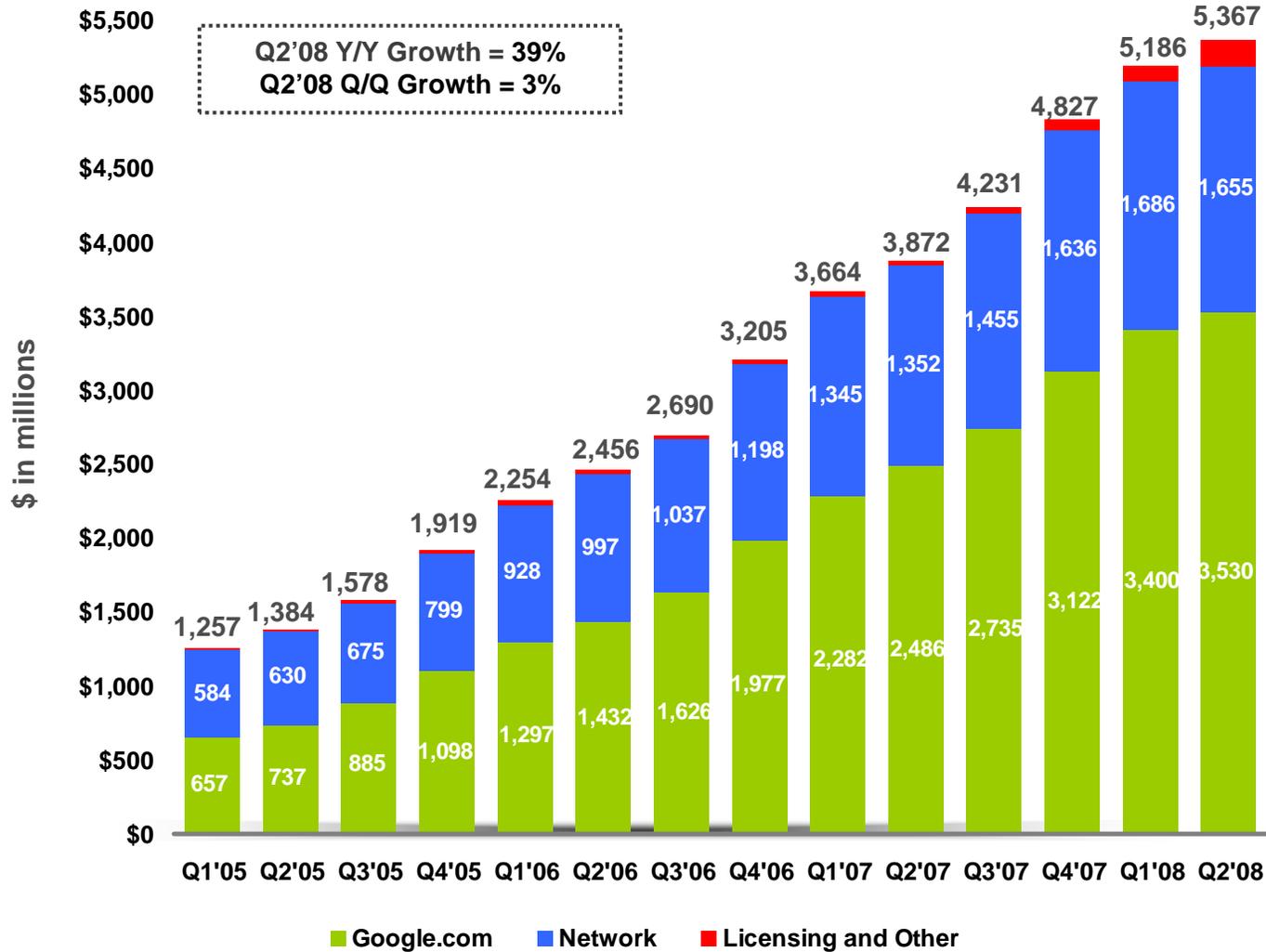


Q2 2008
Quarterly Earnings
Summary

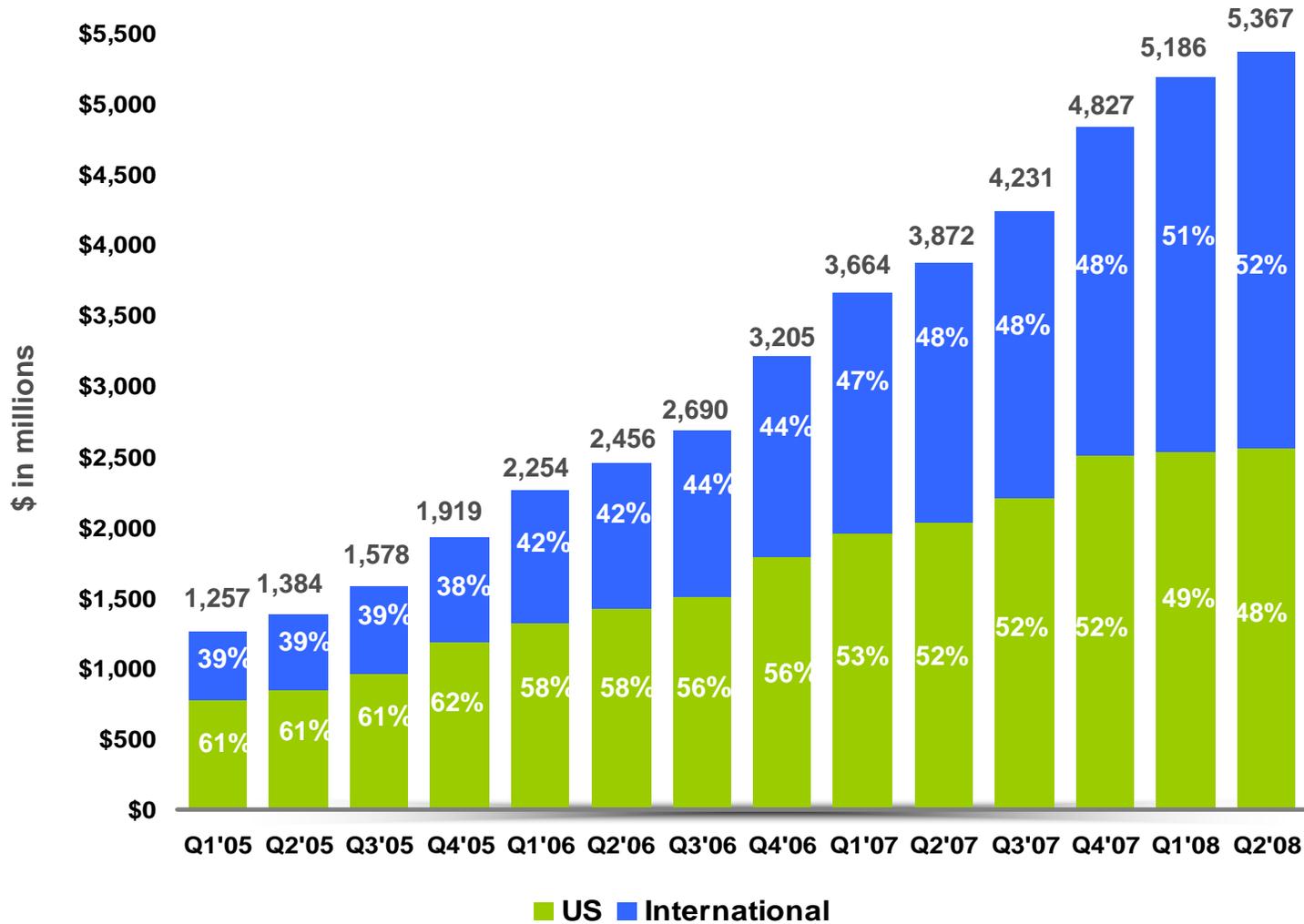
Second Quarter 2008 Highlights

- Revenue growth of 39% Y/Y and 3% Q/Q
 - Google properties revenue growth of 42% Y/Y and 4% Q/Q
 - Network revenues increased 22% Y/Y and decreased 2% Q/Q
 - Growth in international markets continued to be strong, with \$2.8 billion in Q2 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

