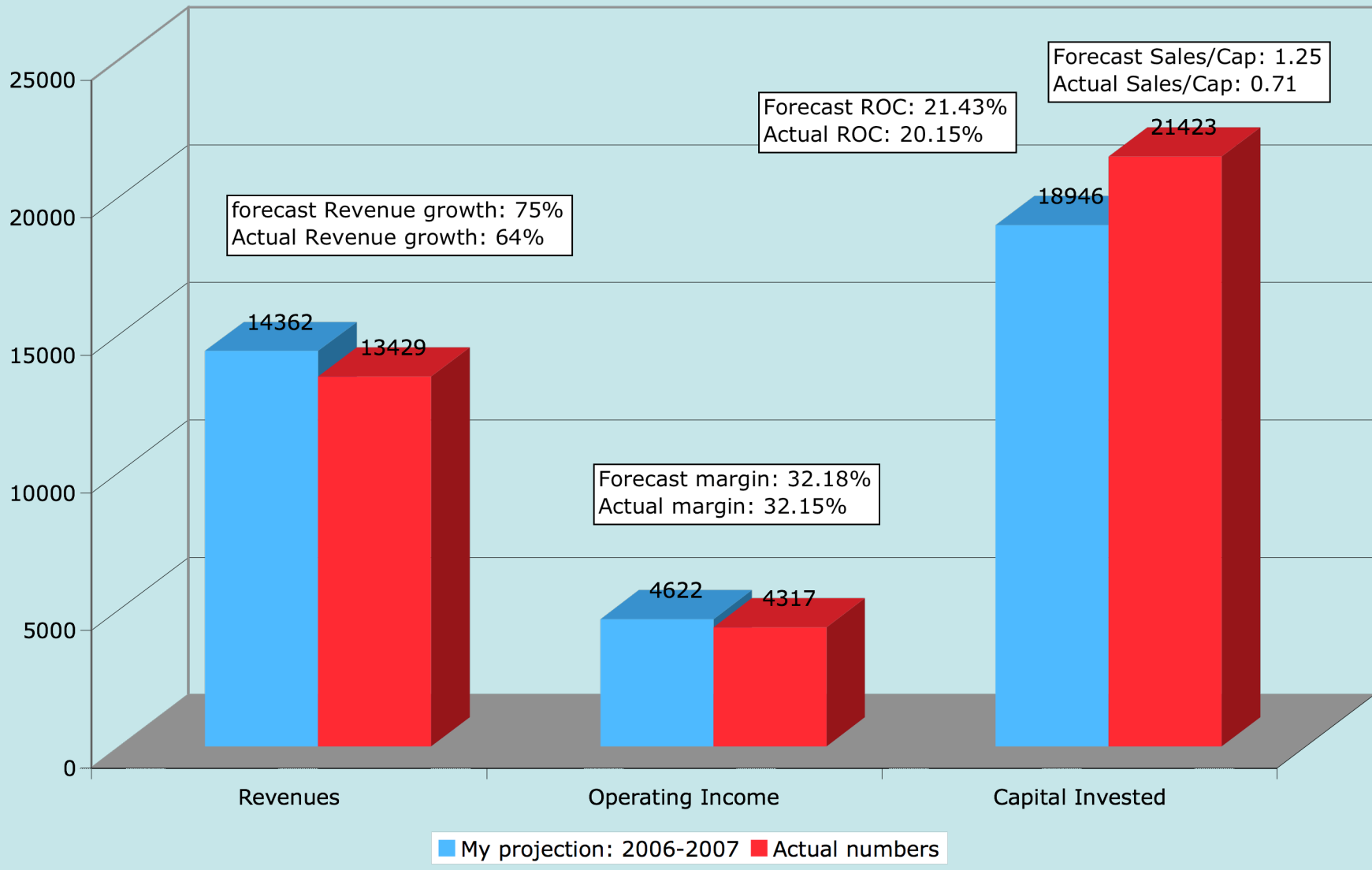
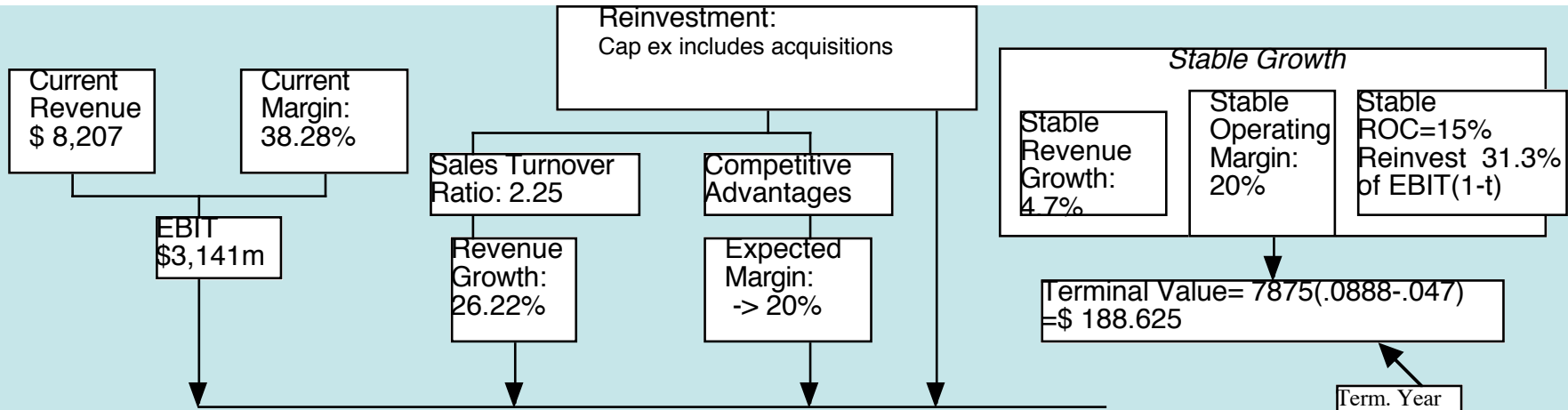


