STANDARD & POOR'S

Google Inc

S&P Recommendation	Price	12-Mo. Target Price	Investment Style
HOLD ★★★★★	$733.99 (as of Sep 21, 2012)	$675.00	Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

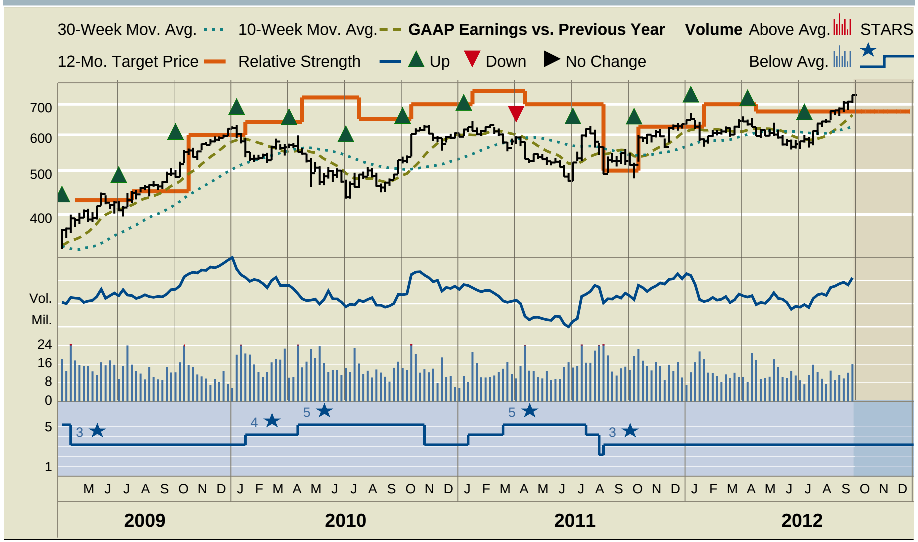
GICS Sector Information Technology
Sub-Industry Internet Software & Services

Summary Google is the world's largest Internet company, specializing in search and advertising. In May 2012, it acquired Motorola Mobility for $12.5 billion.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$734.92– 480.60	S&P Oper. EPS 2012**E**	37.00	Market Capitalization(B)	$192.285	Beta	1.08
Trailing 12-Month EPS	$33.73	S&P Oper. EPS 2013**E**	43.00	Yield (%)	Nil	S&P 3-Yr. Proj. EPS CAGR(%)	11
Trailing 12-Month P/E	21.8	P/E on S&P Oper. EPS 2012**E**	19.8	Dividend Rate/Share	Nil	S&P Credit Rating	AA-
$10K Invested 5 Yrs Ago	$13,105	Common Shares Outstg. (M)	327.0	Institutional Ownership (%)	82		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Scott Kessler** on Aug 06, 2012, when the stock traded at **$646.39**.

Highlights

- We believe revenues will rise 38% in 2012 and 16% in 2013, reflecting the purchase of Motorola Mobility in May 2012. We project growth of GOOG's traditional businesses of 22% in 2012 and 18% in 2013, owing to secular growth in online advertising, international expansion, and increasing traction for display advertising. We project Motorola's revenues will increase 5% in 2013. We think uncertain global economies pose difficulties for the company.
- We expect pro forma operating margins to narrow notably in 2012, reflecting the Motorola purchase. We see further erosion in 2013, reflecting continuing investment. We also see continuing spending related to government inquiries/investigations.
- In May 2012, GOOG acquired Motorola Mobility for $12.5 billion. We believe the pursuit of Motorola was motivated by GOOG's interest in fortifying its patent portfolio and protecting its key Android franchise. We also think GOOG will keep Motorola's production operations centered on smartphones, tablets and set-top boxes, but we see possible rationalization of segments and products.