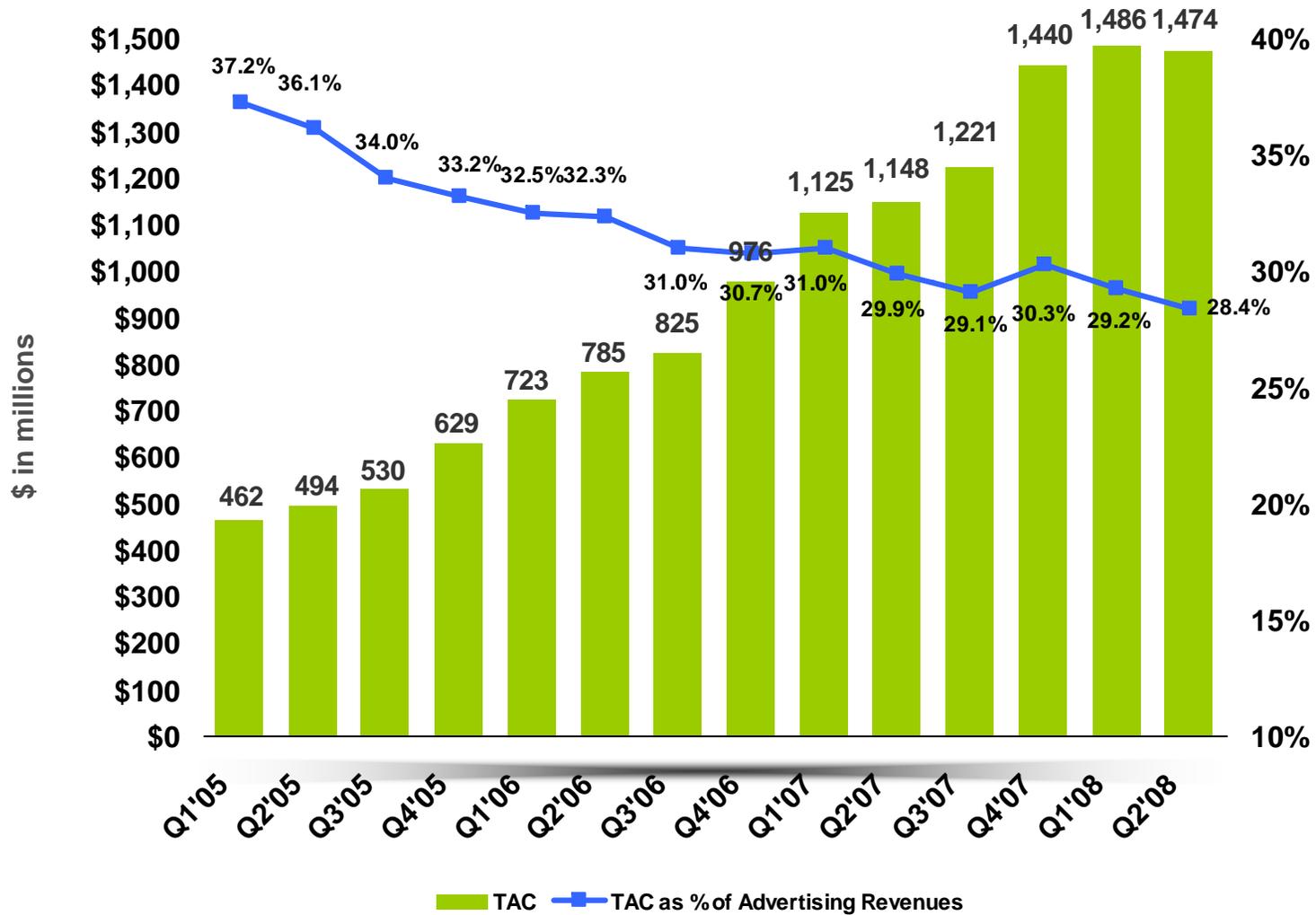
Quarterly Revenue



U.S. vs. International Revenue



Traffic Acquisition Costs



Costs and Expenses

GAAP			
\$Millions	Q2'07	Q1'08	Q2'08
Cost of Revenues	\$1,560	\$2,111	\$2,148
<i>Percent of revenues</i>	40%	41%	40%
Research & Development	\$532	\$673	\$682
<i>Percent of revenues</i>	14%	13%	13%
Sales & Marketing	\$356	\$447	\$485
<i>Percent of revenues</i>	9%	9%	9%
General & Administrative	\$319	\$409	\$474
<i>Percent of revenues</i>	8%	7%	9%
Total Costs & Expenses	\$2,767	\$3,640	\$3,789
<i>Percent of revenues</i>	71%	70%	71%

Non-GAAP			
\$Millions	Q2'07	Q1'08	Q2'08
Cost of Revenues	\$1,552	\$2,102	\$2,139
<i>Percent of revenues</i>	40%	41%	40%
Research & Development	\$375	\$479	\$495
<i>Percent of revenues</i>	10%	9%	10%
Sales & Marketing	\$320	\$404	\$442
<i>Percent of revenues</i>	8%	8%	8%
General & Administrative	\$279	\$374	\$440
<i>Percent of revenues</i>	7%	7%	8%
Total Costs & Expenses	\$2,526	\$3,359	\$3,516
<i>Percent of revenues</i>	65%	65%	66%

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

Profitability

GAAP				
\$Millions		Q2'07	Q1'08	Q2'08
Income from Operations	\$	1,105	\$ 1,546	\$ 1,578
<i>Operating Margin</i>		29%	30%	29%
Net Income	\$	925	\$ 1,307	\$ 1,247
EPS (diluted)		\$2.93	\$4.12	\$3.92

Non-GAAP				
\$Millions		Q2'07	Q1'08	Q2'08
Income from Operations	\$	1,346	\$ 1,827	\$ 1,851
<i>Operating Margin</i>		35%	35%	34%
Net Income	\$	1,124	\$ 1,537	\$ 1,472
EPS (diluted)	\$	3.56	\$ 4.84	\$ 4.63

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	Q2'07	Q1'08	Q2'08
Net cash provided by operating activities	\$1,230	\$1,780	\$1,766
Less purchases of property and equipment	(\$575)	(\$842)	(\$697)
Free cash flow (Non-GAAP)	\$655	\$938	\$1,069

