

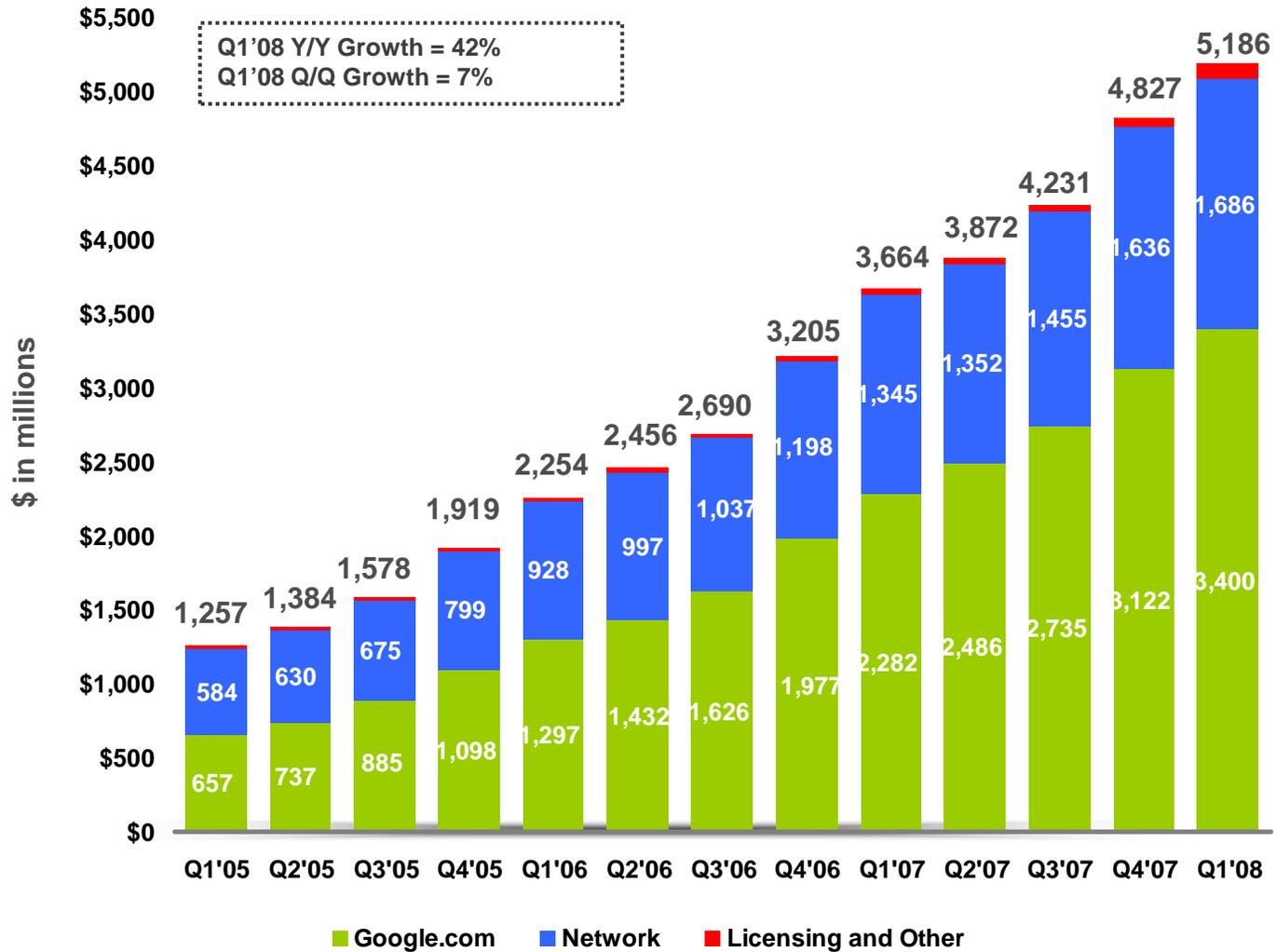
**Q1 2008**  
**Quarterly Earnings**  
**Summary**

