

Eric: Good afternoon and we are delighted to have you all come to Google. I hope you enjoyed lunch.

Female: Yes!

Eric: Yes. The lunches are worth coming to Google for. And it's a delight to have you all here. First thing is I noticed we have some people in the back who are standing. We have a wonderful overflow room downstairs which has all the same high quality food. So if you get tired of standing, please feel free to go downstairs. You can come right back up, no problem.

What I wanted to do is first we're going to have just a brief comment from myself and then we're going to have David Drummond, who is our General Counsel, go ahead and conduct our formal meeting. And then after that we'll have a short talk by myself and then some Q&A from everybody.

I wanted to begin by introducing someone who is the best business technology partner that you could ever have in the world and I am fortunate to have him as my business partner, Larry Page. And Sergey's out of town and is the other of the troika and is just unbelievable.

I also wanted to take a minute to acknowledge that we have some of our very, very distinguished Board of Directors here. Of course, Larry and myself, but the ones that really do the work: Art Levinson, Paul Otellini and a number of others that I think are on the way.

I wanted to take a special minute to acknowledge one board member for whom this is the last official time point in their board service and that's Mike Morris. Mike, as you know, decided not to return to the board simply because of the pressure of the firm of which he is one of the leaders in venture capital. His contribution as a venture capitalist to the world, in fact honored in the Time 100 this week and I think quite properly so, but his contribution to Google has been phenomenal and we will miss him and we wish him very much the best.

So what we're going to do here is everybody here has registered and you've been -- everybody has an agenda. We've introduced the directors and I also wanted to introduce a couple of other people very important: Amy Walden(?), who is a representative of Computershare. Amy? Right up here. And Sheila(?), you have to pay attention, she is the inspector of the elections. And David Cabral(?), who is a representative of Ernst & Young, who is an inspector of the whole company, he's our independent and outside auditor and of course a fine one and one we've worked with for a long time. So, David, why don't you begin and let's do the formal meeting with David in charge.

David: Well, good afternoon, everyone. Thanks so much for coming. Thanks, Eric. I'm David Drummond. I'm the Senior Vice President for Corporate Development and also the company's Chief Legal Officer and have I think for awhile been the company's Secretary. So I'll conduct the formal part of the meeting today.

A quick note about questions because I know all of you probably have them. As stated in the rules of conduct governing the meeting, stockholders should not address the meeting until you're actually recognized. We'll provide a question and answer period afterwards, after the formal part of the meeting so you can ask questions. And that will be after Eric's presentation. If you want to ask a question during the Q&A period, please move to one of the microphones. You see them in the middle aisle here. And after you're recognized, identify yourself and your status as a stockholder or a representative of a stockholder, then go ahead with your question. So I thank you for complying with these rules.

Now, I've received the affidavit of mailing of Computershare, which states that the notice of meeting and accompanying proxy materials and annual report were mailed to the shareholders of record on March 22, 2007, which is the record date for this meeting. In addition, I've been advised by our Inspector of Elections that holders of our outstanding Class A and Class B common stock representing at least a majority of the voting power of our outstanding capital stock that's entitled to vote in person or by proxy at this meeting. Therefore, we've got a quorum and the meeting is duly constituted and we can proceed.

First item of business and that is the election of directors. Ten directors will be elected at today's meeting. The directors elected today will serve until the 2008 annual meeting of stockholders or until their successors are duly elected and qualified. The Board of Directors has nominated the following persons for election today: Eric Schmidt, Larry Page, John Hennessey, Ann Mather, Ram Shriram, Sergey Brin, John Dorr, Arthur Levinson, Paul Otellini and Shirley Tilghman.

Now our bylaws require that a stockholder provide advance notice of any intent to nominate additional persons as directors. We haven't received any such notices. So accordingly, I declare the nominations for directors closed.

Now, the next matter being submitted to your stockholders is the ratification of the appointment of Ernst & Young as our independent registered public accounting firm. Our Board of Directors has recommended that our stockholders ratify this choice for the year that is for the fiscal year ending December 31, 2007.

The third item of business being submitted today is to approve an amendment to our 2004 stock plan. And that amendment is to increase the number of shares of Class A common stock available to be issued under that plan by 4,500,000 shares.

Our Board of Directors has recommended that our stockholders vote for this amendment.

The fourth item of business being submitted to our stockholders is to approve the executive bonus plan. You may have seen a description of this plan and a copy of the plan that was provided with our 2007 proxy statement. Our Board of Directors has recommended that our stockholders vote for the proposal to approve the executive bonus plan.

Now we have one final item of business to be submitted today and that's the consideration of a stockholder proposal that's brought to this meeting by the Office of the Comptroller of New York City. Our Board of Directors has recommended that our stockholders vote against this stockholder proposal. Now I'd like to, at this point I'd like to introduce Mr. Pat Doherty, who is a representative from the Office of the Comptroller of New York City. He's going to present the proposal to you. Mr. Doherty, you have five minutes to make a statement regarding the proposal. I'll let you know if you're running out of time.

Mr. Doherty: Thank you. Thank you, Mr. Chairman. Fellow shareholders, my name is Patrick Doherty and I'm here today on behalf of the New York City Pension Funds to present our fund's resolution calling on Google to institute policies to help protect freedom of access to the internet.

Early last year, Google launched Google.CN, a search engine based in China that censors search requests that the company feels would be politically objectionable to the Chinese government. We believe that companies operating in countries with repressive governments and a weak rule of law must make special efforts to avoid being seen as complicit in human rights abuses. We are therefore proposing that Google not engage in proactive or self censorship of its products, that it take legal steps to resist efforts of authoritarian governments to impose such censorship and that it clearly disclose to its consumers instances where political censorship has occurred.

Last year, Google's Vice President for Global Communications and Public Affairs testified before the U.S. Congress that the company's current policy of self censorship in China is, "...something that runs counter to Google's most basic values and commitments as a company." We agree with management on this point.

We call upon the company to reaffirm its most basic values and commitments. And therefore, on behalf of the New York City Pension Funds, holders of 486,167 shares, I submit the resolution on internet censorship found in your proxy materials. Thank you very much.

David: Well, thank you very much, Mr. Doherty. Thank you for presenting the proposal. At this point I'd like to make a very brief response to the proposal on behalf of the Google Board and Google management.