Investment Rationale/Risk

- We are skeptical about the purchase of Motorola Mobility, as we believe it will not necessarily protect Android from IP-related attacks, and will weaken GOOG's growth, margins and balance sheet. Adding Motorola could actually hurt Android, as OEM partners could pursue alternatives, with its purveyor now positioned as a competitor.
- Risks to our opinion and target price include possible market share losses, new offerings succeeding less than we expect, excess expenditures associated with expansion, adverse legal/regulatory developments, and issues related to the purchase of Motorola.
- Our 12-month target price is $675, reflecting our discounted cash flow analysis. Our DCF model assumes a WACC of 12.0%, five-year average annual free cash flow (FCF) growth of 13%, and a perpetuity growth rate of 3%. We see Motorola initially restraining FCF growth, reflecting a less profitable business model and the potential need for greater investment as GOOG addresses hardware-related opportunities.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects what we see as relatively low barriers to entry in the Internet segment, significant competition, and increasing investment and related new offerings, considerable ongoing legal and regulatory matters, and potential issues related to the purchase of Motorola Mobility.

Quantitative Evaluations

S&P Quality Ranking NR

D	C	B-	B	B+	A-	A	A+

Relative Strength Rank STRONG

89

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2012	10,645	12,214	--	--	--
2011	8,575	9,026	9,720	10,584	37,905
2010	6,775	6,820	7,286	8,440	29,321
2009	5,509	5,523	5,945	6,674	23,651
2008	5,186	5,367	5,541	5,701	21,796
2007	3,664	3,872	4,231	4,827	16,594

Earnings Per Share (U.S. $)

2012	8.75	8.42	**E**9.16	**E**10.25	**E**37.00
2011	5.51	7.68	8.33	8.22	29.76
2010	6.06	5.71	6.72	7.81	26.31
2009	4.49	4.66	5.13	6.13	20.41
2008	4.12	3.92	4.06	1.21	13.31
2007	3.18	2.93	3.38	3.79	13.29

Fiscal year ended Dec. 31. Next earnings report expected: Mid October. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data

No cash dividends have been paid.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

Google Inc

STANDARD &POOR'S

Business Summary August 06, 2012

CORPORATE OVERVIEW. Google is a global technology company whose stated mission is to organize the world's information and make it universally accessible and useful. GOOG has amassed and maintains what we believe is the Internet's largest index of information (consisting of billions of items, including Web pages, images and videos), and makes most of it freely accessible and usable to anyone with online access. GOOG's websites are a leading Internet destination, and its brand is one of the most recognized in the world. International sources contribute more than half of revenues.

GOOG's advertising program, called AdWords, enables advertisers to present online ads when users are searching for related information. Advertisers employ GOOG's tools to create text-based ads, bid on keywords that trigger display of their ads, and set daily spending budgets. Ads are ranked for presentation based on the maximum cost per click set by the advertiser, click-through rates, and other factors used to determine ad relevance. This process is designed to favor the most relevant ads. GOOG's AdSense technology enables Google Network websites to provide targeted ads from AdWords advertisers.

GOOG acquired Motorola Mobility in May 2012. Motorola manufactures smartphones, tablets, and set-top boxes. We expect Motorola to account for around 11% of GOOG's revenues in 2013.

In April 2011, co-founder Larry Page became CEO, replacing Eric Schmidt, who became executive chairman. Co-founder Sergey Brin is working on special projects. Page quickly restructured the management team to have business leaders report directly to him. We think these changes have already started to contribute to faster decision-making and more successful innovation. We expect Schmidt to largely remain the public face of the company, as he serves as GOOG's spokesperson and statesman around the world, in contexts from meetings with customers and partners, to sessions with government representatives. We think Page was a driving force behind GOOG's purchase of Motorola for $12.5 billion.

CORPORATE STRATEGY. The word Google has become synonymous with the Internet search category. We believe this reflects GOOG's historically strong focus on the search segment, and the company's related market share leadership in many countries around the world, including the U.S. GOOG has been expanding its efforts beyond the traditional online search category. In recent years, it has announced an e-mail service (Gmail), traditional and satellite mapping offerings (Google Maps and Google Earth), an instant messaging service (Google Talk), a finance offering (Google Finance), a payment service (Google Checkout), a personalized portal offering (iGoogle), a mobile Internet software platform (Android), an Internet browser (Google Chrome), a computer operating system (Google Chrome OS), and social network (Google+), a "daily deals" offering (Google Offers), and a tablet (Nexus 7). We believe these initiatives have been intended to broaden GOOG's reach, and to increasingly attract users and spur activity and engagement. The company has been discontinuing investment in and operations of offerings that have not gained sufficient traction.

