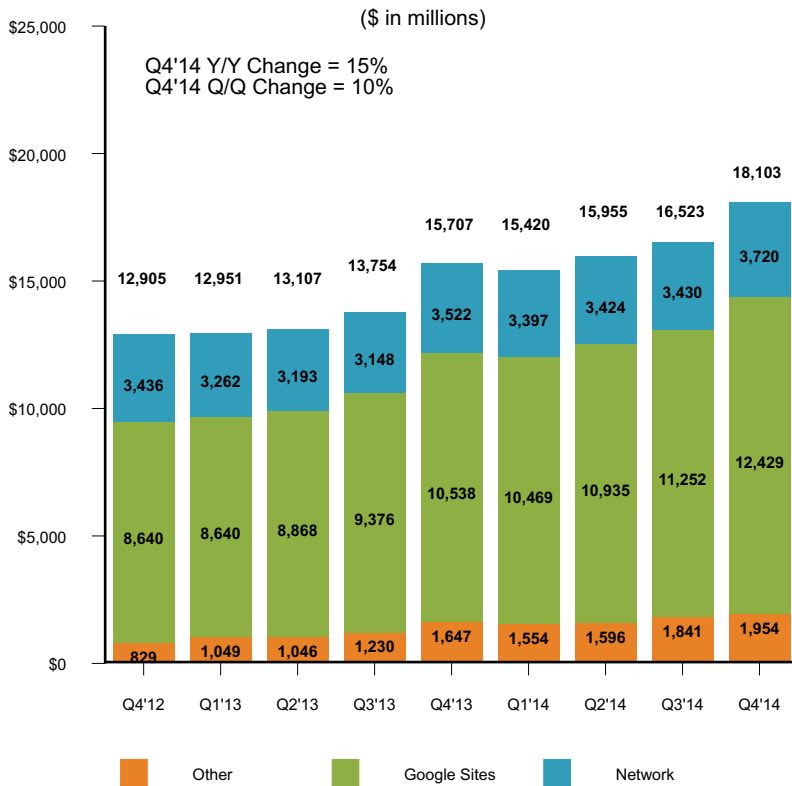


**Q4 2014**

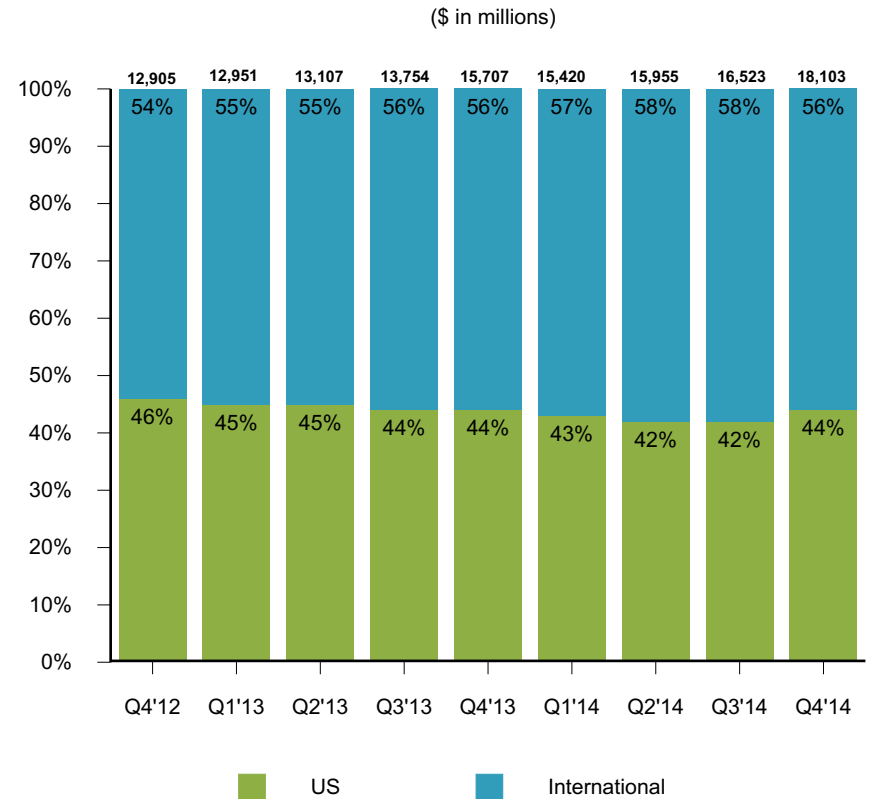
**Quarterly Earnings Summary**