Google, as many of you know, is committed to free expression and to access to information. These principles guide our approach to this problem of online censorship and we think about it all the time. We appreciate the spirit of this proposal that you've brought here today as it expresses an overall view that is very consistent with ours.

However, we oppose the proposal because we don't think that at the end of the day it advances the causes of free expression and access to information. The reality is we've got users everywhere and serving those users while respecting the local laws that apply to us requires careful examination of the conditions of a particular country and then coming up with a solution that's tailored for those conditions. Applying a rigid set of rules here is not always going to get us to the right outcome.

So an example here is this proposal would prevent us from operating Google.CN, a site that has already made a very meaningful contribution to access to information in China. And pulling out of China, shutting down Google.CN to us is just not the right thing to do at this point and is not the answer to the online censorship problem.

But that's exactly what this proposal would do. So the proposal also fails to recognize that Google has taken many steps to promote a free and open internet. Among other things, we're working with human rights groups, academics, socially responsible investors to produce a common set of principles and approaches to deal with this online censorship problem.

So while we oppose this particular proposal, we commit to continuing to advance the causes of free expression, the causes of access to information and for an open internet throughout the world. Thanks very much.

So that completes the business or at least the proposals that have been brought before the meeting. So because there's no more business to be presented, the polls are now open. If you've previously voted by proxy, you don't need to vote today unless you wish to actually change your vote. If you do wish to vote, you can use the ballot that we sent to you in the mail or if you need a ballot you can raise your hand and we've got folks with ballots on the side who can provide you with one. I believe we've got several in the back here and on this side. There are quite a lot. I guess we'll just wait.

Has everyone received a ballot who needs one at this point? Okay, I'll give you another couple minutes to go ahead and cast your vote. Okay, our Inspector Amy

and Anna over here will continue to collect your ballots if you have completed them. Thanks very much.

Okay, so it looks like we've collected most of the ballots here or pretty much all of them. So thanks very much for bearing with us here. At this point, I declare the polls for each matter that's being voted upon today to be closed. Don't worry, we're going to collect your ballot. We'll make sure we have that. And at this point, the Inspector of Elections please calculate the votes and provide me with the results. Please bear with us another moment, thanks.

Are we ready? Okay, thank you. Okay, I've been advised by the Inspector of Elections that the nominees for election to the Board of Directors have been duly elected. I've further been advised by the Inspector that a majority of the shares present at the meeting in person or by proxy voted in favor of the ratification and appointment of Ernst & Young as our auditors for the 2007 fiscal year, the approval of the amendment of our 2004 stock plan and the approval of our executive bonus plan. Therefore, each of these proposals has been approved by our stockholders.

I've also been advised by the Inspector that a majority of the shares present at the meeting in person or by proxy have voted against the stockholder proposal that was presented today. Therefore, that proposal has not been approved and will not be adopted by the company.

That ends the official business of the meeting. I hereby declare that the formal portion of our meeting is officially adjourned. Eric will now make a presentation to you regarding Google's business and you'll have an opportunity to ask some questions after that.

Before Eric begins, let me do the lawyer language. I'd like to note that his presentation and answers to your questions may contain forward-looking statements about Google's business, about Google's business outlook. Our actual results as you know may differ from those forward-looking statements for a variety of reasons and we've catalogued those in excruciating detail in our filings on file with the SEC. So with that, Eric.

Eric: Thank you very much, David. And as I mentioned, it's a delight to have you all here. I thought I would take just a couple minutes and talk about some of the ways in which the company is run, your company and some of the ways in which we think we're going to be expanding what we do.

It's worth saying that our underlying mission has not changed. Larry and Sergey literally out of the Stanford dorm room said that they wanted to organize the world's information and make it universally accessible and useful. It's actually worth studying this because the world's information is more than just the web and

universally accessible means more than just a personal computer or a Macintosh. And useful means it has to be right. It actually has to work.

So if you think about this, it's a very broad, very, very broad mission for the company and it helps guide us in the things that we want to accomplish over the next many, many years that we hope to be in business and to be successful. When I think of the history of the company and I was fortunate to be here from roughly 2001, Google started and you can see the original logo that Sergey and Larry designed. At Stanford they saw it as web search and then they found a way to build an advertising business, which ultimately became one of the strongest and most interesting advertising businesses in the world. Along the way, a product like Google Toolbar came around, which is installed on a personal computer in your browser and it gives you access to information more quickly and more accurately than if you didn't have it, again hugely successful.

And then we began a policy of buying very small technology brilliant companies and integrating them into the company. So for example, Applied Semantics, Blogger, Picasso, Keyhole, those acquisitions, again small and they seemed large at the time but I guess they were small then too, have ultimately become very, very significant businesses for the corporation. Then we announced our books project, which I'll talk about. And along the way we also kept building new, interesting services and applications.

This brings us up to the point now where we have a very broad product portfolio and we've been thinking about how to organize all of that and the way to think about it. Our model, which we've talked about many times, is that our engineering is organized into 70/20/10, 70 percent of the core ads and search business, 20 percent on adjacent markets, ten percent on other. And unusual for a technology company, we may be the only one, we encourage our engineering teams to spend 20 percent of their time on projects which they think matter, not necessarily what their management thinks and maybe not even what I'm talking about but things that are really innovative. Many of the new products come out of that 20 percent time that we do.

As shareholders, you all have seen these slides many times in one form or another. I won't review them, just simply to say our model is working from a financial perspective and I think that's an understatement. When I think about it, I think about it as we've put users first and if we solve the user problem the other technologies applied to that can produce quite an interesting business.

So for example, we don't talk about advertisers. We talk about ads delivered to end users making them better and then we know the advertisers will be happy and we try to give those advertisers tools so that they can exploit that opportunity. So at Google, the most important message for you representing end users is the user comes first. And I can tell you that I've been in many meetings where we'll have

a discussion where some very clever person will have come up with an ads idea or something but when we test it with end users it's not an improvement from the end user perspective and we don't do it, even though it might add more revenue or other aspects to what we're trying to do. And you can see the financials are quite strong. I won't go through them. They're in both our 10K and 10Q and we talk about them every quarter. Again, we hope this will continue for a very long time.

