701 million in Q4 '08.

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

Figures in millions except per share amounts	Q4'07	Operating Margin (1)	Q3'08	Operating Margin (1)	Q4'08	Operating Margin (1)
Income from operations (GAAP)	\$ 1,441	30%	\$ 1,648	30%	\$ 1,860	33%
Add: Stock-based compensation	245		280		286	
Add: Settlement agreement with the Authors Guild and the AAP	-		95		-	
Income from operations (non-GAAP)	\$ 1,686	35%	\$ 2,023	37%	\$ 2,146	38%
Net income (GAAP)	\$ 1,206		\$ 1,290		\$ 382	
Add: Stock-based compensation (net of tax)	203		217		221	
Add: Settlement agreement with the Authors Guild and the AAP (net of tax)	-		56		-	
Add: Impairment charges related to certain equity investments (net of tax)	-		-		1,013	
Net income (non-GAAP)	\$ 1,409		\$ 1,563		\$ 1,616	
Net income per share - diluted (GAAP)	\$ 3.79		\$ 4.06		\$ 1.21	
Net income per share - diluted (non-GAAP)	\$ 4.43		\$ 4.92		\$ 5.10	
Shares used in per share calculation - diluted	318		318		317	

(1) Percentages based on GAAP revenues of \$4,827 million in Q4'07, \$5,541 million in Q3 '08 and \$5,701 million in Q4 '08.



Q4 2008
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