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

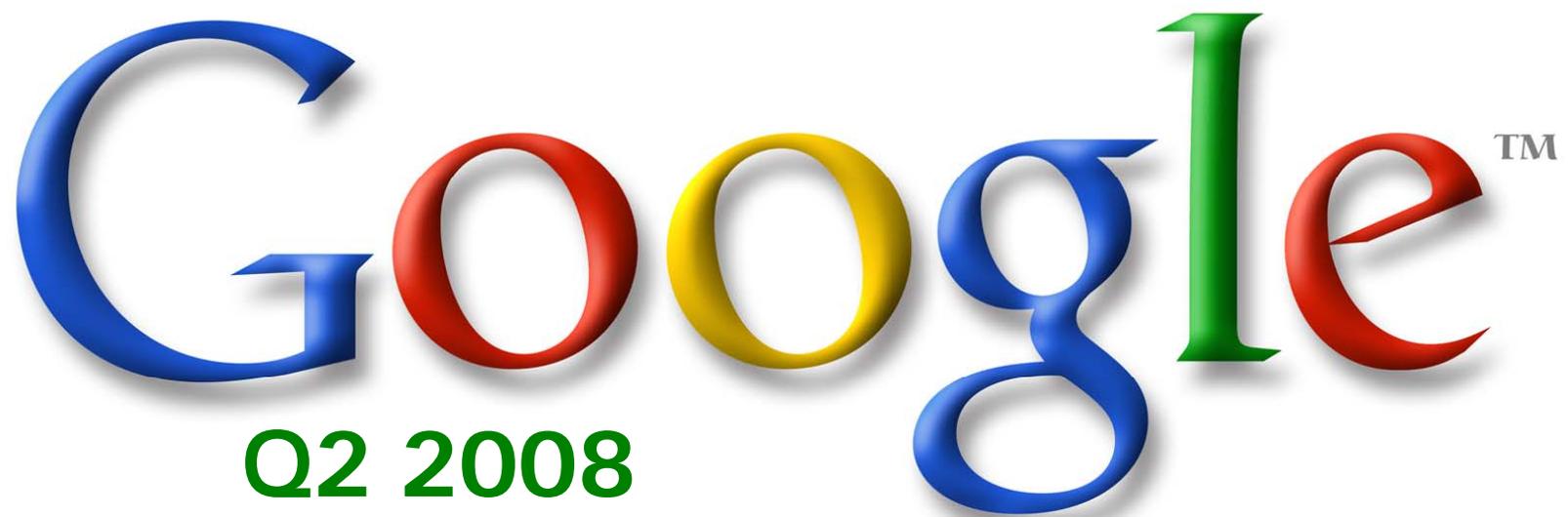
\$Millions	As a % of		As a % of		As a % of	
	Q2'07	Revenues (1)	Q1'08	Revenues (1)	Q2'08	Revenues (1)
Cost of Revenues (GAAP)	\$ 1,560	40%	\$ 2,111	41%	\$ 2,148	40%
Less: Stock-based compensation	(8)		(9)		(9)	
Cost of Revenues (non-GAAP)	\$ 1,552	40%	\$ 2,102	41%	\$ 2,139	40%
Research and development (GAAP)	\$ 532	14%	\$ 673	13%	\$ 682	13%
Less: Stock-based compensation	(157)		(194)		(187)	
Research and development (non-GAAP)	\$ 375	10%	\$ 479	9%	\$ 495	10%
	-					
Sales and marketing (GAAP)	\$ 356	9%	\$ 447	9%	\$ 485	9%
Less: Stock-based compensation	(36)		(43)		(43)	
Sales and marketing (non-GAAP)	\$ 320	8%	\$ 404	8%	\$ 442	8%
General and administrative (GAAP)	\$ 319	8%	\$ 409	7%	\$ 474	9%
Less: Stock-based compensation	(40)		(35)		(34)	
General and administrative (non-GAAP)	\$ 279	7%	\$ 374	7%	\$ 440	8%
Total costs and expenses (GAAP)	\$ 2,767	71%	\$ 3,640	70%	\$ 3,789	71%
Less: Stock-based compensation	(241)		(281)		(273)	
Total costs and expenses (non-GAAP)	\$ 2,526	65%	\$ 3,359	65%	\$ 3,516	66%

(1) Percentages based on GAAP revenues of \$3,872 million in Q2 '07, \$5,186 million in Q1 '08 and \$5,367 million in Q2 '08.

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

Figures in millions except per share amounts	Q2'07	Operating Margin (1)	Q1'08	Operating Margin (1)	Q2'08	Operating Margin (1)
Income from operations (GAAP)	\$ 1,105	29%	\$ 1,546	30%	\$ 1,578	29%
Add: Stock-based compensation	241		281		273	
Income from operations (non-GAAP)	\$ 1,346	35%	\$ 1,827	35%	\$ 1,851	34%
Net income (GAAP)	\$ 925		\$ 1,307		\$ 1,247	
Add: Stock-based compensation (net of tax)	199		230		225	
Net income (non-GAAP)	\$ 1,124		\$ 1,537		\$ 1,472	
Net income per share - diluted (GAAP)	\$2.93		\$4.12		\$3.92	
Net income per share - diluted (non-GAAP)	\$3.56		\$4.84		\$4.63	
Shares used in per share calculation - diluted	315		317		318	

(1) Percentages based on GAAP revenues of \$3,872 million in Q2 '07, \$5,186 million in Q1 '08 and \$5,367 million in Q2 '08.



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