# Quarterly Revenues

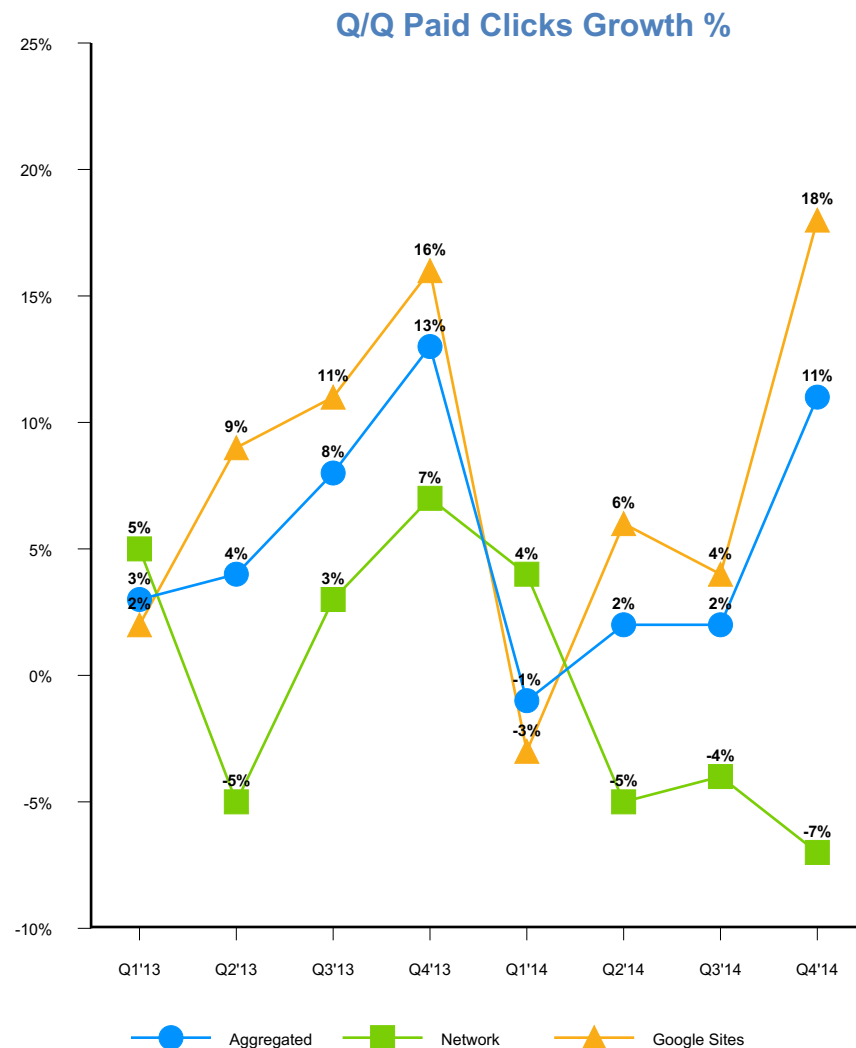
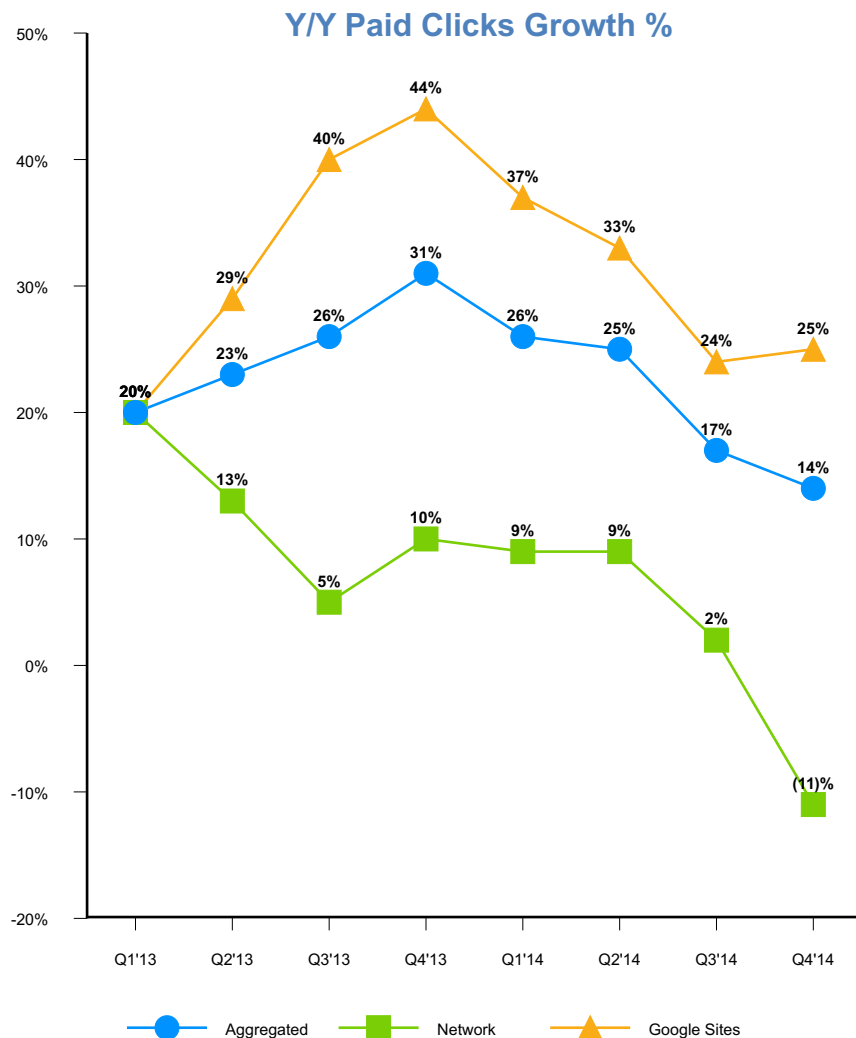
## Revenues by Revenue Source