Google: My estimates vs Actual numbers





Revenues	\$14,362	\$22,980	\$32,171	\$41,823	\$50,187	\$58,719	\$66,940	\$74,303	\$80,248	\$84,260
EBIT	\$4,622	\$6,462	\$8,176	\$9,874	\$11,245	\$12,686	\$14,104	\$15,391	\$16,431	\$17,119
EBIT(1-t)	\$3,005	\$4,201	\$5,315	\$6,418	\$7,309	\$8,246	\$9,168	\$10,004	\$10,680	\$11,127
- Reinvestment	\$4,924	\$6,894	\$7,353	\$7,721	\$6,692	\$6,825	\$6,577	\$5,891	\$4,755	\$3,210
FCFF	-\$1,920	-\$2,693	-\$2,039	-\$1,303	\$618	\$1,420	\$2,591	\$4,113	\$5,925	\$7,917

Value of Op Assets	\$ 61,693
+ Cash & Non-op	\$108,40
= Value of Firm	\$72,533
- Value of Debt	\$ 509
= Value of Equity	\$72,024
- Equity Options	\$ 2,039
Value of Stock	\$69,985
Value per share	\$227.72

	1	2	3	4	5	6	7	8	9	10
Debt Ratio	0.39%	0.39%	0.39%	0.39%	0.39%	2.31%	2.79%	3.59%	5.19%	10.00%
Beta	2.25	2.25	2.25	2.25	2.25	2.04	1.83	1.62	1.41	1.20
Cost of Equity	13.70%	13.70%	13.70%	13.70%	13.70%	12.86%	12.02%	11.18%	10.34%	9.50%
Cost of debt	3.41%	3.41%	3.41%	3.41%	3.41%	3.38%	3.37%	3.36%	3.33%	3.25%
Cost of Capital	13.66%	13.66%	13.66%	13.66%	13.66%	12.64%	11.78%	10.90%	9.98%	8.88%

Term. Year	\$88,220
	\$17,644
	\$11,469
	\$ 3,594
	\$ 7,875

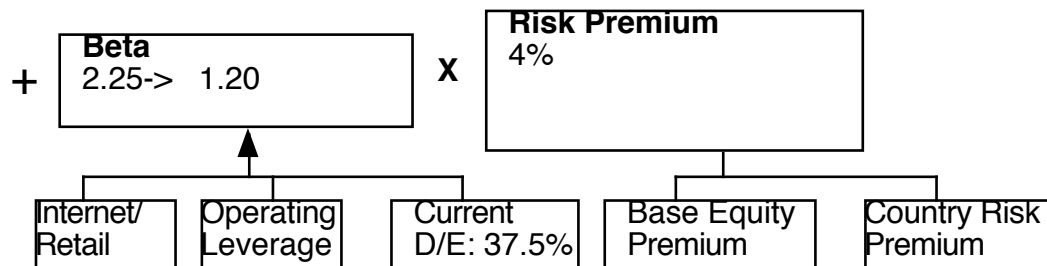
Forever

Cost of Equity
13.7%

Cost of Debt
 $4.7\% + 0.5\% = 5.25\%$
 $5.25\% (1 - .35) = 3.41\%$

Weights
Debt = 0.39% -> 10%

Riskfree Rate:
T. Bond rate = 4.7%



Google
September 2006
Trading @ \$475