COMPETITIVE LANDSCAPE. GOOG's leading competitors in the search segment include Yahoo (YHOO), Microsoft (MSFT), and Ask.com (formerly Ask Jeeves), which is owned by IAC/InterActiveCorp (IACI). Since late 2005, GOOG has renewed search partnerships with AOL (AOL), and signed major distribution deals with Dell (DELL) and eBay (EBAY). We see competition from MSFT and YHOO, as the companies move forward on their search and advertising partnership. In April 2011, Ask.com announced that it had renewed its partnership with GOOG for four additional years.

FINANCIAL TRENDS. GOOG has a somewhat limited operating history, particularly as a publicly traded company (its IPO was completed in August 2004). In our view, GOOG's historical annual pro forma operating margins (of between 35% and 45%) and net margins (between 25% and 35%) have been quite robust. However, these margins could be adversely affected as GOOG invests to bolster its Internet search offerings and endeavors to diversify into new businesses (including M&A activity). We also expect greater competition to negatively affect the company's pricing. Moreover, we project that Motorola will impair GOOG's operating margins. Our EPS estimates include notable expenses related to stock-based compensation.

Capital expenditures increased from $37 million in 2002 to $838 million in 2005, and more than doubled in 2006, reflecting notable plans for expansion (hiring people, securing facilities) and investment (technology infrastructure, including hardware and telecommunications capacity). They fell 1% in 2008 and plummeted 66% in 2009, but surged nearly five-fold in 2010 (reflecting the purchase of a building in Manhattan). Capex fell 14% in 2011, but we project increases of 30% in 2012 and 20% in 2013. We think Motorola could notably add to capital expenditures.

In April 2012, GOOG announced that for each existing Class A and Class B share, it would pay a stock dividend of a Class C share, which will not include voting rights. We think this is a way for GOOG to implement a stock split desired by many shareholders, while consolidating power for its founders and chairman.

Corporate Information

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Officers

Chrmn
E.E. Schmidt

CEO
L. Page

COO & SVP
U. Holzle

SVP, CFO & Chief Acctg Officer
P. Pichette

Treas
B. Callinicos

Board Members

S. Brin
D. B. Greene
A. Mather
L. Page
K. R. Shriram
L. J. Doerr, III
J. L. Hennessy
P. S. Otellini
E. E. Schmidt
S. M. Tilghman

Employees
32,467

Auditor
ERNST & YOUNG

Stockholders
2,874

Google Inc

STANDARD &POOR'S

Quantitative Evaluations

S&P Fair Value Rank 5-

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $952.20

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that GOOG is Undervalued by $218.21 or 29.7%.

Investability Quotient Percentile 98

LOWEST = 1 — HIGHEST = 100

GOOG scored higher than 98% of all companies for which an S&P Report is available.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation BULLISH

Since July, 2012, the technical indicators for GOOG have been BULLISH.

Insider Activity NA — UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2011	2010	2009	2008
Price/Sales	5.58	6.55	8.37	4.48
Price/EBITDA	15.00	16.30	20.13	11.89
Price/Pretax Income	17.15	17.78	23.63	16.69
P/E Ratio	21.71	22.58	30.37	23.11
Avg. Diluted Shares Outstg (M)	327.2	323.3	319.4	317.5

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	29.28	20.62	26.25	57.87
Net Income	14.49	31.91	26.79	71.92
Ratio Analysis (Annual Avg.)				
Net Margin (%)	25.69	27.42	25.40	22.18
% LT Debt to Capitalization	4.88	NA	NA	NA
Return on Equity (%)	18.66	19.88	19.47	22.08