# First Quarter 2008 Highlights

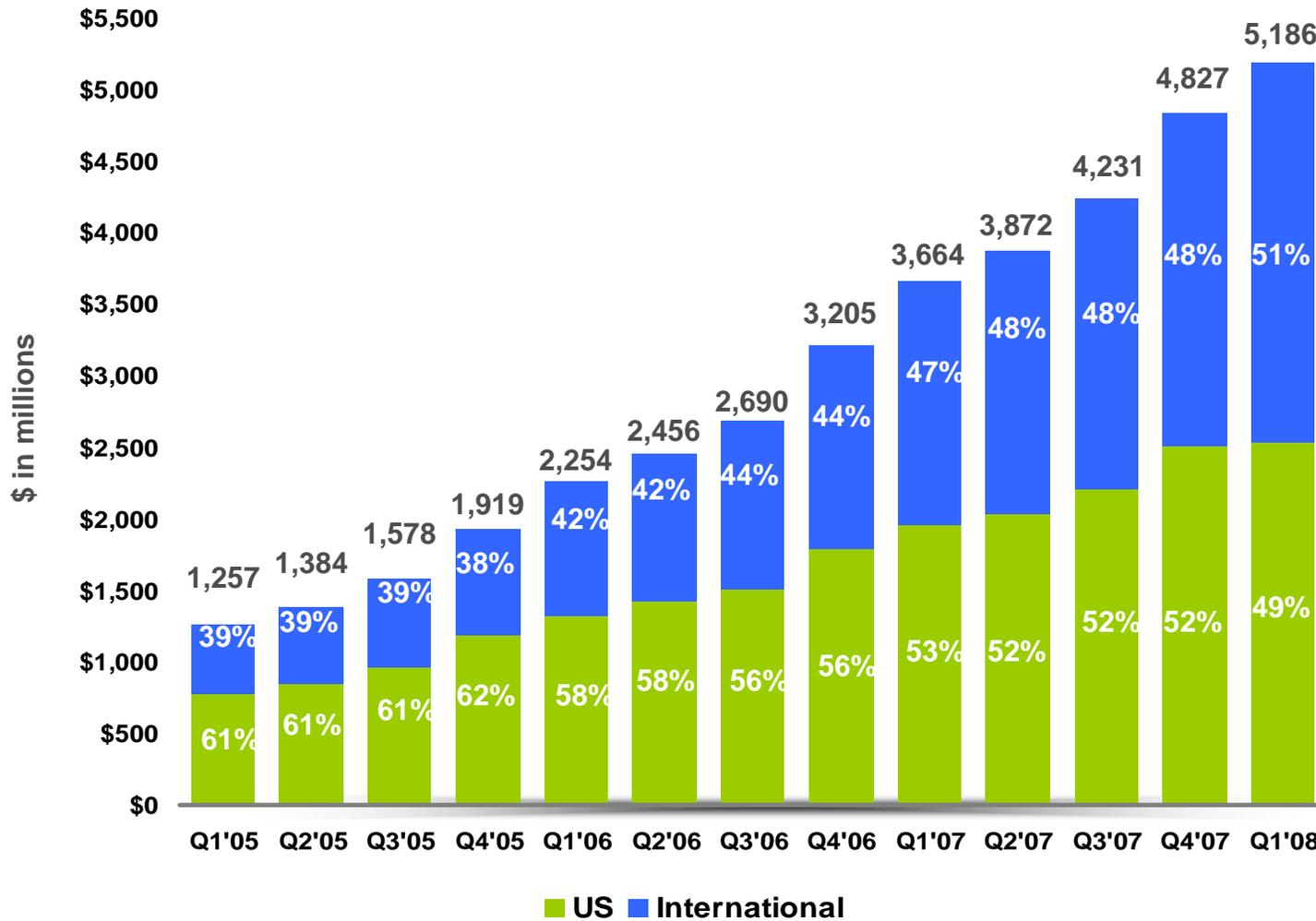
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- Revenue growth of 42% Y/Y and 7% Q/Q
  - Google properties revenue growth of 49% Y/Y and 9% Q/Q
  - Network revenues increased 25% Y/Y and 3% Q/Q
  - Growth in international markets continued to be strong, with \$2.7 billion in Q1 international revenue
- Operational Highlights
  - Improvements in search quality remain key focus
  - Continued ads quality initiatives to show users better, more relevant ads
  - Increasing value for advertisers and publishers with broader and deeper solutions
    - Acquisition of DoubleClick gives Google the leading display ad platform
  - Strong Apps traction and addition of functionality to Google Apps suite of products
- Exercising operational discipline while investing in long-term opportunities