## U.S. vs. International



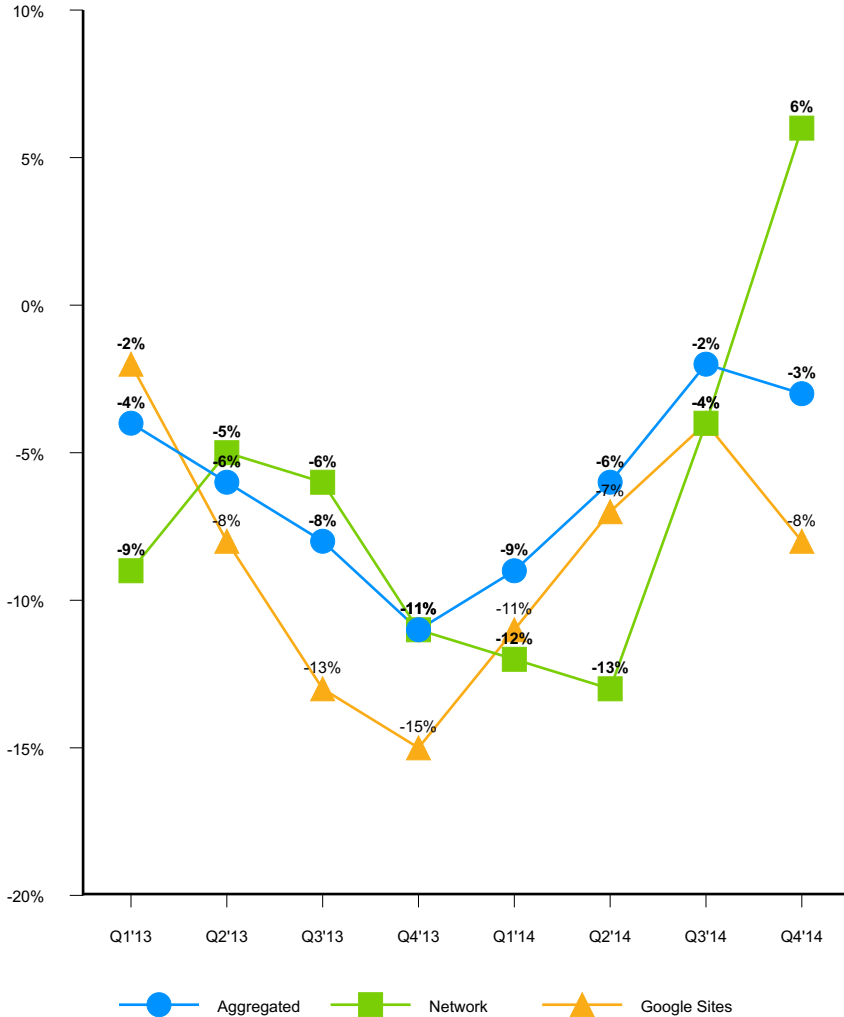
# Paid Clicks (1)