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (U.S. $)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	151.50	121.20	95.44	71.09	63.67	49.02	31.20	10.25	7.66	NA
Cash Flow	35.41	30.63	25.19	18.01	16.36	11.79	5.90	1.93	0.75	0.53
Earnings	29.76	26.31	20.41	13.31	13.29	9.94	5.02	1.46	0.51	0.45
S&P Core Earnings	31.00	25.94	20.21	15.54	13.18	9.92	4.68	1.85	0.40	0.44
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA
Prices:High	646.76	630.85	625.99	697.37	747.24	513.00	446.21	201.60	NA	NA
Prices:Low	473.02	433.63	282.75	247.30	437.00	331.55	172.57	85.00	NA	NA
P/E Ratio:High	22	24	31	52	56	52	89	NM	NA	NA
P/E Ratio:Low	16	17	14	19	33	33	34	NM	NA	NA
Income Statement Analysis (Million U.S. $)										
Revenue	37,905	29,321	23,651	21,796	16,594	10,605	6,139	3,189	1,466	440
Operating Income	14,093	11,777	9,836	8,219	6,052	3,550	2,274	970	393	204
Depreciation	1,851	1,396	1,524	1,492	968	572	257	129	50.2	18.0
Interest Expense	58.0	NA	NA	Nil	1.30	0.26	0.78	0.86	1.93	2.57
Pretax Income	12,326	10,796	8,381	5,854	5,674	4,011	2,142	650	347	185
Effective Tax Rate	21.0%	21.2%	22.2%	27.8%	26.0%	23.3%	31.6%	38.6%	69.5%	46.1%
Net Income	9,737	8,505	6,520	4,227	4,204	3,077	1,465	399	106	99.7
S&P Core Earnings	10,143	8,385	6,458	4,933	4,170	3,071	1,366	503	103	97.4
Balance Sheet & Other Financial Data (Million U.S. $)										
Cash	44,626	34,975	24,485	15,846	14,219	11,244	8,034	2,132	1,712	146
Current Assets	52,758	41,562	29,167	20,178	17,289	13,040	9,001	2,693	560	232
Total Assets	72,574	57,851	40,497	31,768	25,336	18,473	10,272	3,313	2,492	286
Current Liabilities	8,913	9,996	2,747	2,302	2,036	1,305	745	340	235	89.5
Long Term Debt	2,986	NA	NA	Nil	Nil	Nil	Nil	Nil	NA	6.50
Common Equity	58,145	46,241	36,004	28,239	22,690	17,040	9,419	2,929	2,181	130
Total Capital	61,131	46,241	36,004	28,251	22,690	17,080	9,454	2,929	603	178
Capital Expenditures	3,438	4,018	810	2,358	2,403	1,903	838	319	177	37.2
Cash Flow	11,588	9,901	8,045	5,719	5,172	3,649	1,722	528	156	118
Current Ratio	5.9	4.2	10.6	8.8	8.5	10.0	12.1	7.9	2.4	2.6
% Long Term Debt of Capitalization	4.9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	3.7
% Net Income of Revenue	25.7	29.0	27.6	19.4	25.3	29.0	23.9	12.5	7.2	22.7
% Return on Assets	14.9	17.3	18.1	14.8	19.1	21.4	21.6	19.1	18.2	NA
% Return on Equity	18.7	20.7	20.3	16.6	21.1	23.3	23.7	23.0	31.4	NA

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Google Inc

Sub-Industry Outlook

Our fundamental outlook for the Internet Software & Services sub-industry for the next 12 months is positive, reflecting an increasing percentage of related budgets being committed to the Internet (versus so-called traditional media) and pricing for associated online offerings that has shown signs of improvement, offset somewhat by what we view as an uncertain global economy. We also have questions about pricing for mobile advertising.

U.S. online advertising revenues rose 3% in 2009, 15% in 2010 and 22% in 2011, and S&P Capital IQ sees an increase of 12% in 2012 and 10% in 2013. We believe the U.S. accounts for more than a third of this market. Corporations are committing larger percentages of advertising budgets to the Internet as people spend more time online, especially as compared with consumption of other media. Moreover, Internet marketing offers notable targeting and data-focused return-on-investment capabilities.

