

Name: _____

Math 212 POW Two

FORMAT

- Write neatly and clearly on white paper (lined or unlined)
- Attach a POW cover sheet to the front of your work for turn in

Before starting your problem solving process:

- ✓ Refer to your POW directions (linked to your Math 212 home page)
- ✓ Read **all** of the directions given here

In the following article, assume that the stock closed (ended the regular trading day) on January 30, 2007 at \$494.32 per share.

Write down as many derived facts that you can infer from the article about Google stock prices, revenues, net profits, etc. at various points in time. That is, don't write down statements directly from the article, find facts which can be inferred from statements in the article. Clearly explain how you arrived at your facts given the information in the article.

- ✓ Find statements with percents and wholes, or percents and parts, or parts and wholes and compute the parts, or wholes, or percentages respectively.
- ✓ There are at least 9 price facts about parts, wholes, or percentages (including the example below) that can be derived from the percent and price data in the article. *For full credit you should find at least 5 derived facts.* Be sure to write down the statement used to derive your price fact and explain how you arrived at your answer. Below is an example (you may NOT use this as one of your derived facts):
 - Statement: The world's biggest search engine reported revenues of \$3.21 billion, up 67% from a year ago.
 - Derived Fact: If the revenues now are \$3.21 billion and that is up 67% from a year ago, then we can figure out the revenues a year ago. The derived fact is: A year ago the reported revenues were ~\$1.92 billion. (You would show and check your work as to how you arrived at this number.)

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Google beats, Street yawns

World's leading search engine reports results that top analysts' expectations, but stock tumbles on the news.

January 31, 2007: 4:44 PM EST

NEW YORK (CNNMoney.com) — Google Wednesday reported strong increases in fourth-quarter and full-year sales and profits that topped Wall Street forecasts thanks to robust growth in online advertising.

But Google (Charts) stock slipped after-hours as investors took a "sell-on-the-news" approach following the stock's recent run.

The world's biggest search engine reported revenues of \$3.21 billion, up 67 percent from a year ago. Excluding advertising sales that the company shares with partners, Google's revenues were \$2.23 billion, slightly ahead of the consensus forecast of \$2.2 billion on this basis, according to figures from Thomson First Call.

Life inside Google

Google's net income surged 177 percent to \$1 billion, or \$3.29 a share. The company reported a profit of \$3.18 after backing out tax adjustments, stock compensation cost and other items. Analysts were expecting Google to report earnings of \$2.92 a share on that basis.

Demand for online advertising, particularly the keyword search ads that Google specializes in, has been booming. To that end, Google's top rival Yahoo! (Charts), which is launching a new search platform in order to gain ground it has lost to Google, reported better-than-expected fourth quarter results last week.

But Google maintains a healthy lead over Yahoo and other competitors in search, including Microsoft's (Charts) MSN, IAC/InterActive's (Charts) Ask.com and Time Warner's (Charts) AOL unit. (Time Warner also owns CNNMoney.com.)

Google's stock fell about 3 percent in after-hours trading after adding 1.5 percent in regular trading on Nasdaq.

The stock jumped 11 percent last year and is up nearly 10 percent so far in 2007 thanks to strength in search and optimism about the company's advertising partnership with News Corp (Charts) unit MySpace and Google's acquisition of online video leader YouTube last year.

Live blog coverage of Google's earnings call

Google's stock price has jumped nearly six-fold since the company went public in 2004.

Analysts said that despite the after-hours sell-off, there appeared to be nothing for Google bulls to worry about.

"The fundamentals are intact. Some people were just thinking that they would beat already heightened estimates by a wider amount," said Trip Chowdhry, an analyst with Global Equities Research. He noted that estimates for Google had been rising in recent weeks and Google still wound up beating them.

Another analyst said he actually was pleased to see investors not get too enthusiastic about the results. "The market is recognizing that Google beat this quarter but is not getting too excited. That's healthy," said Tim Boyd, an analyst with Caris & Co.

Boyd said the company reported a solid quarter but there are a couple of things that some investors might have concerns about.

He noted the percentage of revenue that Google shares with partners is rising, which could be worrisome sign, and that revenue growth from Google's partner sites also cooled a bit.

But Chowdhry said Google investors should be pleased to see the company's still growing rapidly given its already a big company. Google reported sales excluding shared revenue of \$10.6 billion in 2006, up 73 percent from 2005.

"The most important thing that investors should be thinking about is that for any company with as much as revenue as it has to be growing this rapidly is unheard of. No other company can offer that and it should have sustainable growth over the next four to five years," he said.

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CNN's Alina Cho reports on what's working for workers at Google. (January 27)
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