You've had a chance to study our slide here and our next strategy evolution is really to think of three components, not just two: Search, ads and apps. And in the case of search, we have a lot to talk about. In the case of ads we have a lot to talk about. We're also now beginning to build a whole new interesting applications business based on the principles that we're talking about.

I want to make sure that everybody understands how fundamental search is. Search is very much at the heart of everything that we do and we have more engineers working on search than anything else. We have more engineers working than anybody else in the industry. And it's not a solved problem. There's a lot that's going to happen going forward. There are many, many examples of this. A typical example would be the 13 library partners that we have and the 10,000 publishers that are giving us information. Another example is a set of deals that we did with newspapers and archives. So for example, if you do a search for Panama Canal, you're going to see the original news story about the signing of the opening of the Panama Canal. Pretty amazing stuff; stuff that you wouldn't normally encounter. And if you don't care about the Panama Canal, an awful lot of people do and the people who do want the right answer. So even if it's something that you don't care about, one of the secrets of Google is that somebody cares about that information and they want it to be the right answer. So the important point here about search is we're not anywhere near where we need to go.

Ads can be understood as a much larger business as well. We're doing two things. And I don't want to pass over this because, of course, it's the source of the majority of our revenue. The existing ad system can be much, much stronger. It can be stronger in a lot of ways. It can be much better for large advertisers. It can be much easier to use for very, very small advertisers. I'm thinking of the person in their house in the third world country doing things. The important thing is that making things deeper really means covering the entire spectrum of advertiser needs for a particular advertising product. We're doing very well there. You're going to see a lot more emphasis on that over the next little while.

Another aspect of the expansion is wider. So why would we, for example, want to do radio ads? Radio ads have not had a lot of technology improvement over the last few years. Our technology can make them more targeted. A more targeted ad becomes more valuable. What about television? We all watch television. We did a series of trials and deals, the most recent one being with EchoStar where we're

using our targeting and our math, our algorithms if you will to produce more accurate and more targeted advertisements. The important point here is that deeper and wider means that we are the technology agent for a whole set of advertising industries. And although we're a small part of the advertising industry today we think that more and more of that industry will enjoy the technology that we're bringing to it. A more targeted ad is a more lucrative ad. It's a more valuable ad. Users will like them more and advertisers will be happier with them than they are with the technologies that they have today.

In the case of apps, we have begun to talk about a whole collection of applications which you can see represented here on the slide. And whether it's a social community like Orchid, docs and spreadsheets, which is applications that run that allow you to do relatively straightforward word processing, spreadsheets and so forth and so on, they're all unified by a vision and that vision is easy to understand.

How many of you have an existing computer that you've dropped and you've lost all your data? Happens all the time. There should be a rule against this. I mean this is terrible. You've worked on this thing and you lose it and so forth and so on. So let me give you an analogy: 50 years ago people didn't put their money in banks, then they put their money in the banks, then the ATMs came along and when ATMs came along people were willing to go to the bank but it had to be their bank because that was where their money was and they got the money out. And then eventually they would go to the branch bank, right? Well, that's progress. But the money was still in their bank in their mind. Well now, when you travel internationally for example, you can go to essentially any ATM in the world and get money. I think this is phenomenal. Think of the computing and the networking infrastructure that allow me to get my money out of the bank that I put it in right on the street corner. And of course we all know that the money isn't actually sitting at the local bank. It's actually in the big bank somewhere in the sky. The important point here is that this is how banks work.

So the important point here is that if you think about it from your data, why wouldn't you make the same series of decisions? Wouldn't you prefer to have a trusted partner that won't drop your computer keep your important information and have it available for you wherever you are on every device? It seems obvious. We can finally now build these services.

Let me give you an example of the calendar product. We have what looks like the number one online calendar, a product introduced six months ago. How did this happen? Well, obviously a very impressive team. But our calendar application, and there's plenty, is organized around sharing because there's another observation that people are collaborative. So once you have all this information in the big bank in the sky if you'll excuse the analogy, you can also begin to make it shareable and calendars are obviously shareable.

So the logic makes sense. So now all of a sudden we find ourselves in a very interesting and expansive business. We've just announced Google apps for enterprise where enterprises are looking at this and they're saying, "Hmm, maybe I could use this new technology within my company and I'll get the same high quality of service my employees get when they're not at work." And that's a business that looks like it's going to grow very nicely for us.

When we talk about quality, it's clear that quality has improved significantly in the last year and in all of the scoring, in all of the algorithms that we've built, this is perhaps the thing that we're proudest of. We're just getting better. Our index is much, much bigger. There's much, much more content and we've been able to scale it. Historically in computing what happens is you hit walls, you hit limits. We haven't hit those limits yet. And I think there's a good chance that we will be able to continue to invent new technologies, new ways of indexing all of this information that are going to continue to deliver tremendous value to people.

I wanted to highlight radio because this is the year where radio advertising will be automated by our model, we think in a significant way. We're very proud of a deal that we did with Clear Channel about two weeks ago which involves about 675 stations where we have high quality radio inventory and our computers talk to their computers to do radio ad placement. And so we bring our advertisers, the many, many, many advertisers that Google has who typically do not think of radio into the mix, excuse the metaphor. And all of a sudden, you can literally record an audio ad and of course computers, it's all computers anyway, put it into your computer, ship it into our network and it gets served in the right way. The pricing is done in the right economic way. It's a win. It should bring and we hope it will bring truly incremental revenue to an industry that's not had a lot of revenue growth. So our partners are excited about it and we're excited about it.

This is a picture of something called iGoogle. Now some of you love the Google search box and the white page. I'll tell you an interesting statistic. One of the fastest products growing at Google is this page, what we call iGoogle. And by the way, what's interesting is this is not static. These things are called gadgets and there are many, many tens of thousands of gadgets now and they do many different things. We use the obvious ones like calendar and the weather and the date and the NASA image. Of course it's Google so it has to be NASA and space-related. But you get the idea. And of course we have a crossword puzzle and we have a social network and so forth and so on. People are now putting up their own and not any one of them is the same.

So all of a sudden iGoogle is my Google. You can do whatever you'd like and you can add these gadgets. And in fact we're having a big, big developer program later this month to try and get even more people building on it. What's nice about it is it's also a nice way to unify this applications vision. If the apps also run

inside of iGoogle, then you don't even have to think about it. It's just it's always there. It's always available and it always works. Wow.