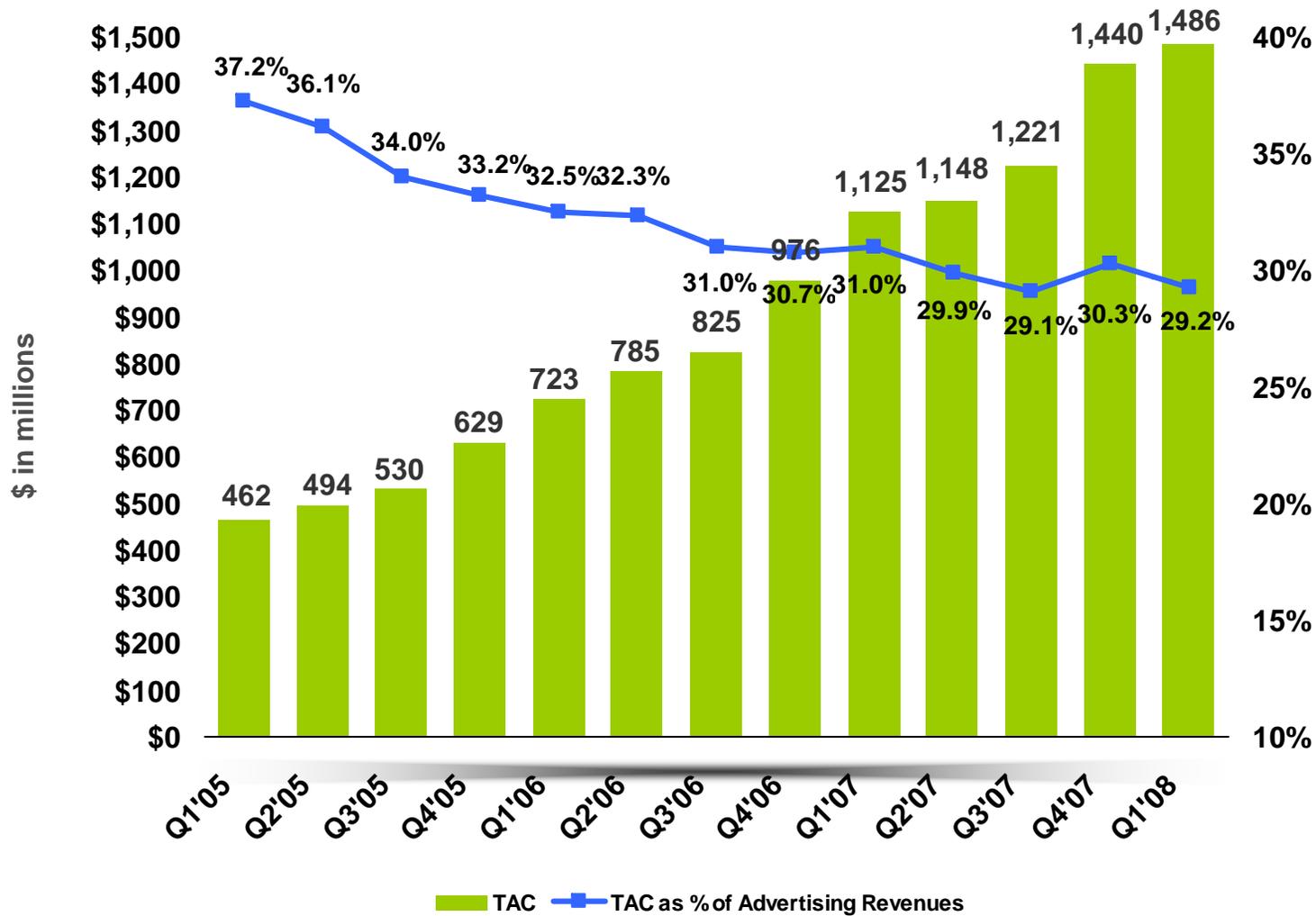
# Quarterly Revenue



# U.S. vs. International Revenue



# Traffic Acquisition Costs



# Costs and Expenses

<b>GAAP</b>			
<b>\$Millions</b>	<b>Q1'07</b>	<b>Q4'07</b>	<b>Q1'08</b>
<b>Cost of Revenues</b>	\$1,470	\$1,956	\$2,111
<i>Percent of revenues</i>	40%	41%	41%
<b>Research &amp; Development</b>	\$408	\$631	\$673
<i>Percent of revenues</i>	11%	13%	13%
<b>Sales &amp; Marketing</b>	\$303	\$422	\$447
<i>Percent of revenues</i>	7%	9%	9%
<b>General &amp; Administrative</b>	\$261	\$377	\$409
<i>Percent of revenues</i>	7%	8%	7%
<b>Total Costs &amp; Expenses</b>	\$2,443	\$3,386	\$3,640
<i>Percent of revenues</i>	67%	71%	70%

<b>Non-GAAP</b>			
<b>\$Millions</b>	<b>Q1'07</b>	<b>Q4'07</b>	<b>Q1'08</b>
<b>Cost of Revenues</b>	\$1,466	\$1,950	\$2,102
<i>Percent of revenues</i>	40%	40%	41%
<b>Research &amp; Development</b>	\$288	\$470	\$479
<i>Percent of revenues</i>	8%	10%	9%
<b>Sales &amp; Marketing</b>	\$275	\$384	\$404
<i>Percent of revenues</i>	8%	8%	8%
<b>General &amp; Administrative</b>	\$230	\$337	\$374
