

Google Inc.  
Form FWP  
October 20, 2008

Google Confidential and Proprietary

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Transferable Stock Options

Showing You The Money

Filed by Google Inc.

Pursuant to Rule 433 under the Securities Act of 1933

Registration Statement on Form S-3: No 333-142243

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About This Material

Google has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates.

Before you invest, you should read the prospectus in that registration statement and other documents Google has filed with the SEC for more complete information about Google and this offering.

You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov).

Alternatively,

Google

will  
arrange  
to  
send  
you  
the  
prospectus  
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you  
request it by calling toll-free 1-866-468-4664 or sending an e-mail  
to [investors@google.com](mailto:investors@google.com).

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Introduction and Key Takeaways

Google's Equity Philosophy and Practices

Transferable Stock Options

Pulling it All Together

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Introduction to Today's Conversation

8,000 Googlers have joined us since the Transferable Stock  
Option (TSO) program launched

We want Googlers to better understand the value of their  
equity and how the TSO program works

We want to provide Googlers an opportunity to ask questions  
about our equity practices and the TSO program

WHAT TO WALK AWAY WITH

1.

Equity is a key component of Google's compensation philosophy and a valuable part of our overall compensation package

2.

Google

targets

the

market

90

th

percentile for new hire and ongoing

equity grants

3.

Always consider the TSO program when liquidating options. With

TSOs

Googlers have received over \$40M in additional value over non-transferable stock options

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Introduction and Key Takeaways

Google's Equity Philosophy and Practices

Compensation Philosophy

Target Market Positioning

Types of Grants

Vehicles We Use

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Google's Compensation Philosophy

Google strives to pay Googlers in ways that support three main objectives:

1.

Attract and retain the world's best talent

2.

Support Google's culture of innovation and performance with compensation programs that reward our best performers

3.

Align employee interests with shareholder interests in the overall success of the company  
These three objectives provide the philosophical underpinning for every Google compensation program worldwide.

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Google's use of equity supports all three  
philosophical objectives

1.

Attract and retain the  
world's best talent

2.

Support Google's culture  
of innovation and  
performance

3.

Align employee interests  
with shareholder  
interests in the overall  
success of the company

Significant new hire  
and annual refresh  
grants at all levels

Provide multi-year  
incentive payout  
COMPENSATION PHILOSOPHY  
ROLE OF EQUITY

Performance based  
grants

Supports ownership  
culture

Award value increases  
as stock price increases

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Google targets very competitive positioning  
in every element of compensation

We aim to provide a highly market competitive compensation  
package for each job at Google

90

th

Equity

75

th

Total Target

Cash

75

th

Base

High Tech

Market Percentile

**GOOGLE TARGET MARKET POSITIONING**

An annual benchmarking process ensures that our target pay levels reflect our desired market positioning.

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Google makes three types of equity grants

Varies by grant

GSUs

Recognize audacious  
accomplishments (e.g.,  
Founder s Awards)

Special

Target grant  
guidelines determined  
by level and location

High performers  
modeled to receive  
larger grants

Primarily  
Options

Refresh Googlers'  
equity  
stake in the company

Reward on-going high  
performance  
Refresher

Standard grants by  
level and locations

GSUs are performance  
vested  
Value

Options

GSUs

Provide a meaningful  
staking  
grant to new  
employees

Offer competitive packages  
to new hires

New Hire  
Vehicles\*

Purpose  
Grant Type

1  
2  
3

Our grant practices result in overlapping vesting  
cycles and significant cascading value for Googlers.

\* Options / GSUs

are  
not  
available



in  
all  
countries  
due  
to  
local  
tax  
and  
securities  
regulations.

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Google grants two types of equity

Google Stock Units (GSU) and Stock Options

Our intent is to utilize both vehicles in every country we operate in (subject to local tax and securities laws).

1.

Google Stock Units (GSUs)

GSUs are an agreement to give you a share of Google stock when the unit vests

2.

## Stock Options

Stock options are an agreement to let you buy a share of Google stock at a fixed price within a 10-year period, so long as the options have vested and you are a full-time employee

To further enhance the value of our equity programs, Google developed the world's first Transferable Stock Option program.

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Employees & investors value options differently

Employees, accountants/shareholders and the financial markets perceive option values differently.

Employees value

what they can

monetize.

We needed a

solution to allow

Googlers to value

options even if

the in the  
money  
value  
was \$0.

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so we developed a system to allow

Googlers to sell options like investors

Google developed an online auction with Morgan Stanley

allowing employees to transfer their vested stock options in

real time to other investors

Institutional

investors

will

pay

the  
full  
fair  
value  
today  
for  
the  
rights to purchase both the:

Intrinsic value of options ( in the money  
value), and

Time-value of options (potential future upside)

Bidders submit streaming real-time bids through Morgan  
Stanley s auction tool to all eligible stock options at all strike  
prices during

Normal market trading hours

Google s open trading windows (closes 1-hour before market  
on last day of window)



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TSOs

allow Googlers to benefit from both the

intrinsic and time value of an option

INTRINSIC VS TIME VALUE OF OPTION

\$550

\$500

\$450

\$400

\$0

0

6  
12  
18  
24  
30  
36

Months

TSOs

help the time value of an option  
become more tangible to Googlers.

Option granted

at \$450 per

share grant price

However investors are willing to pay a premium for  
the 2 years of additional time-value of the option

At vest, intrinsic value

of option is \$0 because

grant price > current

stock price

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TSO provide value even when options are underwater

IN-THE-MONEY VS. TSO VALUE OF OPTION

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In 1H2008 Googlers received additional value from TSOs

at a wide range of stock prices

ACTUAL Q1/Q2 2008 TSO TRANSACTIONS\*

Options with \$508.01 strike price

\* Reflects 847 TSO transactions from 1/1/2008 to 6/30/2008 for options with a \$508.01 strike price.

In less than two years, ~12,000 TSO transactions have produced \$42.7M in value for Googlers over the in-the-money value of their options.

Exercise Price:

\$0  
\$20  
\$40  
\$60  
\$80  
\$100  
\$120  
\$140  
\$160  
\$180  
\$200  
(\$100)  
(\$80)  
(\$60)  
(\$40)  
(\$20)  
\$0  
\$20  
\$40  
\$60  
\$80  
\$100

Non-TSO Value:

Example

Exercise Price = Strike Price

Exercise Price = \$508.00

Non-TSO Value = (\$0.01)

TSO Value = \$115.80

TSO Premium = \$115.81

Example

Underwater Option

Exercise P

Non-TSO

TSO Value = \$84.20

TSO Premium = \$137.21

Example

In the Money Option

Exercise Price = \$600.65

Non-TSO Value = \$92.64

TSO Value = \$179.70

TSO Premium = \$87.06

\$408.01  
\$428.01  
\$448.01  
\$468.01  
\$488.01  
\$508.01  
\$528.01  
\$548.01

\$568.01

\$588.01

\$608.01

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The On-Line Equity Tool allows Googlers to  
view the value of their equity

Available at [go/getcomp](http://go/getcomp)

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Additional TSO Program Information

TSOs  
only  
transfer  
up  
to  
two  
years  
of



the  
remaining  
option  
life

At less than 24 months, the option truncates to 18 months

At less than 18 months, the option truncates to 12 months

At less than 12 months, the option truncates to 6 months

At less than 6 months, the option is now only eligible for  
traditional exercise

Which options are TSO eligible? Only those that are:

Vested

Granted after Google went public

Nonqualified Stock Options ( NSOs )

Granted to non-EMG members

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Any questions?