If we think about iGoogle and personalization, these are some example of the developer day we're going to -- and again, normally a developer conference would be in one place. We're going to do it in ten locations worldwide all at the same time, globally, and get everybody really excited because it's a global footprint.

I haven't talked much about the international component of Google but I can tell you that part of our secret has been the international reach of the company and the tremendous growth we've had in international. We're very excited about that.

Partnerships turn out to be one of the two or three key components of our growth. This is one that highlights KDDI. KDDI is the number two mobile phone provider in Japan and KDDI offers both targeted ads as well as search to their customers. What's interesting is these are the highest performing ads that we offer in the company. And I go like, "Wow, how could that happen?" Well, the obvious answer is because it's a personal device. It's highly personal. We know a lot about that person and the phone knows where it is. So not only do we know who you are, we also know where you are so we can show you a much, much more accurate ad people are much more likely to click on. Things like what am I going to have for lunch and those sorts of questions.

So the combination of these partners then layered on top of KDDI is showing tremendous growth for us. It's a good model for other partnerships that we hope to do in the mobile space. There are many other kinds of partnerships we do and I think we'll be doing many more in different categories. I haven't mentioned some of the other ones such as the Dell partnership and so forth, but they're all incredibly important as well.

This is an example of what happens when you combine all this. This is a fellow who decided to drive himself along Route 66, took pictures and created an oral history as a layer inside of Google Earth so you can have the benefit of the bad food and cheap motels that this gentlemen had to stay in during his drive from the comfort of your office.

This is a product, a French product that's a GPS enabled device where you drive along and this is for cycling which has your altitude and your location in the obvious way and at the end of your ride you press a button. It goes right into Google Maps. Unbelievable. So all of a sudden you can see where you went and you can't lie about the altitude you had.

Perhaps the most serious one is what we did with Darfur. As everybody knows, there's this huge humanitarian crisis in Darfur and it's very hard for us sitting here

to understand the tragedy of this crisis. So again, using this technology and using a layer within Google Earth we were able to highlight that. And we've won many awards for this and I hope that this kind of activity actually makes a difference in people's lives.

We are absolutely committed to the mission that I outlined at the beginning of this talk. What's great about being at Google is that the employees are happy to serve all of you as our shareholders in this extraordinary mission. So with that, thank you very much.

Maybe Larry can join me. And Larry, you have a mic. I think we'll just take questions. Do you want to sit in the chair there or stand? Questions or comments at the mic and the gentleman in the back, why don't you begin.

Q: \_\_\_\_\_ shareholder. I'm interested in international revenue, specifically the non-U.K. revenue. When I tried to learn about it, I looked at China where you have tough competition with Baidu.com. They have a high market share of search. They've positioned themselves very well with the hip group, with the crowd that wants good cultural language skills from a search engine and wants a lot of content like the MP3s. So that bothers me. But when I look at the rest of the world there's a lot of rich countries where there should be a lot of market, France, Germany, etcetera, the rest of Europe, Latin America, a lot of people in India and China too. So I'm wondering why is it only 30 percent? Why does it differ so much from the 15 percent we have in U.K.? Are there other Baidu.coms out there, Yahoo, etcetera? Or are we really competing with traditional media?

Eric: In most of the countries we are in the number one spot in terms of market share as best we can determine and many of the countries that you named we have a very significant market share as best we can tell from third party surveys. In China, as you pointed out, the surveys indicate that Baidu is number one. There's evidence that we're gaining share there by virtue of our investment and so forth. So the strategy is working. And I'm not sure what your question was because our commitment to international is strong. Did you have -- maybe you could refine your question just a bit?

Q: Large population in rich countries that add up to two or three U.S.'s. Why only 30 percent compared to the huge amount we have coming from the U.S. market?

Eric: Well, partly it's because the advertising market in the United States is more mature. And we actually looked at not user traffic but advertising market and the United States is still a significantly larger advertising market than the other three and they are in order by the way Japan, China, the U.K. and Germany. And we're doing well in all of those and we're improving ourselves significantly in China. Next question, yes, ma'am?

Q: I just wanted to say it was very exciting to be here with you fun people and all the colors around me. And after jumping off a plane from that lousy Berkshire Hathaway or whatever that Buffett's company is called where people have -- oh, I'm a shareholder. My name is Lauren Babbitt. But after jumping off the plane and the shares there are \$110,000 a share and they served you one taco, coming here, I mean I have no faith in Warren Buffett anymore. He's no longer my -- I'll keep the shares. Let him make money for me, but that's it. Other than that, I enjoy being here. I just wanted to say you have terrific -- your meeting was terrific, very informative. I learned nothing at that last one I came from. I'm very impressed with the fun, spirited college atmosphere, college campus atmosphere, the colors of Google all around me, the great sensuous food, sushi and delicacies you serve to the employees and all the dogs from all walks of life you allow the employees to bring to work, from golden retrievers to poodles. The only thing lacking is the smorgasbord for the dogs. Now my questions are: How high do you think Google can go? Can it go to \$1,000 a share? I hope that's not insider information. And I noticed a couple of you are 33 years old unless I read that wrong. But I just wanted to know what your secret is of success, even on a personal level, what made -- because for a company to become as great as Google it's the ingredients of the human being behind it or human beings behind it. What is it in you besides genes? And here's a more serious question because sometimes when I'm on Google, and I've had friends tell me the same thing, they feel there's spies. Are there like? Because then I'll get pop-ups sometimes. Is it the people advertising with you that kind of throw in some spies? I hope you got all those questions.

Eric: Larry, why don't you comment on the drive of a 33 year old?

Larry: I think I might actually be older than that now. I think we've been really lucky to have a really large opportunity. And so we had I guess we were lucky enough to have the confluence between having a really interesting vision of how do you get all the information in the world to all the people in the world efficiently and we were lucky enough that computer science actually really could help with that and that we were in the right place at the right time to make that happen and we also happened to be in Silicon Valley and there was people that could fund it and people that could manage it and all those hard things too. And so I guess just not all those things usually come together. But I think also it's been an era where sort of individual teams, small teams still can really make a huge difference. So you can build a product that does spell correction or something like that and you can show it to your mother who's doing Google searches and you can be a small team maybe of ten people or something and do that. And they really feel like, "Oh my gosh, I've improved the spelling of the whole world." And that's a pretty good feeling. I think it's really motivational to people and has really helped us grow the company and do all the things that we've done.