<i>Percent of revenues</i>	6%	7%	7%
<b>Total Costs &amp; Expenses</b>	\$2,259	\$3,141	\$3,359
<i>Percent of revenues</i>	62%	65%	65%

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> <b>\$Millions</b>	<b>Q1'07</b>	<b>Q4'07</b>	<b>Q1'08</b>
<b>Income from Operations</b>	\$1,221	\$1,441	\$1,546
<i>Operating Margin</i>	33%	30%	30%
<b>Net Income</b>	\$1,002	\$1,206	\$1,307
<b>EPS (diluted)</b>	\$3.18	\$3.79	\$4.12

<b>Non-GAAP</b> <b>\$Millions</b>	<b>Q1'07</b>	<b>Q4'07</b>	<b>Q1'08</b>
<b>Income from Operations</b>	\$1,405	\$1,686	\$1,827
<i>Operating Margin</i>	38%	35%	35%
<b>Net Income</b>	\$1,159	\$1,409	\$1,537
<b>EPS (diluted)</b>	\$3.68	\$4.43	\$4.84

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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<b>\$Millions</b>	<b>Q1'07</b>	<b>Q4'07</b>	<b>Q1'08</b>
<b>Net cash provided by operating activities</b>	\$1,220	\$1,693	\$1,780
<b>Less purchases of property and equipment</b>	(\$597)	(\$678)	(\$842)
<b>Free cash flow (Non-GAAP)</b>	\$623	\$1,015	\$938

