

Google Inc.
Form S-4
September 11, 2009
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As filed with the Securities and Exchange Commission on September 11, 2009

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

Google Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7370
(Primary Standard Industrial
Classification Code Number)
1600 Amphitheatre Parkway
Mountain View, CA 94043

77-0493581
(I.R.S. Employer
Identification Number)

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(650) 253-0000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Donald Harrison, Esq.

Deputy General Counsel and Assistant Secretary

Google Inc.

1600 Amphitheatre Parkway

Mountain View, CA 94043

(650) 253-0000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

David J. Segre, Esq.

Tim Reusing, Esq.

Alexander B. Johnson, Esq.

Robert T. Ishii, Esq.

General Counsel, Executive Vice President,

Joseph G. Connolly, Jr., Esq.

Jon C. Avina, Esq.

Corporate and Business Development

Hogan & Hartson LLP

**Wilson Sonsini Goodrich & Rosati
Professional Corporation**

On2 Technologies, Inc.

875 Third Avenue

650 Page Mill Road

3 Corporate Drive, Suite 100

New York, NY 10022

Palo Alto, California 94304-1050

Clifton Park, NY 12065

(212) 918-3000

(650) 493-9300

(518) 348-0099

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Class A Common Stock, par value \$0.001 per share	239,952	N/A	\$108,900,871.32	\$6,076.67

- (1) This Registration Statement relates to shares of Class A Common Stock, par value \$0.001 per share, of the Registrant (Google) issuable to holders of shares of Common Stock, par value \$0.0001 per share, of On2 Technologies, Inc., a Delaware corporation (On2), in the proposed acquisition of On2 by Google pursuant to the terms of the Agreement and Plan of Merger, by and among Google, Oxide Inc. and On2, dated as of August 4, 2009.
- (2) Based on the maximum number of shares of Google Class A Common Stock to be issued in connection with the merger, calculated as the product of (a) 184,577,748 shares, the maximum number of shares of On2 capital stock that may be cancelled and exchanged in the merger (assuming the exercise of all outstanding On2 warrants, the exercise of outstanding On2 stock options with an exercise price per share of less than \$0.60 and including all outstanding shares of On2 restricted stock, for an aggregate of 13,498,199 additional shares of On2 Common Stock, which Google believes to be a reasonable estimate of the aggregate number of such warrants and options that are likely to be exercised between September 10, 2009 and the consummation of the transactions contemplated in the merger agreement and the number of shares of restricted stock that are likely to be outstanding as of the consummation of the transactions contemplated in the merger agreement) and (b) the exchange ratio, which is equal to \$0.60 divided by \$459.53, the volume weighted average trading price of a share of Google Class A Common Stock based on the sales price of Google Class A Common Stock traded during the 20 trading days immediately up to and including the second trading day prior to September 9, 2009, as quoted on The Nasdaq Global Select Market.
- (3) Estimated solely for purposes of calculating the registration fee in accordance with Rules 457(c) and 457(f) of the Securities Act of 1933, as amended. The market value of the securities to be registered was calculated as the product of (a) \$0.59, the average of the high and low prices per share of On2 Common Stock on September 10, 2009 as quoted on the NYSE Amex, multiplied by (b) 184,577,748, the maximum number of shares of On2 Common Stock that may be cancelled and exchanged in the merger.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED SEPTEMBER 11, 2009

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear On2 Stockholder:

On August 5, 2009, On2 Technologies, Inc., referred to herein as On2, and Google Inc., referred to herein as Google, announced a business combination in which a direct, wholly owned subsidiary of Google will merge with and into On2, with On2 continuing as the surviving entity. If the merger is completed, each outstanding share of On2 Common Stock that you hold immediately prior to the merger will be converted into \$0.60 worth of Google Class A Common Stock, referred to herein as the stock consideration, in addition to cash payable in lieu of any fractional shares, which together with the stock consideration, we refer to as the merger consideration. The merger consideration represents a 58% premium above the closing price of \$0.38 per share of On2 Common Stock on August 4, 2009, the last trading day immediately prior to the announcement of the merger.

