

GOOGLE ANNOUNCES THIRD QUARTER 2008 RESULTS

MOUNTAIN VIEW, Calif. – October 16, 2008 - Google Inc. (NASDAQ: GOOG) today announced financial results for the quarter ended September 30, 2008.

“We had a good third quarter with strong traffic and revenue growth across all of our major geographies thanks to the underlying strength of our core search and ads business. The measurability and ROI of search-based advertising remain key assets for Google,” said Eric Schmidt, CEO of Google. “While we are realistic about the poor state of the global economy, we will continue to manage Google for the long term, driving improvements to search and ads, while also investing in future growth areas such as enterprise, mobile, and display.”

Q3 Financial Summary

Google reported revenues of \$5.54 billion for the quarter ended September 30, 2008, an increase of 31% compared to the third quarter of 2007 and an increase of 3% compared to the second quarter of 2008. Google reports its revenues, consistent with GAAP, on a gross basis without deducting traffic acquisition costs (TAC). In the third quarter of 2008, TAC totaled \$1.50 billion, or 28% of advertising revenues.

Google reports operating income, net income, and earnings per share (EPS) on a GAAP and non-GAAP basis. The non-GAAP measures, as well as free cash flow, an alternative non-GAAP measure of liquidity, are described below and are reconciled to the corresponding GAAP measures in the accompanying financial tables.

- GAAP operating income for the third quarter of 2008 was \$1.74 billion, or 31% of revenues. This compares to GAAP operating income of \$1.58 billion, or 29% of revenues, in the second quarter of 2008. Non-GAAP operating income in the third quarter of 2008 was \$2.02 billion, or 37% of revenues. This compares to non-GAAP operating income of \$1.85 billion, or 34% of revenues, in the second quarter of 2008.
- GAAP net income for the third quarter of 2008 was \$1.35 billion as compared to \$1.25 billion in the second quarter of 2008. Non-GAAP net income in the third quarter of 2008 was \$1.56 billion, compared to \$1.47 billion in the second quarter of 2008.
- GAAP EPS for the third quarter of 2008 was \$4.24 on 318 million diluted shares outstanding, compared to \$3.92 for the second quarter of 2008 on 318 million diluted shares outstanding. Non-GAAP EPS in the third quarter of 2008 was \$4.92, compared to \$4.63 in the second quarter of 2008.
- Non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, and non-GAAP EPS are computed net of stock-based compensation (SBC). In the third quarter of 2008, the charge related to SBC was \$280 million as compared to \$273 million in the second quarter of 2008. Tax benefits related to SBC have also been excluded from non-GAAP net income and non-GAAP EPS. The tax benefit related to SBC was \$63 million in the third quarter of 2008 and \$48 million in the second quarter of 2008.

Reconciliations of non-GAAP measures to GAAP operating income, operating margin, net income, and EPS are included at the end of this release.

Q3 Financial Highlights

Revenues – Google reported revenues of \$5.54 billion for the quarter ended September 30, 2008, representing a 31% increase over third quarter 2007 revenues of \$4.23 billion and a 3% increase over second quarter 2008 revenues of \$5.37 billion. Google reports its revenues, consistent with GAAP, on a gross basis without deducting TAC.

Google Sites Revenues - Google-owned sites generated revenues of \$3.67 billion, or 67% of total revenues, in the third quarter of 2008. This represents a 34% increase over third quarter 2007 revenues of \$2.73 billion and a 4% increase over second quarter 2008 revenues of \$3.53 billion.

Google Network Revenues - Google's partner sites generated revenues, through AdSense programs, of \$1.68 billion, or 30% of total revenues, in the third quarter of 2008. This represents a 15% increase over network revenues of \$1.45 billion generated in the third quarter of 2007 and a 1% increase over second quarter 2008 revenues of \$1.66 billion.

International Revenues - Revenues from outside of the United States totaled \$2.85 billion, representing 51% of total revenues in the third quarter of 2008, compared to 48% in the third quarter of 2007 and 52% in the second quarter of 2008. Had foreign exchange rates remained constant from the second quarter of 2008 through the third quarter of 2008, our revenues in the third quarter of 2008 would have been \$59 million higher. Had foreign exchange rates remained constant from the third quarter of 2007 through the third quarter of 2008, our revenues in the third quarter of 2008 would have been \$168 million lower.