Eric: My comment is that of people my age, there's sort of this negativity about the world and I will tell you that, as a broad statement, and I will tell you that one of

the great pleasures in life is working with the next generation of people getting out of the colleges and universities in the United States. The optimism, the creativity, the drive and the passion is at a level that was certainly not present in my generation. It was not because the people grew up faster and they're more connected and they deal with things more quickly. And the message inside of Google is one of tremendous hope for technology, for the world and a great passion about the problems that we face in the world. And it's a great privilege to work with such people.

With respect to your question about -- I think I'd rather not talk about the \$1,000 stock price question. I'd prefer not to answer that question. But the question about people taking a look at your searches and desktop and so forth, we're very careful not to allow the advertisers that we work with to do that to you. So it's probably maybe other applications or web applications that you're using that might be doing that. Larry enforces a set of guidelines on those advertisers which they're constantly complaining about, which really does limit their ability to do that.

Larry: Yeah and partners. That's probably a third -- just like your computer can get infected with a virus, a lot of computers get infected with a program that shows ads. And so it just might generate pop up ads. We don't run pop up ads. So those aren't coming from us. But sometimes your computer is just infected and it's just spurring ads.

Eric: Let's go ahead and get a couple more questions. Yes sir, in the back. Thank you very much.

Q: Jason Dem(?), shareholder. Two questions. What assurances can you give AdSense publishers that they will not be falsely accused of click fraud? And is there any recourse if a publisher feels his or her account has been wrongly disabled? And the second question is it was recently reported that YouTube was going to share the wealth with their video creators. Have the plans on how this is going been laid out yet on how this is going to work?

Eric: With respect to sharing the wealth with the content, those plans are being put in place now. So they're not -- we announced our intent to do that and we're doing that over the next month so it'll happen fairly quickly. With respect to the disabling of click fraud, for those of you who don't know, there is a constant problem of people trying to gain the ad system and the indexing system and we apply our computer scientists to this problem. We're pretty good at sensing rates of click fraud. There is a manual appeals process that basically if for some reason an advertiser is cut off they can actually appeal. We've had a couple situations where people have been unhappy with our decisions but we have tried very hard to police the network. Sometimes people find themselves in the situation where they're unwittingly part of a click fraud network even though they themselves did

not initiate it and it's an education opportunity for us. So it's a combination of manual appeal and science.

Q: Thank you.

Eric: Yes, ma'am.

Q: Hi, I'm Sarah Wilson, shareholder. Thanks for taking our questions and for your presentation. It was great. Google has become a bigger influence on people's lives faster than any company in history and I've started to hear some of my friends in Silicon Valley referring to Google as the new Microsoft, not in flattering terms. I think that that's perhaps at the very bleeding edge, but I think it signals a potential drag on the company and I was wondering what indicators you would use if you have thought about any to gauge whether that has become a material issue for the company and do you think that that is something that the company needs to be addressing in terms of how you're able to recruit and retain the best people or in terms of other factors that affect the company? And why or why not? And if it is, or if it ever does become one, how would you -- what's your strategy to address that?

Eric: It's interesting. We just had a lunch meeting on this very topic. The simplest answer is that it's focused -- we really do make decisions based on end users and so the goal is to solve a user problem. And unlike other companies, we've made a commitment not to trap user data. We won't force you to just use Google. We can't. And we remind our engineers every day that we're one click away from losing that customer, different from some other companies. Larry?

Larry: Yeah, and I think for people in the area it's kind of, well and for everybody, it's kind of natural that Google is getting bigger and things are going well for us. It's natural for people to be concerned about that. And if I wasn't here I would be concerned too. I think our actions over the next ten years or something will make it clear that we're not the same kind of company as some of the companies people are worried about. And I think it's deep within our culture. If you look at the engineers here, they all run Linux. You can walk around, just around this room here and you'll see they're all running Linux. And Linux is a free operating system. You can hack on it. It's a very different model than we've had in the past and that's deep in their DNA and of all the people who make our products. And I think you'll see that come out as hopefully we continue to be successful and stuff. You'll see a lot of our decisions are going to be made differently.

I think also in the area, we do get into contention for hiring people. We have tons and tons of recruiters and we cause traffic in the area and their buses are running up and down and all of our buses. Somebody actually told me they were trying to work at Yahoo and they said, "Oh, go to this place and get on the bus," and they got on the bus and it was one of our buses. And they ended up here. And so it's

that kind of stuff, too, which it's just not really something -- I mean we try to be sensitive about it but the scale of our opportunity is very, very large.

I always give the speech kind of when we were 200 people we said we're a search company. Search is going to be a big deal. We need to grow, to expand to deal with that opportunity. And I still feel like we're in that stage where we're still a start-up. And so for us we're not serving every country in the world. There's tons of things that we should be doing that we're not yet doing. And so we need to scale to meet that opportunity. And some of that is we're going to cause traffic around this area and those kind of things and that is going to have some impact on other people.

Eric: Thank you very much. Let's have the next question from the back.

Q: Earl Hoffner, a shareholder since your IPO. I want to compliment you on maintaining an open and free meeting with information that's useful to all of us. I went to the Apple meeting and I know you were there since you're a director of Apple. And in order to get in you had to go through essentially a worse thing than going to the airport. They even confiscated my pocket knife and held it for me until I checked out.

Eric: You're holding it up there for everyone to see, right? You're letting everyone see it.

Q: But you guys didn't. And we have cell phones in here and it seems to me that nobody's going to be attacking anybody else. The other thing was...

Eric: Sir, we did not see you as a distinct threat.

Q: ...is that you've provided information. Mr. Jobs at Apple this morning I was, again, totally unimpressed. Absolutely no information. I'll probably have gone to my last Apple meeting. I hope to continue to come to yours in the future and they'll be as informative as this. Thank you.

Eric: Thank you very much. Yes, sir?

Q: Hi, Dr. Schmidt and Mr. Page. My question is -- you might have already answered this but I just wanted to get on camera. But I read somewhere where you said that -- sorry about that -- I read somewhere that you said you didn't see a ceiling for Google's growth. Do you still feel that way?