As described below, the fraction of a share of Google Class A Common Stock to be issued for each share of On2 Common Stock will be equal to the exchange ratio which will be calculated by dividing \$0.60 by the trading price, which is the volume weighted average trading price of a share of Google Class A Common Stock based on the sales price of every share of Google Class A Common Stock traded during the 20 trading days immediately up to and including the second trading day prior to the date of the special meeting at which the On2 stockholders will be able to vote on the merger proposal. However, no fractional shares of Google Class A Common Stock will be issued in connection with the merger. Instead, each On2 stockholder otherwise entitled to a fraction of a share of Google Class A Common Stock (after aggregating all fractional shares of Google Class A Common Stock issuable to such stockholder) will be entitled to receive an amount in cash (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the trading price. On2 and Google will promptly issue a joint press release disclosing the exchange ratio once it is calculated.

The market prices of both Google Class A Common Stock and On2 Common Stock will fluctuate before the stockholder meeting. You should obtain current stock price quotations for Google Class A Common Stock and On2 Common Stock. Google Class A Common Stock is quoted on The Nasdaq Global Select Market under the symbol GOOG. On2 Common Stock is quoted on the NYSE Amex under the symbol ONT. On [], the last trading day before the distribution of this proxy statement/prospectus, the closing price of Google Class A Common Stock was \$[] per share and the closing price of On2 Common Stock was \$[] per share.

We cannot complete the merger unless On2's stockholders adopt the merger agreement, referred to herein as the merger proposal. On2 will hold a special meeting of its stockholders to vote on the merger proposal at [], Clifton Park, NY 12065, at [], local time, on [], 2009. **Your vote is important. Regardless of whether you plan to attend the special meeting, please take the time to vote your shares in accordance with the instructions contained in this proxy statement/prospectus. Failing to vote will have the same effect as voting against the merger proposal. You will also have an opportunity to vote to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the approval of the merger proposal, referred to herein as the adjournment proposal.**

The On2 board of directors recommends that On2 stockholders vote FOR approval of the merger proposal and the adjournment proposal.

This proxy statement/prospectus describes the special meeting, the merger proposal, the adjournment proposal and other related matters. **Please carefully read this entire proxy statement/prospectus, including Risk Factors beginning on page 19, for a discussion of the risks relating to the merger proposal.** You also can obtain information about Google and On2 from documents that each of us has filed with the Securities and Exchange Commission.

Sincerely,

/s/ Matthew Frost

Matthew Frost

Interim Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Google securities to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is [], 2009, and it is first being mailed or otherwise delivered to On2 stockholders on or about [], 2009.

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On2 Technologies, Inc.

3 Corporate Drive, Suite 100

Clifton Park, NY 12065

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

[], 2009

To the Stockholders of On2 Technologies, Inc.:

On2 Technologies, Inc. (On2) will hold a special meeting of stockholders at [], Clifton Park, NY 12065 at [], local time, on [], 2009 to consider and vote upon the following proposals:

1. To adopt the Agreement and Plan of Merger, by and among Google Inc., Oxide Inc. and On2 Technologies, Inc., dated as of August 4, 2009 (the merger proposal); and

2. If submitted to a vote, to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the merger proposal (the adjournment proposal).

The On2 board of directors has fixed the close of business on [], 2009 as the record date for determining which On2 stockholders are entitled to notice of the special meeting, referred to herein as the notice record date, and the close of business on [], 2009 as the record date for determining which On2 stockholders are entitled to vote at the special meeting in person or by proxy, referred to herein as the voting record date. Only On2 stockholders of record at the time of the notice record date are entitled to notice of the special meeting, and only stockholders of record at the time of the voting record date are entitled to vote at the special meeting or any adjournment of the special meeting. If the special meeting is adjourned, notice of such adjournment will be sent to the stockholders of record on the notice record date and the voting record date. The holders of at least a majority of the shares of On2 Common Stock outstanding and entitled to vote thereon must vote in favor of approval of the merger proposal in order to adopt the merger proposal. In the event that a quorum is not present in person or represented by proxy at the special meeting, or for any other proper purpose described in On2 s bylaws, the chairman of the meeting may adjourn the meeting to another place, date or time. If a quorum is present in person or represented by proxy at the special meeting, approval of the adjournment proposal requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting.

Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible. Regardless of when you submit your proxy, only those shares of On2 Common Stock held by you as of the voting record date will be voted in accordance with your instructions. If you hold stock in your name as a stockholder of record, please vote your shares by (i) completing, signing, dating and returning the enclosed proxy card, (ii) using the telephone number on your proxy card and following the recorded instructions or (iii) using the internet voting instructions on your proxy card. If you hold your stock in street name through a bank, broker or other nominee, please direct your bank, broker or other nominee to vote in accordance with the instructions you have received from your bank, broker or other nominee. Submitting a proxy will not prevent you from voting in person, but it will help to secure a quorum and avoid additional solicitation costs. Any record holder of On2 Common Stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the special meeting in the manner described in the accompanying proxy statement/prospectus.

The On2 board of directors has unanimously approved the merger proposal (with one director abstaining in light of an arrangement with one of On2 s financial advisors that is unrelated to the proposed merger) and recommends that On2 stockholders vote FOR approval of the merger proposal and FOR approval of the adjournment proposal.

BY ORDER OF THE BOARD OF DIRECTORS,

Sincerely,

/s/ Matthew Frost

Matthew Frost

Interim Chief Executive Officer

[], 2009

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Google and On2 from documents that are not included in this proxy statement/prospectus. If you are an On2 stockholder of record as of the notice record date, you will not receive copies of the documents incorporated by reference herein, unless you request such documents from Google and On2, as described below. If you become an On2 stockholder of record between the notice record date and the voting record date and still hold your shares of On2 Common Stock as of the voting record date, the documents (excluding certain exhibits) incorporated by reference as of the voting record date will be delivered to you along with this proxy statement/prospectus. On2 stockholders may also obtain documents incorporated by reference in this proxy statement/prospectus, other than certain exhibits to those documents, or filed as exhibits to the registration statement of which this proxy statement/prospectus is a part, by requesting them in writing or by telephone from the appropriate company at the following addresses:

Google Inc.

1600 Amphitheatre Parkway
Mountain View, CA 94043
Attention: Investor Relations
Telephone: (650) 253-0000

On2 Technologies, Inc.

3 Corporate Drive, Suite 100
Clifton Park, NY 12065
Attention: Investor Relations
Telephone: (518) 348-0099

You will not be charged for any of these documents that you request. On2 stockholders requesting documents should do so by [], 2009 (which is five business days prior to the date of the special meeting) to ensure that you receive them before the special meeting.

See Where You Can Find More Information on page 115.

ABOUT THIS PROXY STATEMENT/PROSPECTUS

This proxy statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, referred to herein as the SEC, by Google constitutes a prospectus of Google under Section 5 of the Securities Act of 1933, as amended, referred to herein as the Securities Act, with respect to the shares of Google Class A Common Stock to be issued to On2 stockholders in connection with the merger. This document also constitutes a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, referred to herein as the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the special meeting of On2 stockholders to consider and vote upon the merger proposal and the adjournment proposal.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Q: Why am I receiving these materials?

A: Google Inc., referred to herein as Google, has agreed to acquire On2 Technologies, Inc., referred to herein as On2, by means of a merger of On2 with a direct, wholly owned subsidiary of Google. Please see The Merger beginning on page 43 and The Merger Agreement beginning on page 82 for a description of the merger and the merger agreement. A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A.

To complete the merger, among other conditions, On2 stockholders must vote to approve the merger proposal. On2 will hold a special meeting of stockholders to obtain this approval. You will also be given an opportunity to vote to approve the adjournment of the special meeting, if necessary, to solicit additional proxies in favor of the merger proposal, referred to herein as the adjournment proposal.

Q: What will happen in the merger?

A: Oxide Inc., a direct, wholly owned subsidiary of Google, will merge with and into On2, referred to herein as the merger, with On2 continuing as a direct, wholly owned subsidiary of Google. Upon completion of the merger, On2 Common Stock will cease trading on the NYSE Amex, and holders of On2 Common Stock will be entitled to receive the merger consideration for each outstanding share of On2 Common Stock held immediately prior to the merger.

Q: What will On2 stockholders receive in the merger?

A: In the merger, On2 stockholders are entitled to receive a fraction of a share of Google Class A Common Stock equal to the exchange ratio for each outstanding share of On2 Common Stock held by them, in addition to cash payable in lieu of any fractional shares, without interest. The exchange ratio will depend on the trading price of Google Class A Common Stock as described below.