In the third quarter, we recognized a benefit of \$34 million to revenue through our foreign exchange risk management program.

Revenues from the United Kingdom totaled \$776 million, representing 14% of revenue in the third quarter of 2008, compared to 16% in the third quarter of 2007 and 14% in the second quarter of 2008.

Paid Clicks – Aggregate paid clicks, which include clicks related to ads served on Google sites and the sites of our AdSense partners, increased approximately 18% over the third quarter of 2007 and increased approximately 4% over the second quarter of 2008.

TAC - Traffic Acquisition Costs, the portion of revenues shared with Google's partners, increased to \$1.50 billion in the third quarter of 2008. This compares to TAC of \$1.47 billion in the second quarter of 2008. TAC as a percentage of advertising revenues was 28% in the third quarter, compared to 28% in the second quarter of 2008.

The majority of TAC expense is related to amounts ultimately paid to our AdSense partners, which totaled \$1.33 billion in the third quarter of 2008. TAC is also related to amounts ultimately paid to certain distribution partners and others who direct traffic to our website, which totaled \$167 million in the third quarter of 2008.

Other Cost of Revenues - Other cost of revenues, which is comprised primarily of data center operational expenses, amortization of intangible assets, content acquisition costs as well as credit card processing charges, increased to \$678 million, or 12% of revenues, in the third quarter of 2008, compared to \$674 million, or 13% of revenues, in the second quarter of 2008.

Operating Expenses - Operating expenses, other than cost of revenues, were \$1.63 billion in the third quarter of 2008, or 29% of revenues, compared to \$1.64 billion in the second quarter of 2008, or 31% of revenues. The operating expenses in the third quarter of 2008 included \$859 million in payroll-related and facilities expenses, compared to \$810 million in the second quarter of 2008.

Stock-Based Compensation (SBC) – In the third quarter of 2008, the total charge related to SBC was \$280 million as compared to \$273 million in the second quarter of 2008.

We currently estimate stock-based compensation charges for grants to employees prior to October 1, 2008 to be approximately \$1.1 billion for 2008. This does not include expenses to be recognized related to employee stock awards that are granted after October 1, 2008 or non-employee stock awards that have been or may be granted.

Operating Income - GAAP operating income in the third quarter of 2008 was \$1.74 billion, or 31% of revenues. This compares to GAAP operating income of \$1.58 billion, or 29% of revenues, in the second quarter of 2008. Non-GAAP operating income in the third quarter of 2008 was \$2.02 billion, or 37% of revenues. This compares to non-GAAP operating income of \$1.85 billion, or 34% of revenues, in the second quarter of 2008.

Interest Income and Other, Net – Interest income and other was \$21 million in the third quarter of 2008, compared with \$58 million in the second quarter of 2008. The decrease was primarily related to an increase in expenses substantially due to more activity under our foreign exchange risk management program. The cost of the options used to manage our foreign exchange risk is amortized on a mark-to-market basis. As a result, the amount of amortization expense we recognize in any particular quarter is impacted by how much the option moves into or out of the money, as well as the underlying currency's volatility.

Net Income – GAAP net income for the third quarter of 2008 was \$1.35 billion as compared to \$1.25 billion in the second quarter of 2008. Non-GAAP net income was \$1.56 billion in the third quarter of 2008, compared to \$1.47 billion in the second quarter of 2008. GAAP EPS for the third quarter of 2008 was \$4.24 on 318 million diluted shares outstanding, compared to \$3.92 for the second quarter of 2008, on 318 million diluted shares outstanding. Non-GAAP EPS for the third quarter of 2008 was \$4.92, compared to \$4.63 in the second quarter of 2008.

Income Taxes – Our effective tax rate was 24% for the third quarter of 2008.