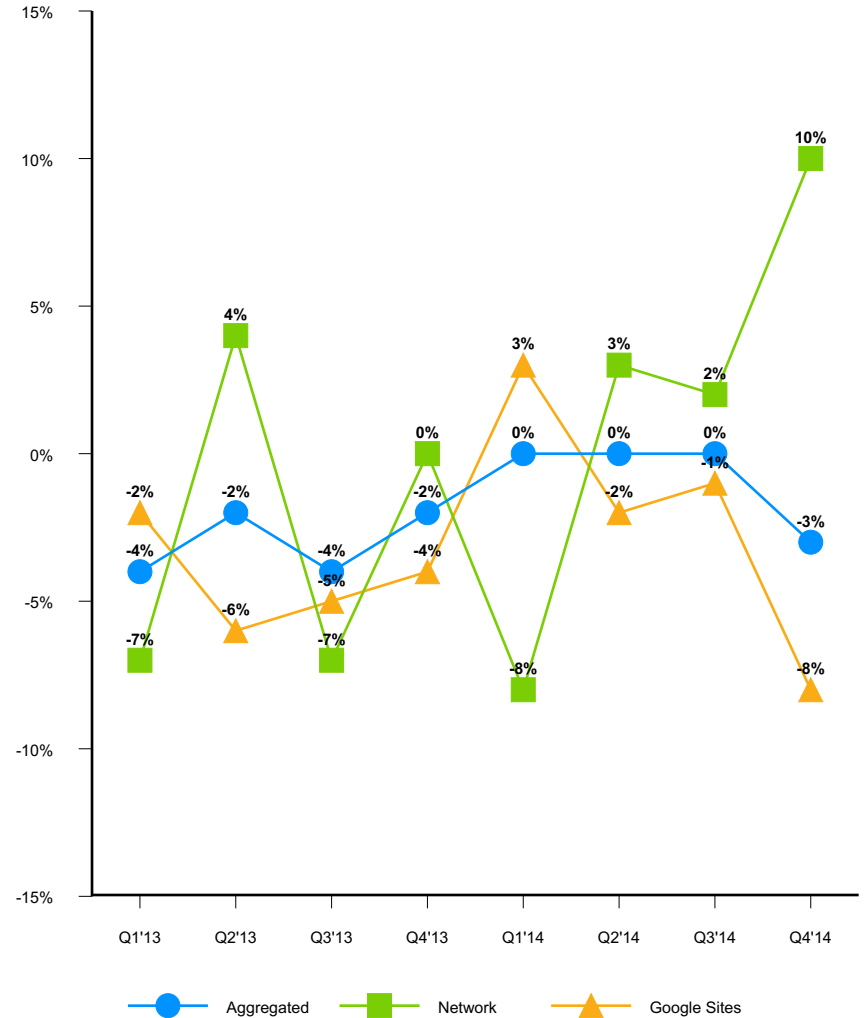
(1) Paid clicks include clicks related to ads served on Google owned and operated properties across different geographies and devices including search, YouTube engagement ads like TrueView, and other owned and operated properties including Maps and Finance, as well as clicks related to ads served on non-Google properties participating in our AdSense for Search, AdSense for Content, and AdMob businesses.