We also think the advent and growing adoption of technologies such as powerful Internet-enabled smartphones and tablets, and HTML5 (a powerful and flexible language for creating and interacting with dynamic website content and applications) are positives for interactive advertising. However, we think mobile advertising is generally priced at lower rates than online advertising.

U.S. online retail sales increased 11% in 2009 and 13% in 2010. We think there was growth of 11% in 2011, and we see a comparable gain in 2012. We believe users are attracted to Internet retail offerings in large part due to factors that include a generally substantial selection of products, 24/7/365 store access and associated convenience of home delivery, and a compelling value proposition. According to Forrester Research, an independent technology and market research company, improving initiatives across multiple channels including physical and online stores, better merchandising, more customized offerings and increasingly sophisticated marketing efforts have helped drive considerable segment growth.

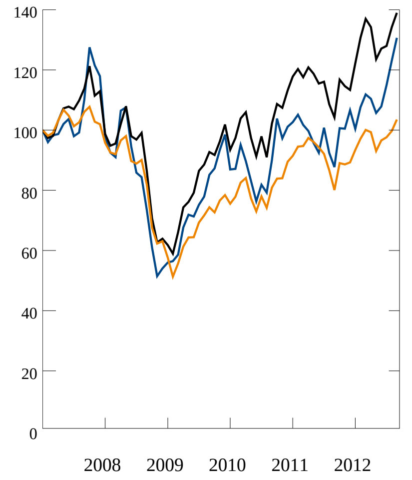
Year to date through August 24, the Internet Software & Services index rose 14.4%, compared with a 12.0% increase in the S&P 1500.

--Scott Kessler

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Internet Software & Services

Based on S&P 1500 Indexes
Month-end Price Performance as of 08/31/12



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Internet Software & Services Peer Group*: Internet Content - General

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Google Inc'A'	**GOOG**	**192,285**	**733.99**	**734.92/480.60**	**1.08**	**Nil**	**22**	**952.20**	**NR**	**98**	**25.7**	**4.9**
Baidu Inc ADS	BIDU	30,124	111.12	154.15/99.71	1.88	Nil	29	134.40	NR	86	45.6	12.2
Blucora Inc	BCOR	725	17.94	18.43/7.97	1.28	Nil	16	NA	B-	88	14.1	NA
LookSmart Ltd(New)	LOOK	15	0.89	1.50/0.53	0.94	Nil	NM	NA	C	2	NA	NA
NetEase Inc ADS	NTES	265	50.51	65.54/35.74	1.07	Nil	12	63.20	NR	85	44.2	NA
Rediff.com India ADR	REDF	219	3.97	11.20/2.70	NM	Nil	NM	NA	NR	56	NA	NA
Sina Corp	SINA	4,393	66.37	96.00/43.12	1.44	Nil	NM	43.40	NR	62	NA	NA
Sohu.com Inc	SOHU	1,590	41.75	69.48/33.75	1.41	Nil	16	49.20	B	83	26.8	NA
XO Group	XOXO	214	8.22	10.04/6.67	1.19	Nil	30	6.60	B-	83	4.9	NA
Yahoo Inc	YHOO	19,176	15.74	16.79/13.11	0.90	Nil	18	21.60	B	91	21.3	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

August 23, 2012
01:29 pm ET ... S&P REITERATES STRONG BUY OPINION ON ADSS OF BAIDU (BIDU 111.30*****): BIDU has declined, we think, on concerns related to a new search offering from Chinese security/browser company Qihoo 360. We see an enhanced buying opportunity. QIHU's is the number two participant in China's browser market, according Stats Counter Global Stats, with some 27% share. We think some believe QIHU's share is notably higher. Also, QIHU had used Google (GOOG 676, Hold) for search and we expect its proprietary offering will largely affect GOOG and not BIDU. We also see a new iPhone being introduced soon, and BIDU will be the default search provider in China. /S. Kessler

August 13, 2012
05:00 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 660.01***): John Wiley & Sons (JW.A 48, NR) announces it has agreed to sell its travel assets, including interests in the Frommer's brand, to GOOG. We think the proposed transaction makes sense for GOOG, as it pursues opportunities related to travel and local information and commerce. This deal is reminiscent of GOOG's September 2011 purchase of Zagat for $151 million, as both businesses have strong brands, provide considerable domestic and international leisure-related information and rankings, and appear increasingly technology and community oriented. /S. Kessler