Cash Flow and Capital Expenditures – Net cash provided by operating activities for the third quarter of 2008 totaled \$2.18 billion as compared to \$1.77 billion for the second quarter of 2008. In the third quarter of 2008, capital expenditures were \$452 million, the majority of which was related to IT infrastructure investments, including data centers, servers, and networking equipment. Free cash flow, an alternative non-GAAP measure of liquidity, is defined as net cash provided by operating activities less capital expenditures. In the third quarter of 2008, free cash flow was \$1.73 billion.

We expect to continue to make significant capital expenditures.

A reconciliation of free cash flow to net cash provided by operating activities, the GAAP measure of liquidity, is included at the end of this release.

Cash – As of September 30, 2008, cash, cash equivalents, and marketable securities were \$14.4 billion.

On a worldwide basis, Google employed 20,123 full-time employees as of September 30, 2008, up from 19,604 full-time employees as of June 30, 2008.

WEBCAST AND CONFERENCE CALL INFORMATION

A live audio webcast of Google's third quarter 2008 earnings release call will be available at <http://investor.google.com/webcast.html>. The call begins today at 1:30 PM (PT) / 4:30 PM (ET). This press release, the financial tables, as well as other supplemental information including the reconciliations of certain non-GAAP measures to their nearest comparable GAAP measures, are also available at that site. A replay of the call will be available beginning at 7:30 PM (ET) today through midnight Thursday, October 23, 2008 by calling 888-203-1112 in the United States or 719-457-0820 for calls from outside the United States. The required confirmation code for the replay is 6417802.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements that involve risks and uncertainties. These statements include statements relating to our expected stock-based compensation charges and our plans to make significant capital expenditures. Actual results may differ materially from the results predicted and reported results should not be considered as an indication of future performance. The potential risks and uncertainties that could cause actual results to differ from the results predicted include, among others, unforeseen changes in our hiring patterns and our need to expend capital to accommodate the growth of the business, as well as those risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, which is on file with the SEC and is available on our investor relations website at investor.google.com and on the SEC website at www.sec.gov. Additional information will also be set forth in our report on Form 10-Q for the quarter ended

September 30, 2008, which will be filed with the SEC in November 2008. All information provided in this release and in the attachments is as of October 16, 2008, and Google undertakes no duty to update this information.

ABOUT NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements, which statements are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP EPS and free cash flow. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. For more information on these non-GAAP financial measures, please see the tables captioned “Reconciliations of non-GAAP results of operations measures to the nearest comparable GAAP measures” and “Reconciliation from net cash provided by operating activities to free cash flow” included at the end of this release.

We use these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. Our management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding certain expenses and expenditures that may not be indicative of our “recurring core business operating results,” meaning our operating performance excluding not only non-cash charges, such as stock-based compensation, but also discrete cash charges that are infrequent in nature. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management’s internal comparisons to our historical performance and liquidity as well as comparisons to our competitors’ operating results. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of our business.

Non-GAAP operating income and operating margin. We define non-GAAP operating income as operating income plus stock-based compensation. Non-GAAP operating margin is defined as non-GAAP operating income divided by revenues. Google considers these non-GAAP financial measures to be useful metrics for management and investors because they exclude the effect of stock-based compensation so that Google’s management and investors can compare Google’s recurring core business operating results over multiple periods. Because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use under FAS 123R, Google’s management believes that providing a non-GAAP financial measure that excludes stock-based compensation allows investors to make meaningful comparisons between Google’s recurring core business operating results and those of other companies, as well as providing Google’s management with an important tool for financial and operational decision making and for evaluating Google’s own recurring core business operating results over different periods of time. There are a number of limitations related to the use of non-GAAP operating income versus operating income calculated in accordance with GAAP.

First, non-GAAP operating income excludes some costs, namely, stock-based compensation, that are recurring. Stock-based compensation has been and will continue to be for the foreseeable future a significant recurring expense in Google's business. Second, stock-based compensation is an important part of our employees' compensation and impacts their performance. Third, the components of the costs that we exclude in our calculation of non-GAAP operating income may differ from the components that our peer companies exclude when they report their results of operations. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP operating income and evaluating non-GAAP operating income together with operating income calculated in accordance with GAAP.