# Cost-Per-Click

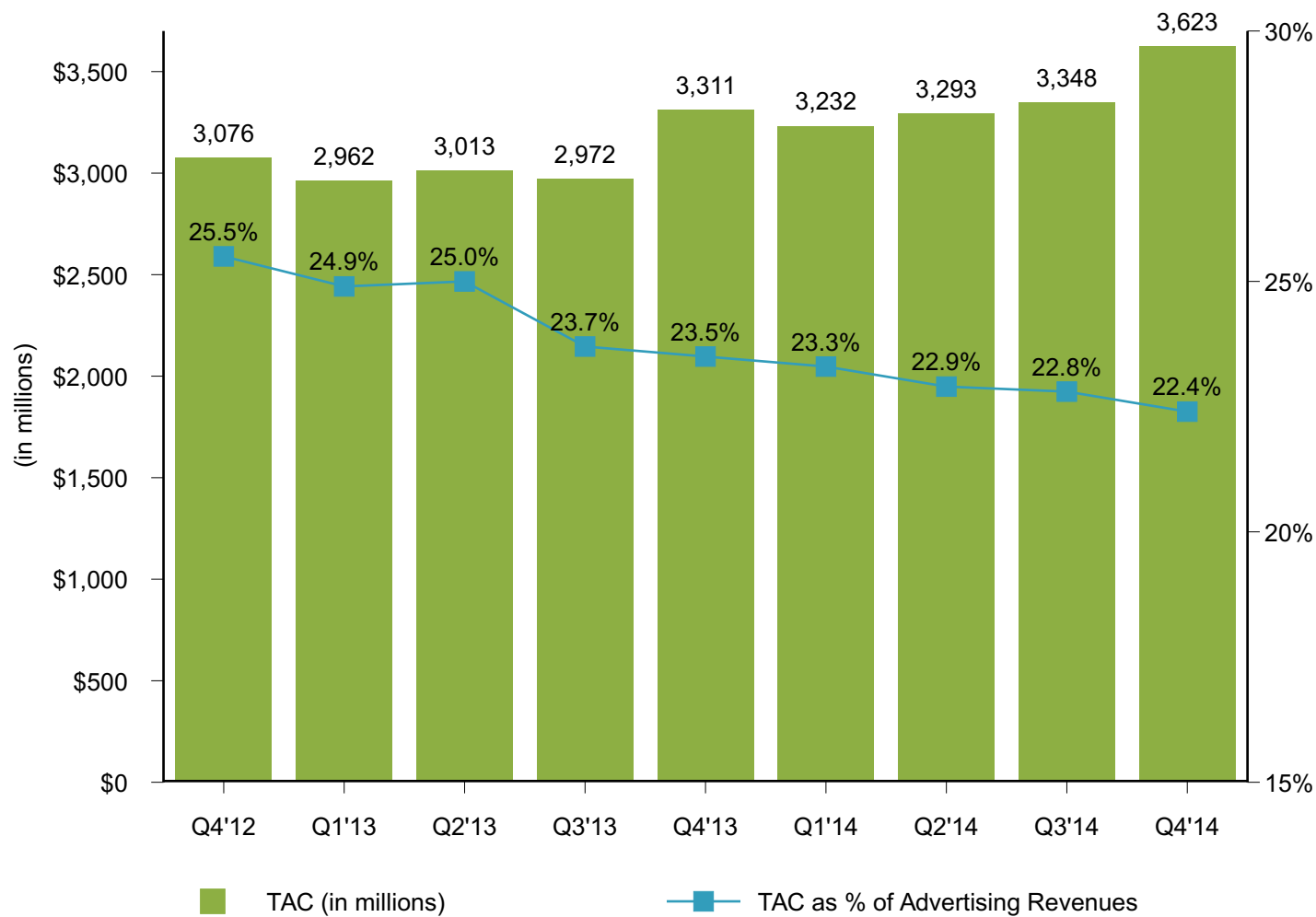
## Y/Y Cost-Per-Click Growth %



## Q/Q Cost-Per-Click Growth %



# Traffic Acquisition Costs



# Costs and Expenses

GAAP	Q4 2013		Q3 2014		Q4 2014	
	\$ in millions	As % of revenues	\$ in millions	As % of revenues	\$ in millions	As % of revenues
Cost of Revenues	\$6,253	40%	\$6,695	40%	\$6,921	38%
Research & Development	\$1,933	12%	\$2,655	16%	\$2,813	16%
Sales & Marketing	\$1,908	12%	\$2,084	13%	\$2,377	13%
General & Administrative	\$1,184	8%	\$1,365	8%	\$1,593	9%
<b>Total Costs &amp; Expenses</b>	<b>\$11,278</b>	<b>72%</b>	<b>\$12,799</b>	<b>77%</b>	<b>\$13,704</b>	<b>76%</b>

Non-GAAP	Q4 2013		Q3 2014		Q4 2014	
	\$ in millions	As % of revenues	\$ in millions	As % of revenues	\$ in millions	As % of revenues
Cost of Revenues	\$6,126	39%	\$6,148	37%	\$6,750	37%
Research & Development	\$1,467	9%	\$1,989	12%	\$2,182	12%
Sales & Marketing	\$1,754	11%	\$1,887	11%	\$2,164	12%
General & Administrative	\$1,058	7%	\$1,142	8%	\$1,407	8%
<b>Total Costs &amp; Expenses</b>	<b>\$10,405</b>	<b>66%</b>	<b>\$11,166</b>	<b>68%</b>	<b>\$12,503</b>	<b>69%</b>

Please refer to Table 1 for reconciliations of consolidated GAAP to non-GAAP costs and expenses.

# Profitability

GAAP (\$ in millions)	Q4 2013	Q3 2014	Q4 2014
<b>Income from Operations</b>	<b>\$4,429</b>	<b>\$3,724</b>	<b>\$4,399</b>
<i>Operating Margin <sup>(1)</sup></i>	<i>28%</i>	<i>23%</i>	<i>24%</i>