Larry: I mean I still feel like we have -- I mean every day that we come to work we see new opportunities and just more people coming online, more people doing more things online. The quality of search can be hugely improved still, which causes you to use it more than you use it now. We're still a very small percentage of

advertising markets in terms of our revenue and so on. So I think there's still tremendous, tremendous opportunities for us, yeah.

Q: Okay, thank you.

Eric: In the back, yes, ma'am?

Q: Hi, I'm Susan DeSilva, a proxy holder and I just want to thank you for another part of your culture and that is the Google Grants. I sit on the board of a small non-profit and it's made a huge difference that people can find us on the internet and it's just...

Eric: Would you mind describing for the audience what Google Grants are, because it's a pretty important program for us.

Q: Okay. The non-profit that I work with is called CMRPI and we're protecting children from child molestation and spreading information about that. And it used to be that it was hard to be found on the internet. And we don't know what the secret codes are to get yourself high on the search list. So we applied for a grant and we were given it. And so now if you put in child molestation or protection of children, we pop up. And we've reached a lot of people. It's just made the whole thing spread and we're really grateful. Thank you.

Eric: Okay, thank you for that. This program is a huge success for us worldwide, one of the best things Google does. I'm really glad that you were able to use it. Yes, ma'am?

Q: My name is Suzanne Loke(?) and I have a website called FundraisingMom.com. I also am a user. I'm an internet marketer and what I do is I use the ideas that I come up with of how to make money online to try to teach non-profits how to make money using the same tools. I've been an Adwords user since the night you became active. I stayed up all night putting up ads because...

Eric: April, 2002.

Q: Yeah, I was an Overture user and I was really excited that Google was finally doing it. And I just want to, first of all, commend you for doing such a great job. I do feel a good energy and when people ask me -- because I say a lot of good things about Google. And people say, "Oh, they're so big." I come from Santa Cruz. People there don't like big companies. And but I'm always -- I feel very confident and good with Google. I feel that you are truly putting the user first. To come to what I want to ask is, as you say, more people are using iGoogle and you're developing applications for the end user. My feeling is that you not only want to digitize books and other information but you want to digitize Grandma's recipes, you want to digitize people's ideas, just people that don't have a place to

talk and just people's information. And I think you're doing a very good job with all the tools that you're doing. But I think that it's time to figure out a different package of how to get all those tools to the little people, to the little fundraisers that I'm talking about, the little communities, the schools, the churches, the synagogues. And I wanted to know who can I talk to with my idea of how to do this?

Eric: There are a lot of Google executives in the room. It needs to start with Jonathan. This is Jonathan Rosenberg. Jonathan is in charge of all of our products. So he's a very important person to talk to after the meeting.

Q: Okay, thank you.

Eric: And he's willing to stay. He's already agreed.

Larry: We said, too, like Google apps, which Eric talked about, you can now get a version of that for very small organizations. And a lot of the ones, the small organizations I deal with have started using this and they were really happy with it.

Eric: I think your question points out a missed opportunity at Google, that there are so many people who want to express ideas and it's still hard for them either because they don't have their own IT departments or whatever but they have interesting ideas or interesting content, how do they get it online and how do they get it online worldwide and again because they want people to see it, how do they get it ranked and all that kind of stuff. Okay, you'll let us know. In the back, yes, ma'am?

Q: I'm actually an employee here but I'm a stand in for a woman up front who wants to ask a question.

Eric: Yes, wonderful.

Q: Thank you very much for permitting me to do it that way.

Eric: This is a new Google maneuver, right? Partnerships, partnership between an employee and a shareholder. It doesn't get better than that. Yes, ma'am.

Q: I appreciate the understanding that seems to go so far in Google and I feel very fortunate in living in a time when I can have Google. My last name is Alexandra. I'm a community property shareholder. I have three queries please. The first is it's wonderful in doing research to have Google. When I reach the topic for which I've been looking I do have problems -- perhaps I don't understand it -- with the arrangement that then comes. It doesn't seem to me to be chronological necessarily. You mentioned the Panama Canal. So either the most present

information, if that could come first. Or for example, with prescriptive drugs you have a small outline for physicians or side effects. If you could indicate the historical aspects, perhaps the aspects for the engineer, the aspects for the tourist so that there's a lot of repetition. It's difficult for me when I get the topic to find what I'm looking for. Second query...

Eric: Would you mind, let's just answer that because that's a very, very good question. Larry?

Larry: I get the hard questions. Well, I think that what you're getting at is actually the core of what we spend most of our time working on. So we spend about 70 percent of our effort on search and advertising and very many of the people who work on search work on just the topic you just outlined, which is how to get you the exact right thing. And that includes whether it's structured information as the prescription drug information you mentioned, which is sort of set aside because it's structured more than normal web search or whether it's chronological or not or news archives like Eric mentioned. We actually have a program that tries to determine which of those things you actually want and gives you that right kind of information. But it's nowhere close to being perfect yet.

Q: The prescriptive drug I used as an example of an outline at the beginning. It's sometimes it will take me to page 12 and maybe an hour to reach what I want because it's not within a timeframe, it's not within alphabetical frame.

Larry: Exactly.

Q: It mixes up one word that might be within quotes. Within a reasonable time perhaps the two(?) people I'd be glad to give the phone number and tell you the topics with which I had trouble. Second query...

Eric: Actually just to answer the -- we actually, we agree with you on this categorization issue but we've invented some technology that automatically goes into the categories that you just named, the user, the doctor, the physician and in fact, the parts of Google that are used for health will get much better over the next year because of questions like the ones you're asking.

Q: But I'm indicating not just health.

Eric: No, I understand.

Q: I only meant that as an example for an outline.

Larry: Yes.

Q: Second query please, I assume that with the calendar you mentioned there will be

sufficient security because of the obvious protective effects?

Eric: The security of what stuff?

Larry: Calendar.

Q: If you have a calendar online...

Eric: Yes, yes.

Q: It's so easy for people to get in and obviously...

Eric: Oh, absolutely, yes. Yes.

Q: Okay, third is...

Larry: You don't share with everybody.