Non-GAAP net income and EPS. We define non-GAAP net income as net income plus stock-based compensation, less the related tax effects. We define non-GAAP EPS as non-GAAP net income divided by the weighted average shares, on a fully-diluted basis, outstanding as of September 30, 2008. We consider these non-GAAP financial measures to be a useful metric for management and investors for the same reasons that Google uses non-GAAP operating income and non-GAAP operating margin. However, in order to provide a complete picture of our recurring core business operating results, we exclude from non-GAAP net income and non-GAAP EPS the tax effects associated with stock-based compensation. Without excluding these tax effects, investors would only see the gross effect that excluding these expenses had on our operating results. The same limitations described above regarding Google's use of non-GAAP operating income and non-GAAP operating margin apply to our use of non-GAAP net income and non-GAAP EPS. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP EPS and evaluating non-GAAP net income and non-GAAP EPS together with net income and EPS calculated in accordance with GAAP.

Free cash flow. We define free cash flow as net cash provided by operating activities minus capital expenditures. We consider free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that, after the acquisition of property and equipment, including information technology infrastructure and land and buildings, can be used for strategic opportunities, including investing in our business, making strategic acquisitions and strengthening the balance sheet. Analysis of free cash flow also facilitates management's comparisons of our operating results to competitors' operating results. A limitation of using free cash flow versus the GAAP measure of net cash provided by operating activities as a means for evaluating Google is that free cash flow does not represent the total increase or decrease in the cash balance from operations for the period since it excludes cash used for capital expenditures during the period. Our management compensates for this limitation by providing information about our capital expenditures on the face of the cash flow statement and under Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-Q and Annual Report on Form 10-K. Google has computed free cash flow using the same consistent method from quarter to quarter and year to year.

The accompanying tables have more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

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Google Inc.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2007*	September 30, 2008 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,081,593	\$ 8,370,469
Marketable securities	8,137,020	6,042,140
Accounts receivable, net of allowance	2,162,521	2,541,492
Deferred income taxes, net	68,538	111,401
Income taxes receivable	145,253	-
Prepaid revenue share, expenses and other assets	694,213	897,349
	17,289,138	17,962,851
Prepaid revenue share, expenses and other assets, non-current	168,530	426,478
Deferred income taxes, net, non-current	33,219	165,448
Non-marketable equity securities	1,059,694	1,100,896
Property and equipment, net	4,039,261	5,213,167
Intangible assets, net	446,596	1,047,717
Goodwill	2,299,368	4,821,646
	17,289,138	17,962,851
Total assets	\$ 25,335,806	\$ 30,738,203
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 282,106	\$ 240,706
Accrued compensation and benefits	588,390	622,658
Accrued expenses and other current liabilities	465,032	532,627
Accrued revenue share	522,001	515,949
Deferred revenue	178,073	200,378
Income taxes payable	-	99,959
	2,035,602	2,212,277
Deferred revenue, non-current	30,249	29,992
Deferred income taxes, net, non-current	-	20,420
Income taxes payable, non-current	478,372	783,348
Other long-term liabilities	101,904	161,075
	30,249	29,992
Stockholders' equity:		
Common stock	313	315
Additional paid-in capital	13,241,221	14,194,197
Accumulated other comprehensive income	113,373	101,162
Retained earnings	9,334,772	13,235,417
	22,689,679	27,531,091
Total stockholders' equity	22,689,679	27,531,091
Total liabilities and stockholders' equity	\$ 25,335,806	\$ 30,738,203

* Derived from audited financial statements.

