



**Board of Directors
Q4 2010 CEO Report**

Jan 19, 2010

Ex. No.

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Highlights – Q4 2010



- Strong quarter – great end to a roller coaster year
 - Nikesh effect = highly focused sales force
 - New AdLinks boost CTRs by 40%
 - Unexpectedly strong holiday sales
- Practicing what we preach - competition is good for Google, really!
 - Rate of search quality improvements up significantly
 - More/faster search UI innovation and iteration
 - Meaningful technological advances e.g. real time search, voice, instant translate, visual search
- Battle for L.A. – more, bigger companies/organizations 'Gone Google'
- Android takes off
 - Droid does wonders for Verizon and Motorola
 - Nexus One tickles Googlers' passions
- Chrome for Mac and Linux – Sergey can sleep easy
- EU browser ballot – victory for users, opportunity for Chrome
- Chrome OS open source launch and demo gets technorati a twitter

- Phenomenal rate of innovation on mobile e.g. turn by turn navigation, voice learns Chinese and Japanese
- Google Dashboard pushes the frontier on user transparency
- AdExchange drives significant gains as DoubleClick integrations hit stride
- Rolling out next generation networking, server and storage infrastructure to maximize efficiency
- Helping create a faster web – public DNS and SPDY protocols
- Unity cable bridges the Pacific
- YouTube begins to crack TV and music with VEVO launch and Channel 4/5 deals in the UK
- Holiday shopping AdMob, Gizmo5, Teracent etc
- Googlegeist shows Googlers happier about career development opportunities
- Gave away 20M to charity, making us a winner with our customers, employees and of course the charities!

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Lowlights – Q4 2010



- Search query growth declining through 2009
- RPMs still down Y/Y, although the fall is slowing
- Key verticals such as travel, auto still soft
- Slow progress in some key product areas, e.g. social, commerce, local, news, health
- Lacking the right leadership in some key product areas
- Regulatory challenges grow and litigation costs are increasing significantly
- Murdoch and friends demand cash
- Search ranking increasingly an issue, e.g. Michelle Obama, Foundem
- Korea, Japan, Italy and China continue to be a struggle
- Security threats increasing significantly
- Competition and process issues with potential acquisitions

- Regretted attrition to start ups (particularly Facebook and Twitter)
- Operational challenges to scale display
- Recruiting requires a kick start
- Googlers complain of lack of innovation and difficulty to start new projects

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