Q: Third is something that I would really appreciate your considering doing. Now that we have the ability to reach people all over the world, somehow -- for example, let's say -- let's assume I'm an attorney and I want to reach everyone who feels about Guantanamo the way I do. Is there some way that Google or someone who says, "I have Parkinson's Disease, let me reach everyone in the world who has that." Except for blogs there's no way to put that question in or to reach those. And easily Google could do that it seems to me and it would be a terrific service and perhaps something that would give us another step forward. Thank you.

Eric: Larry?

Larry: Yeah. We're accepting job applications.

Eric: We're actually thinking about this question and we've not yet quite figured out the right combination to do exactly what you said. But it's a very clever idea. Yes, ma'am?

Q: I'm a very small shareholder. I had two questions. One, is there any proposal to split the stock to make it more accessible to the small investor? The second is how do you make sure that the information that comes out is accurate? There is so much misinformation on the web.

Eric: With respect to the stock split, we are not considering a stock split and we haven't for a long time. With respect to misinformation, you're talking about the misinformation in general on the web?

Q: Even in searches there's information that is not accurate.

Eric: Even in searches. We would view those as just we didn't do a perfect job on ranking. We have sort of come to a view that there's so much information in the world that it's going to be very difficult for us to say, "This is right and this is wrong." But we believe that the community as a whole plus the algorithms and computing technologies that we're using can provide a pretty good approximation to the best quality results. It is possible, for example, that if everybody thought that something was false that was actually true, we could be tricked. But it's hard to trick Google in the aggregate and we're constantly improving the ability to rank the first, second and third results. At the same time, there's this enormous expansion of information which is making it hard for us to continue those improvements. The magic of Google is that we've been able to do that even while the amount of information in the world has been expanding so quickly. Yes, ma'am. Thank you. Yes, sir?

Q: Yeah, Bill Bates. I'm a shareholder. Two questions. When do you think you'll be coming up with your own proposal relative to the one we defeated today that was before the shareholders? And secondly...

Eric: You're referring to the China proposal?

Q: The one that was, that New York Pension Fund wanted, that one.

Eric: Referring to the China proposal, yes, sir.

Q: Yeah, yep. And secondly, we were talking to your head of Investor Relations at lunch. How do you keep the collaborative, friendly, challenging culture here that's made you so successful? How do you sustain that? As you keep getting bigger and bigger that becomes harder to do. So how are you addressing that?

Eric: I'll let Larry answer the second one. For the first one, many of the components that were part of the initial proposal have already been adopted by Google. So for example, when we are operating in China, if -- and it's a very small percentage of queries -- we are forced to omit a result, we state that to the Chinese end user. And Chinese people are very, very smart. They're perfectly capable of going and finding that information through another means. And in many cases it causes them to be interested and drives even more traffic to this, not such good information according to the government. So the effect of it is that we do, in fact, maintain transparency, that the end user really does understand it. And we're comfortable that balance of choices, if not a perfect outcome, does preserve the mission of the company and also really does serve the Chinese citizen. And as you know, there are going to be an awful lot of Chinese internet users and they're an important constituency for us.

On the second question which is...

Larry: Culture.

Eric: ...maintaining the culture...

Larry: Every time the company doubles, everything changes and we've done that many times so far and hopefully we'll continue to do that. Some things actually get easier. Like we've learned that the cafeteria is a really good way for people to work together and meet each other and informally work, which is actually, if you study companies, that's how a lot of work gets done. And we know how to do cafeterias now. And Eric's been really upset that I keep...

Eric: I cannot believe this. This is the one source of tension between us. How many cafeterias, Larry, have you opened this week?

Larry: I have no idea.

Eric: I went over to the other campus and you have four you didn't tell me about. How can this be?

Larry: See, I have a very simple algorithm, which is to put one cafeteria in each building.

Eric: Oh, now you tell me. Okay.

Larry: But my point was just we know how to do some of these things now. And actually as we scale we're implementing some of this stuff faster and so actually I think in some ways our culture is getting better.

Eric: Yes, sir?

Q: Brad Bates, shareholder. I also was going to ask the stock split question. If you sit down, it looks like you chickened out on your question. But let me just...

Eric: I actually just said no.

Q: I know. No, I meant me chickening out by sitting down from the podium.

Eric: Oh, okay.

Q: But let me just ask. When the stock does get to the levels you're getting to and hopefully going to, do you feel that it possibly gives the, what I would call professional money managers more influence over the company? And do you envision a time at some point or a set of circumstances where you would consider a stock split? Thanks.

Eric: I'd rather not speculate on that. We do look at this and so far there's not been a barrier to having important shareholders who buy a small number of shares. They have been able to buy them. The markets are efficient now that the high price does not seem to have been a deterrent. If it were to become such then I think we would have that discussion. Yes, sir?

Q: Good afternoon, Dan Wong, shareholder. My question relates to the fact that you do not create nor own, control most of the content on the web and how is that fact affecting the fact that most of the old media is losing advertising revenues as you are gaining? How are you going to address that?

Eric: We're happy that we're not in charge of all the content. We depend on the partners for their content. We want to provide more monetization and advertising opportunities for them. That's the core of our strategy. And in that sense, Larry would say that we are the best, we should be the best partners for what you're calling old media because we have such nice reach, we have such good technology and we have such a good brand. So it should work. And as we develop new advertising models it should serve very well.

Larry: We should say too, I don't think it's like our gain, their loss. I just think there are trends going on. We don't have content. We don't employ people to make content and so on. So we're in a different business than they are. But ultimately we'll give high rev shares to those folks and we're their best partner for distribution and also for monetization.

Eric: Now we're going to run out of time. I wanted to make sure we take the questions from the people who are still standing. So yes, sir, in the back, if you could go and we'll try to answer these a little more quickly and then we'll finish up. Thank you.

Q: My name's Jack Easterling and I'm a stockholder. I personally want to thank you for not splitting the stock because I believe that Wall Street would like that very much. The other thing that I'd like to ask is I realize that you have a corporate jet. I'd like to know if...

Eric: We do not.

Q: You do not?

Eric: No.

Q: Well, I had heard that you did. And if you do get one...

Eric: Go ahead.