Google Inc.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2007</u>	<u>2008</u> (unaudited)	<u>2007</u>	<u>2008</u>
Revenues	\$ 4,231,351	\$ 5,541,391	\$ 11,767,307	\$ 16,094,646
Costs and expenses:				
Cost of revenues (including stock-based compensation expense of \$4,031, \$10,729, \$16,080, \$29,240)	1,662,579	2,173,390	4,693,261	6,431,501
Research and development (including stock-based compensation expense of \$130,655, \$169,263, \$408,425, \$550,343)	548,712	704,571	1,489,202	2,059,851
Sales and marketing (including stock-based compensation expense of \$29,918, \$64,497, \$93,553, \$149,666)	380,820	508,801	1,038,976	1,440,252
General and administrative (including stock-based compensation expense of \$33,352, \$35,550, \$105,288, \$104,345)	321,398	411,964	902,202	1,296,178
Total costs and expenses	<u>2,913,509</u>	<u>3,798,726</u>	<u>8,123,641</u>	<u>11,227,782</u>
Income from operations	1,317,842	1,742,665	3,643,666	4,866,864
Interest income and other, net	<u>154,428</u>	<u>21,217</u>	<u>422,287</u>	<u>246,485</u>
Income before income taxes	1,472,270	1,763,882	4,065,953	5,113,349
Provision for income taxes	<u>402,281</u>	<u>417,715</u>	<u>1,068,682</u>	<u>1,212,704</u>
Net income	<u>\$ 1,069,989</u>	<u>\$ 1,346,167</u>	<u>\$ 2,997,271</u>	<u>\$ 3,900,645</u>
Net income per share - basic	<u>\$ 3.44</u>	<u>\$ 4.28</u>	<u>\$ 9.66</u>	<u>\$ 12.43</u>
Net income per share - diluted	<u>\$ 3.38</u>	<u>\$ 4.24</u>	<u>\$ 9.50</u>	<u>\$ 12.28</u>
Shares used in per share calculation - basic	<u>311,221</u>	<u>314,241</u>	<u>310,324</u>	<u>313,729</u>
Shares used in per share calculation - diluted	<u>316,576</u>	<u>317,776</u>	<u>315,638</u>	<u>317,730</u>

Google Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
	(unaudited)			
Operating activities				
Net income	\$ 1,069,989	\$ 1,346,167	\$ 2,997,271	\$ 3,900,645
Adjustments:				
Depreciation and amortization of property and equipment	207,415	309,482	565,841	898,762
Amortization of intangibles and other	41,960	76,764	111,881	215,615
Stock-based compensation	197,956	280,039	623,346	833,594
Excess tax benefits from stock-based award activity	(58,762)	(19,791)	(238,577)	(114,770)
Deferred income taxes	(2,079)	20,164	(184,520)	(85,726)
Other, net	(7,180)	10,169	(7,215)	(14,488)
Changes in assets and liabilities, net of effects of acquisitions:				
Accounts receivable	(234,391)	78,049	(559,425)	(218,326)
Income taxes, net	99,720	24,314	615,568	552,673
Prepaid revenue share, expenses and other assets	(29,738)	42,744	(237,262)	(140,059)
Accounts payable	94,817	(191,402)	20,155	(152,165)
Accrued expenses and other liabilities	185,641	185,133	206,522	37,882
Accrued revenue share	54,294	12,017	136,446	(4,433)
Deferred revenue	13,001	11,106	32,131	21,354
Net cash provided by operating activities	1,632,643	2,184,955	4,082,162	5,730,558
Investing activities				
Purchases of property and equipment	(552,640)	(451,503)	(1,724,631)	(1,990,617)
Purchases of marketable securities	(4,412,277)	(2,892,983)	(11,756,147)	(7,814,293)
Maturities and sales of marketable securities	4,501,783	2,218,344	11,519,001	9,634,903
Investments in non-marketable equity securities	(11,000)	(35,377)	(21,288)	(44,869)
Acquisitions, net of cash acquired, proceeds received from divestiture, and purchases of intangible and other assets	(615,552)	24,562	(823,092)	(3,287,708)
Net cash used in investing activities	(1,089,686)	(1,136,957)	(2,806,157)	(3,502,584)
Financing activities				
Net proceeds (payments) related to stock-based award activity	(9,751)	(15,506)	19,073	(38,252)
Excess tax benefits from stock-based award activity	58,762	19,791	238,577	114,770
Net cash provided by financing activities	49,011	4,285	257,650	76,518
Effect of exchange rate changes on cash and cash equivalents	20,784	(45,350)	28,078	(15,616)
Net increase in cash and cash equivalents	612,752	1,006,933	1,561,733	2,288,876
Cash and cash equivalents at beginning of period	4,493,652	7,363,536	3,544,671	6,081,593
Cash and cash equivalents at end of period	\$ 5,106,404	\$ 8,370,469	\$ 5,106,404	\$ 8,370,469