August 13, 2012
09:25 am ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 642.00***): In an SEC filing today, GOOG announces restructuring plans related to Motorola Mobility. GOOG plans on reducing segment headcount by around 4,000 of that unit's 20,000 employees and closing about a third of its 90 facilities, as the business shifts its focus away from feature phones. We believe these pending actions make sense, given GOOG's recent purchase of Motorola and that unit's lack of profitability over a number of quarters in the past couple of years. We expect Motorola to increase its emphasis on smartphones and tablets employing GOOG's Android mobile operating system. /S. Kessler

July 20, 2012
GOOG posts $10.12 vs. $8.74 Q2 non-GAAP EPS on 35% revenue rise. Capital IQ consensus forecast was $10.10.

July 20, 2012
02:46 pm ET ... GOOGLE INC. (GOOG 610.17) UP 17.11, GOOGLE REPORTS Q2. CREDIT SUISSE REITERATES OUTPERFORM, $770 TARGET... Analyst Spencer Wang says GOOG reported solid Q2, despite forex headwinds, macro-concerns. Notes $12.2B revenue was in line with his estimate, 41.1% consolidated non-GAAP EBIT margin exceeded his 40.1% est., $10.12 non-GAAP EPS beat his $9.87 est. by 2.5%. Notes his '12 EPS est. essentially unchanged at $43.66, he similarly does not expect much movement in Street ests, which should mitigate fears that the MMI acquisition could pressure consensus estimates. Also anticipates an acceleration in revenue growth in Q4 (barring a recession), which could be a catalyst. B.Brodie

July 20, 2012
12:50 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 608.87***): We are trimming our '12 EPS estimate to $37.00 from $37.25, but are not changing our '13 forecast of $43.00 or DCF-driven 12-month target price of $675. We calculate that GOOG posts Q2 EPS of $8.82, vs. $7.68, $0.01 above our forecast, excluding the impact of a charge related to the May acquisition of Motorola Mobility. We think driven largely by the continuing shift to mobile, key metrics again showed acceleration as to an increase in advertising volume and a decline in pricing. We are awaiting an update on Motorola, but GOOG indicated it continues focus on an "open" strategy. /S. Kessler

July 17, 2012
Marissa Mayer resigned from her job at Google Inc. and will begin work at Yahoo from July 17, 2012. Ms. Mayer was the 20th person ever hired by Google, and in 13 years at the company she has been responsible for guarding the look and feel of all the company's consumer products, from the crisp home page, to Gmail, to the Google book scanning project. Most recently she has been running Google Maps and the company's services for finding information about local businesses.

July 16, 2012
05:07 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF YAHOO (YHOO 15.65*****): YHOO announces it has appointed former Google (GOOG 575, Hold) executive Marissa Mayer as CEO and a director, effective tomorrow. We are surprised by this news. We believe Mayer is a talented consumer Internet executive who has amassed substantial and varied experience at GOOG. However, we thought YHOO would a hire a leader more associated with considerable online media and advertising experience, like interim CEO Ross Levinsohn. We think attracting someone of Mayer's caliber is a coup for YHOO and its board of directors, but now wonder about Levinsohn's future at the company. /S. Kessler

June 27, 2012
04:21 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 571.04***): At its Google I/O developers conference, GOOG showcased new technologies and announced new and enhanced offerings. We still view the stock as reasonably valued. The new version of Android, called Jelly Bean, includes voice capabilities and new Google Now notifications. Google Play now offers 600,000 applications and access to magazines and TV shows. The Nexus 7 tablet will sell for $199. The Nexus Q is an Internet-enabled media device that will sell for $299. Co-founder Sergey Brin also provided an exciting demonstration of Google Glass interactive glasses. /S. Kessler

