



WHITMAN INVESTMENT COMPANY
To Inquire. To Achieve. To Learn.

Research Report

Google Inc.

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Company Information

Google Inc. is principally an internet search engine company that has recently grown to become the most popular website for internet searches. The company mission statement is to “organize the world’s information and make it universally accessible and useful.” In keeping with this mission Google has maintained their commitment to fast clear search results with a firm stance on separating advertisements from search returns and only including ads that pertain to search results. In October 2004 Google announced company earnings at the end of their quarter as a publicly traded company at \$805.9 million, up 105 percent year over year.

Recent Company Development

Google released a heavily censored Chinese version of their popular search engine in 2005, and are currently expanding operations under Johnny Chou and Kai-Fu Lee in Beijing, as co-presidents of sales and business development for greater China. In June 2005 Google unveiled Google Earth, a highly interactive global atlas as part of an ongoing effort to expand into new markets. Information on upcoming developments are limited, due undoubtedly to the company policy. A 2006 corporate statement notes, “We don't talk much about what lies ahead, because we believe one of our chief competitive advantages is surprise.” One surprise that has take place recently is the October 9th merger with YouTube, a 1.65 Billion Dollar Merger.

Security Information

Ticker Symbol: GOOG
Exchange: NASDAQ
Price: 484.85
52-Week Range: 513.00 – 331.55
10-Day Average Trading Volume: 6,219,818

Financial Information

Earnings per Share: 10.31
Price/Earnings: 61.7
Price/Sales: 15.9
Dividend Yield %: 0.0
Current Yield: 0.64
Forward P/E: 47.0

Company Analysis

Sales Growth: 92.5%
Net Income Growth: 267.2%
Return on Equity: N/A
Net Margin Profitability: 26.0%

Analysis Observation

Unlike traditional internet technology stocks, search engines such as Google maintain positions within a proven enduring market. Google leads the pack as the provider of these technologies for this demand inelastic market.

Evaluation

A Poster child investment. Google enjoys sustained domestic dominance and is gaining steam in global sectors. Continued commitment and success in research and development, and is swift and effective in company mergers. Google is also has a strong history of continually seeking out ways to tap into new markets (i.e. Google Earth, YouTube Merger). Google found backing early-on within internet tech communities and has only continued to grow in popularity. By combining innovative thinking with a clear and honest business philosophy Google has continued to expand and grow without compromising legitimacy. Savoy business decisions and sound management in the past makes Google Inc. an excellent investment for the future.

Motion

I move that the Whitman Investment Company purchase 3 share of Google Inc. stock.