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

The following table presents certain non-GAAP results before certain material items (in thousands, except per share amounts, unaudited):

	<u>Three months ended June 30, 2008</u>					<u>Three months ended September 30, 2008</u>				
	<u>GAAP Actual</u>	<u>Operating Margin (d)</u>	<u>Adjustments</u>	<u>Non-GAAP Results</u>	<u>Non-GAAP Operating Margin (e)</u>	<u>GAAP Actual</u>	<u>Operating Margin (d)</u>	<u>Adjustments</u>	<u>Non-GAAP Results</u>	<u>Non-GAAP Operating Margin (e)</u>
			272,776 (a)					280,039 (b)		
Income from operations	<u>\$ 1,577,965</u>	<u>29.4%</u>	<u>\$ 272,776</u>	<u>\$ 1,850,741</u>	<u>34.5%</u>	<u>\$ 1,742,665</u>	<u>31.4%</u>	<u>\$ 280,039</u>	<u>\$ 2,022,704</u>	<u>36.5%</u>
			272,776 (a)					280,039 (b)		
			(47,764) (c)					(63,100) (c)		
Net income	<u>\$ 1,247,391</u>		<u>\$ 225,012</u>	<u>\$ 1,472,403</u>		<u>\$ 1,346,167</u>		<u>\$ 216,939</u>	<u>\$ 1,563,106</u>	
Net income per share - diluted	<u>\$ 3.92</u>			<u>\$ 4.63</u>		<u>\$ 4.24</u>			<u>\$ 4.92</u>	
Shares used in per share calculation - diluted	<u>318,023</u>			<u>318,023</u>		<u>317,776</u>			<u>317,776</u>	

(a) To eliminate \$272.8 million of stock-based compensation charges recorded in the second quarter of 2008.

(b) To eliminate \$280.0 million of stock-based compensation charges recorded in the third quarter of 2008.

(c) To eliminate income tax effects related to charges noted in (a) and (b).

(d) Operating margin is defined as income from operations divided by revenues.

(e) Non-GAAP operating margin is defined as non-GAAP income from operations divided by revenues.

Reconciliation from net cash provided by operating activities to free cash flow (in thousands, unaudited):

	<u>Three months ended</u> <u>September 30, 2008</u>
Net cash provided by operating activities	\$ 2,184,955
Less purchases of property and equipment	<u>(451,503)</u>
Free cash flow	<u>\$ 1,733,452</u>
Net cash used by investing activities*	<u>\$ (1,136,957)</u>
Net cash provided by financing activities	<u>\$ 4,285</u>

*includes purchases of property and equipment

The following table presents our revenues, by revenue source, for the periods presented (in thousands, unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Advertising revenues:				
Google web sites	\$ 2,734,756	\$ 3,672,111	\$ 7,503,167	\$ 10,602,660
Google Network web sites	<u>1,454,721</u>	<u>1,679,861</u>	<u>4,152,102</u>	<u>5,021,283</u>
Total advertising revenues	4,189,477	5,351,972	11,655,269	15,623,943
Licensing and other revenues	<u>41,874</u>	<u>189,419</u>	<u>112,038</u>	<u>470,703</u>
Revenues	<u>\$ 4,231,351</u>	<u>\$ 5,541,391</u>	<u>\$ 11,767,307</u>	<u>\$ 16,094,646</u>

The following table presents our revenues, by revenue source, as a percentage of total revenues for the periods presented (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Advertising revenues:				
Google web sites	65%	67%	64%	66%
Google Network web sites	<u>34%</u>	<u>30%</u>	<u>35%</u>	<u>31%</u>
Total advertising revenues	99%	97%	99%	97%
Licensing and other revenues	<u>1%</u>	<u>3%</u>	<u>1%</u>	<u>3%</u>
Revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>