Net Income from Continuing Operations	\$3,882	\$2,998	\$3,790
Net (Loss) income from Discontinued Operations	\$(506)	\$(185)	\$967
<b>Net Income</b>	<b>\$3,376</b>	<b>\$2,813</b>	<b>\$4,757</b>
EPS (Diluted) - Continuing Operations	\$5.69	\$4.36	\$5.50
EPS (Diluted) - Discontinued Operations	\$(0.74)	\$(0.27)	\$1.41
<b>EPS (Diluted)</b>	<b>\$4.95</b>	<b>\$4.09</b>	<b>\$6.91</b>
Non-GAAP (\$ in millions)	Q4 2013	Q3 2014	Q4 2014
<b>Income from Operations</b>	<b>\$5,302</b>	<b>\$5,357</b>	<b>\$5,600</b>
<i>Operating Margin <sup>(1)</sup></i>	<i>34%</i>	<i>32%</i>	<i>31%</i>
<b>Net Income</b>	<b>\$4,571</b>	<b>\$4,373</b>	<b>\$4,736</b>
<b>EPS (Diluted)</b>	<b>\$6.70</b>	<b>\$6.35</b>	<b>\$6.88</b>

<sup>(1)</sup> Percentages based on revenues of \$15,707 million in Q4 2013, \$16,523 million in Q3 2014 and \$18,103 million in Q4 2014.

Please refer to Table 2 for reconciliations of non-GAAP consolidated results of operations measures to the nearest comparable GAAP measures.

# Consolidated Free Cash Flow

Non-GAAP (\$ in millions)	Q4 2013 <sup>(1)</sup>	Q3 2014 <sup>(1)</sup>	Q4 2014 <sup>(1)</sup>
Net cash provided by operating activities	\$5,238	\$5,994	\$6,364
Less: Purchases of property and equipment	\$(2,255)	\$(2,417)	\$(3,551)
<b>Free Cash Flow</b>	<b>\$2,983</b>	<b>\$3,577</b>	<b>\$2,813</b>

<sup>(1)</sup> Includes Motorola Mobile.