- Q: ...can you assure us that the three of you, the three that are primary here, can be such that they will not travel together in the same aircraft?
- Eric: Very good question. Since I'm the pilot and they're the two passengers, it's really a problem.
- Q: And the other, the last part is I realize that you have a friend in the neighborhood who has...
- Eric: He can speak for himself on whether he wants to fly with me as his pilot.
- Q: ...who has...
- Eric: Don't say.
- Q: ...who has a large yacht. I wonder if you people are going to be doing the same thing.
- Eric: I'm not aware of any large yacht plans at Google and I can assure you the company won't own one in any case.
- Q: Okay.
- Eric: Yes, ma'am, in the back.
- Q: Hi, I'm Rita Baum and I'm a shareholder. I'm also in the field of gerontology, which is aging seniors. I mentioned to the gentleman sitting next to me that it's so nice that I'm here in a large group different from concerts and symphonies where almost everyone has gray hair. There's just a sprinkling of gray haired people here. But on that subject, I'm just wondering if...
- Larry: I don't have that much gray hair, Eric.
- Eric: It's getting worse.
- Larry: I'm told they have chemical solutions for this.
- Q: But yet the field of aging is so vast. The over age 85 group is one of the fastest growing age groups in the country. We already have almost 15 percent of our population is 65 or older and in other developed countries it's more like 20 to 25 percent. I'm wondering as our Baby Boomers quickly will become seniors too, if you've considered doing a subset Google Aging or Google Seniors to deal specifically with the vast amount of information that older people need and want, not only the best places to retire but even at the other end of the spectrum, the specific health factors that are important to older people, which nursing homes

have the most citations, including AA citations, which means deaths that are occurring unnecessarily. So it's a wonderful field. I used to write a senior's column. I know it's very popular. But I don't think there's enough people who are spending time and devoting information specifically for seniors and I just wondered if you'd consider that.

Larry: I think Eric should answer it because he'll be older first.

Eric: How long is this partnership going to last, Larry, at this rate? We would prefer to solve your problem as you state which is a very important problem, by knowing more about the end user, by knowing more about the age, preferences, lifestyle, medical condition through a process that we call personalization. And over time we think that Google will know more about you and it will be able to provide more tailored results and those more tailored results will be more accurate. They will reflect your question. They will be, from your perspective they will be as tailored as you ask for. But it doesn't require a completely different site or tab or community. We don't know how to divide up. We don't know whether we should stop at 85 or 60 or maybe 52, Larry, in my case. Yes, sir?

Q: Yes, thank you. Good afternoon, Victor Ramirez, I'm a shareholder. I'm just following up to just give you feedback with regards to the non-profit that I represent that has in fact been a beneficiary of your grant. Since you awarded the grant to the non-profit, in less than a year we've had 100,000 visitors to the site.

Eric: Wow.

Q: So we thank you.

Eric: What is the name of your non-profit?

Q: It's called Vibrant Learning Affiliates.

Eric: Great.

Q: Thank you.

Eric: Thank you very much. Yes, ma'am?

Q: Carolyn Brown, shareholder. What kind of frustrations and demands do you get from the SEC and the United States Congress in relationship to accounting and to privacy issues?

Eric: With respect to accounting we have this amazing Chief Financial Officer named George Reyes, who's here and he's watching me as we speak. And Google has -- we've managed to escape the traditional errors, I think, because of the quality

frankly of the leadership of George and his whole management team. We've not had anything particularly notable. Every once in a while they'll ask a question or two and we provide a clarification.

With respect to privacy, we've had a couple of cases where we've disagreed with the federal government over what we thought was an over-broad privacy thing. And one of the great things about the United States system is that there is a legal process that we were able to use to get it limited and we complied with it. So it was a very good outcome.

Q: Thank you.

Eric: And we have, it looks like we have two more questions. So if the two of you could be the last ones. Yes, sir?

Q: Yeah, real quick here. Bob Oliver, shareholder. A follow-up here. Larry, what happened to that 757 that you had all the problems with and the Formica(?)?

Eric: 757 and Formica(?). It's not really a Google question. Maybe you have another question?

Q: Well you said you didn't have an airplane, a corporate airplane.

Eric: No, there's no corporate jet at Google.

Q: Oh, what happened to the 757?

Eric: It's not a corporate jet.

Q: Oh, okay. The other thing is...

Eric: You're assuming it exists.

Q: From what I read it exists.

Eric: What you read may or may not be true.

Q: Good choice in equipment, as long as it isn't an Airbus. But anyway, on the other part of the question that's probably been beaten like a dead horse here is splitting the shares. And if you're going to not do that and I don't see why you have answered it correctly or even given a good answer why you won't, why are you diluting what I do have with four million shares of this Type A stock that you're going to put out?

Eric: The dilution that you're referring to is essentially all for employee, both retention

and new employees. The board has a whole process that it looks at this rate(?). They spend an awful lot of time trying to figure out what that rate(?) is. So the extra shares are really there to bring in additional employees. From a shareholder perspective that dilution is very good for you because it means that these people will come in at much lower ownership positions relative to yourself and they'll work just as hard as the earlier folks. So from your perspective as a shareholder, that dilution is some of the best use of the shareholders' capital and money that could possibly be used. The other aspect of dilution that we face is if we purchase a company with stock there is some dilution. Although recently for example, DoubleClick was done with cash for that reason.

Q: If you put out more stock are you planning on doing it in this Dutch auction way again?

Eric: No.

Q: Which I thought was a disaster. Even your underwriters weren't even happy with it. They wouldn't even sell it.

Eric: Well, for the record, we were actually very happy with the way we went public and the ultimate result and we're happy to have you here today.

Q: Well, it kept me out of the market for about a week or two.

Eric: Well, but nevertheless that was your choice. From our perspective, if we go to the markets again, we would consider that at this time. But the options that we're granting are options; they're not done as a marketplace transaction. They're created by essentially the legal process of the company and they're done at market. So they're done at whatever the price is that day and of the date of the grant.

Q: Well, I'm just saying that I hope you don't do another Dutch auction. I'll just put it out there.

Eric: It's highly unlikely we would do something because there is already a market value. Let's have our last question. Yes, sir?

Q: Well, I'm Hanson Lee and I'm a stockholder. And at one time when Google started, you were partners with Yahoo! and Microsoft and various other people. Do you ever see that we're going to go back and be good partners with them again?

Eric: There is always hope. Thank you very, very much for spending so much time with us. Thanks, Larry. Thanks, David. Thanks, George.

END