

Thank God It's Friday!

September 5, 2008



Google turns 10 this weekend! In September 1998, the founders of Google were running the company out of a Stanford dorm room. Today, Google has operations in over 30 countries. When you think about GLOBAL TECHNOLOGY, you've got to think GOOGLE. The company is on a mission to organize the world's information and make it universally accessible...online...for free...worldwide.

Because Google earns 98% of its revenue through online search advertising, it has the gratification of not charging the millions of loyal users who click on ads displayed after searching for information using their search engine. Google generates these revenues from advertisers for each click. The company has more than 60% market share in online search advertising and continues to gain share both in the U.S. and abroad. And there does not appear to be a clear #2 competitor, especially with the Microsoft / Yahoo deal now off the table. It remains to be seen what will be Microsoft's or Yahoo's next move.

With dominant market share in online search advertising, Google is far from being complacent. The company has a substantial cash position and can afford to invest in other fields to enter and possibly dominate. The company is exploring new industries like software as a service and the mobile internet search industry. One example is Google Apps, which is a web-based application to compete with Microsoft Office and Outlook. Acquisitions YouTube and ValueClick provide unique opportunities for Google to build and grow. And just last week, Google launched Chrome, its own web browser intended to go head to head with Microsoft's Internet Explorer - the industry leader with 75% market share.

After 10 years, Google stands alone in online search advertising. Nowadays, if someone asks a question, a common response is, "I'll Google it". That's a convincing sign of brand strength. We're looking forward to the next 10 years!

INDEX	09.05.2008	12.31.2007	%Change
DOW JONES	11,221	13,265	-15.4%
S&P 500	1,242	1,468	-15.4%
NASDAQ	2,256	2,652	-15%
Bond YIELD	3.66%	4.03%	--9.2%*

Bond Prices



Bond Yield %



By: Eric Chang, CFA