# Overview of Q4 2014 OI&E and FX

- In Q4, we recognized \$128M of Interest and Other Income, net.
- In Q4, we recognized \$221M of interest income earned on our investments, \$13M of net realized gains on marketable securities, and \$25M of interest expense on our long-term debt.
- We recognized \$133M of foreign exchange loss, of which \$93M was related to the cost of our FX cash flow hedging program.
- Excluding gains related to our foreign exchange risk management program, had foreign exchange rates remained constant from the third quarter of 2014 through the fourth quarter of 2014, our revenues in the fourth quarter of 2014 would have been \$541M higher. Excluding gains related to our foreign exchange risk management program, had foreign exchange rates remained constant from the fourth quarter of 2013 through the fourth quarter of 2014, our revenues in the fourth quarter of 2014 would have been \$616M higher.
- Our FX cash flow hedging program allowed us to recognize a benefit of approximately \$148M to international revenues this quarter.

# Revenues by Geography

<i>(\$ in millions)</i>	Q4 2013	Q3 2014	Q4 2014
United States	\$6,940	\$6,975	\$7,878
United Kingdom	1,503	1,627	1,657
Rest of the world	7,264	7,921	8,568
<b>Total Revenues</b>	<b>\$15,707</b>	<b>\$16,523</b>	<b>\$18,103</b>

## International Revenues excluding Hedging and FX Impact (Y/Y)

<i>(\$ in millions)</i>	Q4 2013	Q4 2014
UK revenues (GAAP)	<b>\$1,503</b>	<b>\$1,657</b>
exclude:		
a) f/x impact on Q4'14 revenues using Q4'13 rates	N/A	12
b) hedging gains	(2)	(3)
UK revenues excluding f/x and hedging impact (Non-GAAP)	<b>\$1,501</b>	<b>\$1,666</b>
Y/Y% (Non-GAAP)		11%

<i>(\$ in millions)</i>	Q4 2013	Q4 2014
ROW revenues (GAAP)	<b>\$7,264</b>	<b>\$8,568</b>
exclude:		
a) f/x impact on Q4'14 revenues using Q4'13 rates	N/A	604
b) hedging gains	(1)	(145)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	<b>\$7,263</b>	<b>\$9,027</b>
Y/Y% (Non-GAAP)		24%

## International Revenues excluding Hedging and FX Impact (Q/Q)

<i>(\$ in millions)</i>	Q3 2014	Q4 2014
UK revenues (GAAP)	<b>\$1,627</b>	<b>\$1,657</b>
exclude:		
a) f/x impact on Q4'14 revenues using Q3'14 rates	N/A	78
b) hedging gains	—	(3)
UK revenues excluding f/x and hedging impact (Non-GAAP)	<b>\$1,627</b>	<b>\$1,732</b>
Q/Q% (Non-GAAP)		6%

<i>(\$ in millions)</i>	Q3 2014	Q4 2014
ROW revenues (GAAP)	<b>\$7,921</b>	<b>\$8,568</b>
exclude:		
a) f/x impact on Q4'14 revenues using Q3'14 rates	N/A	463
b) hedging gains	(10)	(145)
ROW revenues excluding f/x and hedging impact (Non-GAAP)	<b>\$7,911</b>	<b>\$8,886</b>
Q/Q% (Non-GAAP)		12%