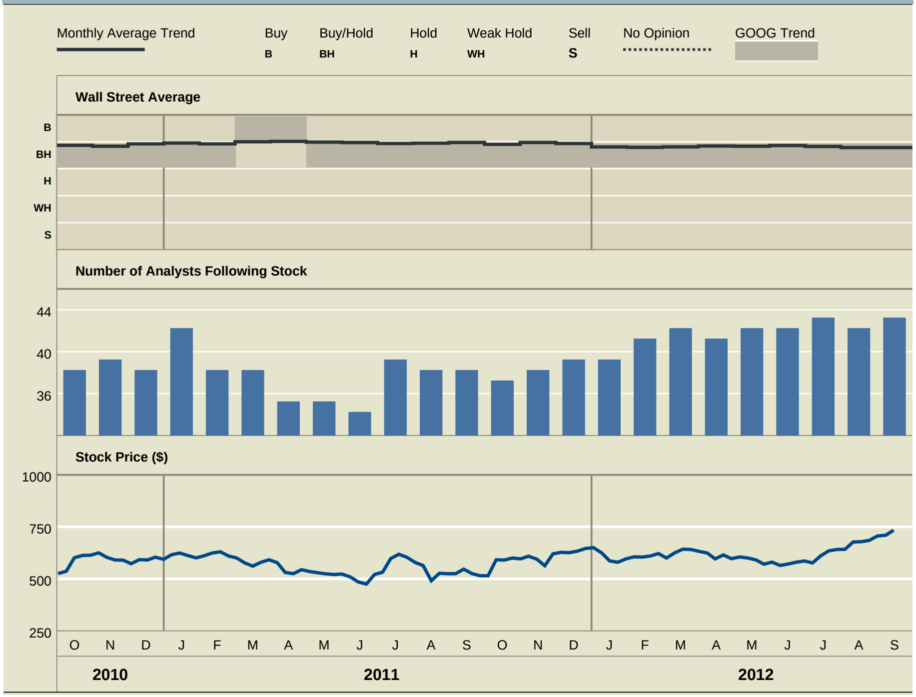
June 26, 2012
02:56 pm ET ... S&P REITERATES HOLD OPINION ON SHARES OF GOOGLE (GOOG 564.12***): Google I/O, GOOG's developers conference, begins tomorrow. We expect GOOG to announce an update to the Android mobile operating system and perhaps a Nexus-branded tablet. We also think GOOG could announce that a million Android devices are being/will soon be activated daily, with the launch of Samsung's Galaxy S III. We also are looking for updates on Google+ and YouTube. Following major competitive announcements from Apple (AAPL 571, Buy) and Microsoft (MSFT 30, Strong Buy), we think GOOG plans to showcase its plans and potential. /S. Kessler

June 1, 2012
02:35 pm ET ... S&P KEEPS HOLD OPINION ON SHARES OF TIVO (TIVO 7.99***): Cisco's (CSCO 16***) federal suit this week seems to open a new front as TIVO asserts IP claims in concerted legal campaign that has recently cast wider nets. Citing TIVO's reticence to a broad licensing pact vs. separate claims against its (service provider) customers, CSCO's seemingly pre-emptive move seeks to void 4 of TIVO's DVR patents, including "time warp" at crux of recent wins vs. DISH (DISH 27****), A&T (T 34****). News could take on significance amid TIVO"s pending claims vs. Verizon (VZ 41***), Time Warner Cable (TWC 74****), Google's (GOOG 569***) Motorola Mobility. /Tuna N. Amobi, CPA, CFA