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

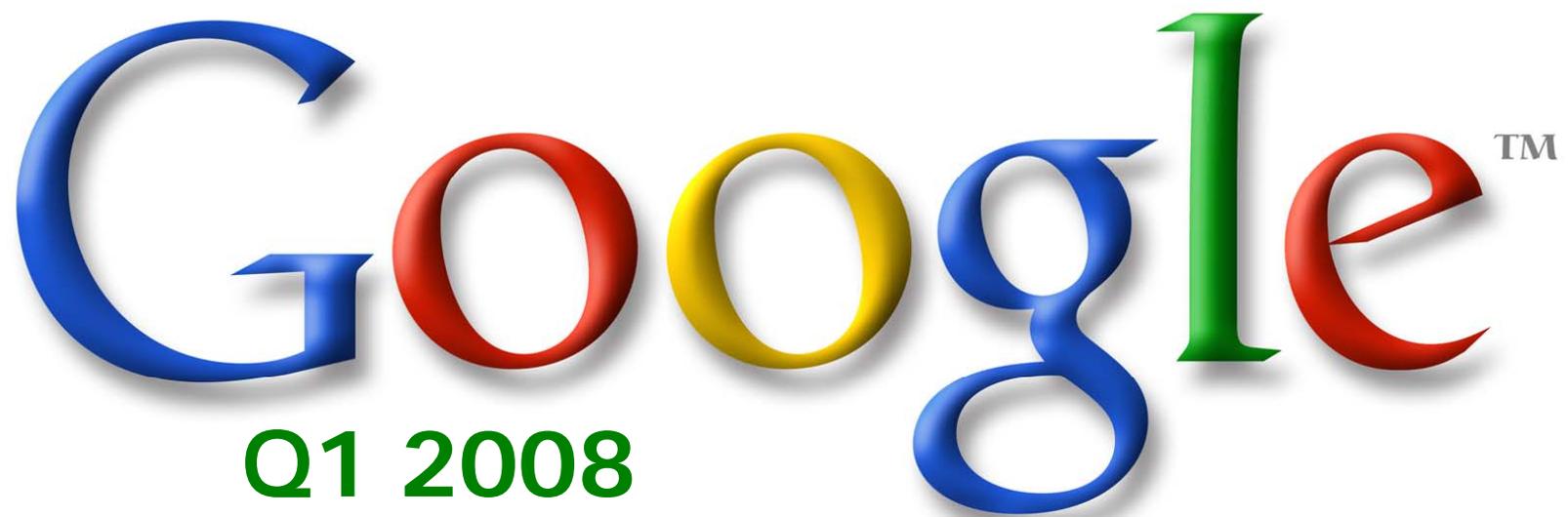
\$Millions	As a % of		As a % of		As a % of	
	Q1'07	Revenues (1)	Q4'07	Revenues (1)	Q1'08	Revenues (1)
<b>Cost of Revenues (GAAP)</b>	\$ 1,470	40%	\$ 1,956	41%	\$ 2,111	41%
Less: Stock-based compensation	(4)		(6)		(9)	
<b>Cost of Revenues (non-GAAP)</b>	\$ 1,466	40%	\$ 1,950	40%	\$ 2,102	41%
<b>Research and development (GAAP)</b>	\$ 408	11%	\$ 631	13%	\$ 673	13%
Less: Stock-based compensation	(121)		(161)		(194)	
<b>Research and development (non-GAAP)</b>	\$ 288	8%	\$ 470	10%	\$ 479	9%
<b>Sales and marketing (GAAP)</b>	\$ 303	8%	\$ 422	9%	\$ 447	9%
Less: Stock-based compensation	(27)		(38)		(43)	
<b>Sales and marketing (non-GAAP)</b>	\$ 275	8%	\$ 384	8%	\$ 404	8%
<b>General and administrative (GAAP)</b>	\$ 261	7%	\$ 377	8%	\$ 409	7%
Less: Stock-based compensation	(31)		(40)		(35)	
<b>General and administrative (non-GAAP)</b>	\$ 230	6%	\$ 337	7%	\$ 374	7%
<b>Total costs and expenses (GAAP)</b>	\$ 2,443	67%	\$ 3,386	71%	\$ 3,640	70%
Less: Stock-based compensation	(184)		(245)		(281)	
<b>Total costs and expenses (non-GAAP)</b>	\$ 2,259	62%	\$ 3,141	65%	\$ 3,359	65%

(1) Percentages based on GAAP revenues of \$3,664 million in Q1 '07, \$4,827 million in Q4 '07 and \$5,186 million in Q1 '08.

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

Figures in millions except per share amounts	Q1'07	Operating Margin (1)	Q4'07	Operating Margin (1)	Q1'08	Operating Margin (1)
<b>Income from operations (GAAP)</b>	\$ 1,221	33%	\$ 1,441	30%	\$ 1,546	30%
Add: Stock-based compensation	184		245		281	
<b>Income from operations (non-GAAP)</b>	\$ 1,405	38%	\$ 1,686	35%	\$ 1,827	35%
<b>Net income (GAAP)</b>	\$ 1,002		\$ 1,206		\$ 1,307	
Add: Stock-based compensation (net of tax)	157		203		230	
<b>Net income (non-GAAP)</b>	\$ 1,159		\$ 1,409		\$ 1,537	
<b>Net income per share - diluted (GAAP)</b>	\$3.18		\$3.79		\$4.12	
<b>Net income per share - diluted (non-GAAP)</b>	\$3.68		\$4.43		\$4.84	
Shares used in per share calculation - diluted	315		318		317	

(1) Percentages based on GAAP revenues of \$3,664 million in Q1 '07, \$4,827 million in Q4 '07 and \$5,186 million in Q1 '08.



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