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

	Q4 2013		Q3 2014		Q4 2014	
	\$ in millions	As a % of revenues <sup>(1)</sup>	\$ in millions	As a % of revenues <sup>(1)</sup>	\$ in millions	As a % of revenues <sup>(1)</sup>
<b>Cost of Revenues (GAAP)</b>	<b>\$6,253</b>	<b>40%</b>	<b>\$6,695</b>	<b>40%</b>	<b>\$6,921</b>	<b>38%</b>
<i>Less: Non-GAAP adjustments <sup>(2)(3)</sup></i>	<i>\$(127)</i>		<i>\$(547)</i>		<i>\$(171)</i>	
<b>Cost of Revenues (non-GAAP)</b>	<b>\$6,126</b>	<b>39%</b>	<b>\$6,148</b>	<b>37%</b>	<b>\$6,750</b>	<b>37%</b>
<b>Research &amp; Development (GAAP)</b>	<b>\$1,933</b>	<b>12%</b>	<b>\$2,655</b>	<b>16%</b>	<b>\$2,813</b>	<b>16%</b>
<i>Less: Non-GAAP adjustments <sup>(2)</sup></i>	<i>\$(466)</i>		<i>\$(666)</i>		<i>\$(631)</i>	
<b>Research &amp; Development (non-GAAP)</b>	<b>\$1,467</b>	<b>9%</b>	<b>\$1,989</b>	<b>12%</b>	<b>\$2,182</b>	<b>12%</b>
<b>Sales &amp; Marketing (GAAP)</b>	<b>\$1,908</b>	<b>12%</b>	<b>\$2,084</b>	<b>13%</b>	<b>\$2,377</b>	<b>13%</b>
<i>Less: Non-GAAP adjustments <sup>(2)</sup></i>	<i>\$(154)</i>		<i>\$(197)</i>		<i>\$(213)</i>	
<b>Sales &amp; Marketing (non-GAAP)</b>	<b>\$1,754</b>	<b>11%</b>	<b>\$1,887</b>	<b>11%</b>	<b>\$2,164</b>	<b>12%</b>
<b>General &amp; Administrative (GAAP)</b>	<b>\$1,184</b>	<b>8%</b>	<b>\$1,365</b>	<b>8%</b>	<b>\$1,593</b>	<b>9%</b>
<i>Less: Non-GAAP adjustments <sup>(2)</sup></i>	<i>\$(126)</i>		<i>\$(223)</i>		<i>\$(186)</i>	
<b>General &amp; Administrative (non-GAAP)</b>	<b>\$1,058</b>	<b>7%</b>	<b>\$1,142</b>	<b>8%</b>	<b>\$1,407</b>	<b>8%</b>
<b>Total Costs &amp; Expenses (GAAP)</b>	<b>\$11,278</b>	<b>72%</b>	<b>\$12,799</b>	<b>77%</b>	<b>\$13,704</b>	<b>76%</b>
<i>Less: Non-GAAP adjustments <sup>(2)</sup></i>	<i>\$(873)</i>		<i>\$(1,633)</i>		<i>\$(1,201)</i>	
<b>Total Costs &amp; Expenses (non- GAAP)</b>	<b>\$10,405</b>	<b>66%</b>	<b>\$11,166</b>	<b>68%</b>	<b>\$12,503</b>	<b>69%</b>

<sup>(1)</sup> Percentages based on revenues of \$15,707 million in Q4 2013, \$16,523 million in Q3 2014 and \$18,103 million in Q4 2014.

<sup>(2)</sup> Includes Google stock-based compensation expense from continuing operations.

<sup>(3)</sup> For Q3 2014, includes impairment charge of \$378 million related to a patent licensing royalty asset acquired in connection with the purchase of Motorola.

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

(\$ in millions)	Q4 2013	Q3 2014	Q4 2014
<b>Income from operations (GAAP)</b>	<b>\$4,429</b>	<b>\$3,724</b>	<b>\$4,399</b>
Operating margin <sup>(1)</sup>	28%	23%	24%
Add: Stock-based compensation expense (SBC) from continuing operations	\$873	\$1,255	\$1,201
Add: Impairment charge related to a patent licensing royalty asset acquired in connection with the purchase of Motorola	—	\$378	—
<b>Income from operations (non-GAAP)</b>	<b>\$5,302</b>	<b>\$5,357</b>	<b>\$5,600</b>
Operating margin <sup>(1)</sup>	34%	32%	31%
<b>Net income (GAAP)</b>	<b>\$3,376</b>	<b>\$2,813</b>	<b>\$4,757</b>
Add: Stock-based compensation expense (net of tax) <sup>(2)</sup>	\$689	\$997	\$946
Add: Impairment charge related to a patent licensing royalty asset acquired in connection with the purchase of Motorola	—	\$378	—
Less: Net loss (income) from discontinued operations	\$506	\$185	\$(967)
<b>Net income (non-GAAP)</b>	<b>\$4,571</b>	<b>\$4,373</b>	<b>\$4,736</b>

<sup>(1)</sup> Percentages based on revenues of \$15,707 million in Q4 2014, \$16,523 million in Q3 2014 and \$18,103 million in Q4 2014.

<sup>(2)</sup> Tax effect of SBC is calculated using tax-deductible portion of SBC and applying entity-specific tax rates.