Google Inc

STANDARD &POOR'S

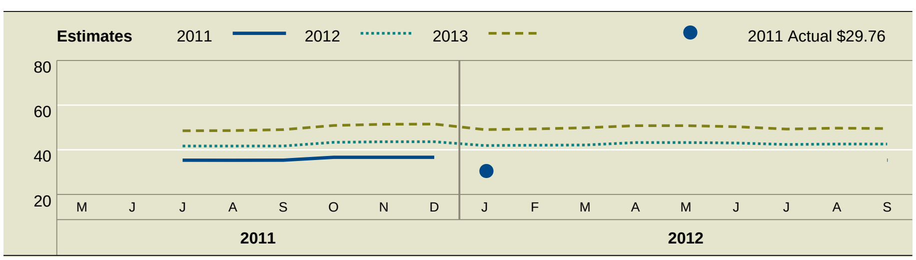
Analysts' Recommendations



Of the total 70 companies following GOOG, 43 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	22	51	20	22
Buy/Hold	13	30	14	13
Hold	8	19	8	7
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	1
Total	**43**	**100**	**42**	**43**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	49.80	59.84	43.00	38	14.7
2012	42.75	46.81	37.00	38	17.2
2013 vs. 2012	**▲ 16%**	**▲ 28%**	**▲ 16%**	**0%**	**▼ -15%**
Q3'13	12.51	13.45	11.55	17	58.7
Q3'12	10.66	13.00	9.93	33	68.9
Q3'13 vs. Q3'12	**▲ 17%**	**▲ 3%**	**▲ 16%**	**▼ -48%**	**▼ -15%**

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Arete Research Services LLP
Argus Research Company
Atlantic Equities LLP
Axia Financial research
B. Riley & Co., LLC
BMO Capital Markets, U.S. Equity Research
Barclays
BofA Merrill Lynch
CLSA Asia-Pacific Markets
Canaccord Genuity
Capstone Investments
Caris & Company
Citigroup Inc
Collins Stewart LLC
Cowen and Company, LLC
Credit Agricole Securities (USA) Inc.
Credit Suisse
Daiwa Securities Capital Markets Co. Ltd.
Davenport & Company
Day By Day
Deutsche Bank
Exane BNP Paribas
FBR Capital Markets & Co.
First Global Stockbroking (P) Ltd.
Gleacher & Company, Inc.
Global Equities Research
Goldman Sachs
Hamburger Sparkasse AG
ISI Group Inc.
JMP Securities

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that GOOG will earn $42.75. For the 2nd quarter of fiscal year 2012, GOOG announced earnings per share of $8.42, representing 20% of the total annual estimate. For fiscal year 2013, analysts estimate that GOOG's earnings per share will grow by 16% to $49.80.

Source: S&P, Capital IQ Estimates, Inc.

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Google Inc'A'

	Raw Score	Max Value
Proprietary S&P Measures	26	115
Technical Indicators	22	40
Liquidity/Volatility Measures	20	20
Quantitative Measures	74	75
IQ Total	**142**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 37.5% of issuers with buy recommendations, 57.5% with hold recommendations and 5.0% with sell recommendations.

In Europe: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 32.5% of issuers with buy recommendations, 50.8% with hold recommendations and 16.7% with sell recommendations.

In Asia: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 34.7% of issuers with buy recommendations, 57.8% with hold recommendations and 7.5% with sell recommendations.

Globally: As of June 29, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 36.5% of issuers with buy recommendations, 56.4% with hold recommendations and 7.1% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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S&P Global Quantitative Recommendations Distribution

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In Europe: As of June 29, 2012, Standard & Poor's Quantitative Services Europe recommended 45.3% of issuers with buy recommendations, 20.1% with hold recommendations and 34.6% with sell recommendations.

In Asia: As of June 29, 2012, Standard & Poor's Quantitative Services Asia recommended 53.5% of issuers with buy recommendations, 18.6% with hold recommendations and 27.9% with sell recommendations.

Globally: As of June 29, 2012, Standard & Poor's Quantitative Services globally recommended 47.2% of issuers with buy recommendations, 19.4% with hold recommendations and 33.4% with sell recommendations.

Additional information is available upon request.

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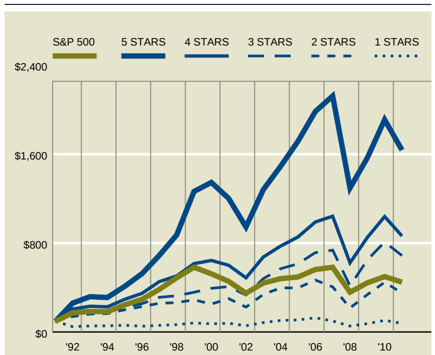
U.S. STARS Cumulative Model Performance

Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 08/31/2012



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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