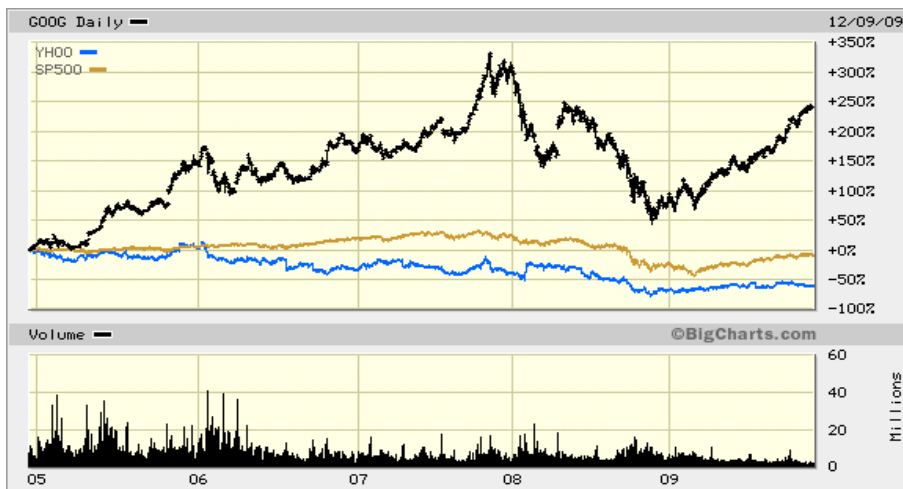


## Google Inc. (GOOG) 12/9/09

GOOG operates as a search engine/internet technology company that generates revenues primarily through advertising. GOOG offers many online search tools and various applications as well as smart phone operating systems. The company was founded in 1998 and headquartered in Mountain View, California.

Current Price	\$589.02
52 Week High	\$594.83
52 Week Low	\$282.75
One Yr Target	\$640.00
Market Cap (in billions)	\$186.88
P/E (Trailing)	37.99
P/E(1 Yr Forward)	22.34
P/E/G	1.21
ROA	14.39%
ROE	16.11%
EPS	\$15.50
Beta	0.69
Annualized Dividend	\$0.00
Dividend Yield	0.00%
Analyst Consensus	1.70
Debt to Equity	0.12



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**Annual EPS**

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2005	\$5.00	
2006	\$9.96	99.15%
2007	\$13.42	34.73%
2008	\$13.41	-0.03%
2009E	\$15.50	15.59%

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**Annual Revenue (in millions)**

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2005	\$6,138.56	
2006	\$10,604.92	72.76%
2007	\$16,593.99	56.47%
2008	\$21,795.55	31.35%

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**Annual Net Income (in millions)**

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2005	\$1,465.40	
2006	\$3,077.45	110.01%
2007	\$4,203.72	36.60%
2008	\$4,226.86	0.55%

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**Free Cash Flows (in millions)**

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2005	\$1,606.38	
2006	\$1,677.71	4.44%
2007	\$3,372.57	101.02%
2008	\$5,494.40	62.91%

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**Required Rate of Return**

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8.55%

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**Dividend Growth Model**

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Present Value of 2014 Price	n/a
Holding Period Return (5 years)	n/a

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**Expected Annualized Return Model**

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Present Value of 2014 Price	\$945.15
Holding Period Return (5 years)	9.80%

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**Residual Income Model**

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Intrinsic Stock Price	\$38.97
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# Analysis

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## Positives

Very solid financial ratios is a sign of a well run company

Company is very cash rich and has had no Interest Expense for past 4 years

## Negatives

Current stock price is overvalued according to the RI model

## Financial Statements

Income Statement is great but has been losing some momentum in past years

Balance Sheet is great but for no Treasury Stock, a sign stock prices may possibly be too high

Cash Flows are nice but for suprisingly high Capital Expenditures

## Industry Analysis

Search Engine providers should see increased revenues from increasing users and advertisements

GOOG is an industry leader by financial ratios and in a dominant industry position

## Summary

GOOG is a cash cow and does a good job of managing its excess returns. Its financial ratios and financial statements are very solid, with the only concern is maybe they don't purchase any Treasury Stock. GOOG is a far-and-away industry leader that does a good job of researching and developing new products to maintain this position, as well as aggressive acquisitions. As populations increase and economies return to full strength use of GOOG products and advertising revenues should only increase. GOOG could face some competition from MSFT's new search engine, but GOOG should retain sufficient market share while expanding other revenue sources. Although GOOG has grown into a large company it still has plenty of opportunity to grow revenues and with a management that is good at operating those revenues it should see plenty more stock appreciation, resulting in a **buy** rating.