The exchange ratio is equal to \$0.60 divided by the trading price, which is the volume weighted average trading price of a share of Google Class A Common Stock based on the sales price of every share of Google Class A Common Stock traded during the 20 trading days immediately up to and including the second trading day prior to the date of the special meeting, rounded to the nearest fourth decimal point.

For example, if the trading price of Google Class A Common Stock is \$450.00, a holder of 500 shares of On2 Common Stock will receive a cash payment of \$292.50 in lieu of any fractional shares (i.e., $500 \times (\$0.60/\$450.00) = 0.65$ shares; $0.65 \times \$450.00 = \292.50).

Further, if the trading price of Google Class A Common Stock is \$450.00, a holder of 1,000 shares of On2 Common Stock will receive one share of Google Class A Common Stock (i.e., $1,000 \times (\$0.60/\$450.00) = 1.3$; $1.3 - 0.3 = 1.0$ share) and a cash payment of \$135.00 in lieu of any fractional shares (i.e., $0.3 \times \$450.00 = \135.00).

Because of the effect of rounding in the exchange ratio calculation, a slight increase or decrease in the trading price, as defined, at certain values will significantly impact the aggregate value of the shares and cash that an On2 stockholder receives in connection with the merger.

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Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly. If you hold stock in your name as a stockholder of record as of the voting record date, please vote your shares by (i) completing, signing, dating and returning the enclosed proxy card, (ii) using the telephone number on your proxy card and following the recorded instructions or (iii) using the internet voting instructions on your proxy card. If you are a stockholder of record and are voting by telephone or via the internet, your voting instructions must be received prior to the time the vote is taken at the special meeting. If you have internet access, we encourage you to record your vote via the internet.

If you hold your stock in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee to vote in accordance with the instructions you have received from your bank, broker or other nominee. Submitting your proxy card or directing your bank, broker or other nominee to vote your shares will ensure that your shares are represented and voted at the special meeting.

Q: Why has On2 set two record dates, a notice record date and a voting record date? How will the two record dates impact my ability to vote at the special meeting?

A: On2 has elected to use a separate notice record date and voting record date as a means to partially address the issue of empty voting, that is, situations in which stockholders take positions in their stockholdings that divorce their voting power from their economic interest, which can result in voting behavior that disrupts the presumed tendency of stockholders to vote in a manner that maximizes their ownership interests in the company. By providing for a voting record date that is closer to the date of the special meeting than the notice record date, On2 believes that the votes cast at the special meeting will be more reflective of the actual stockholder base at the time of the special meeting.

As such, only record holders of On2 Common Stock as of the notice record date will be entitled to notice of the special meeting and only holders of On2 Common Stock as of the voting record date, including holders who purchase shares of On2 Common Stock after the notice record date and are record holders on the voting record date, will be entitled to vote at the special meeting. Any holder of On2 Common Stock who purchased shares after the notice record date and who is a record holder on the voting record date will receive, in addition to a copy of this proxy statement/prospectus, a copy of all documents (excluding certain exhibits) that are listed under the caption Where You Can Find More Information Incorporation by Reference and any other documents (excluding certain exhibits) that are filed with the SEC and incorporated by reference into this proxy statement/prospectus between the notice record date and the voting record date. On2 anticipates that this proxy statement/prospectus and other documents incorporated by reference will be distributed to additional holders identified as of the voting record date on or about [], 2009.

Q: If I am a stockholder of record and have received this proxy statement/prospectus and a proxy card because of my ownership of On2 Common Stock as of the notice record date, will I be required to submit a new, separate proxy card if I purchase or sell shares of On2 Common Stock within the same account between the notice record date and the voting record date?

A: No. If you are a holder of record of On2 Common Stock as of the notice record date and you either purchase additional shares of On2 Common Stock or sell some of your shares of On2 Common Stock within the same account between the notice record date and the voting record date, you will not be required to submit a new, separate proxy card. Rather, the number of shares of On2 Common Stock owned of record by you on the voting record date, which number of shares may be greater or less than the number of shares you owned as of the notice record date because you acquired additional shares or sold some of your shares within the same account, will be voted in accordance with your validly executed proxy, regardless of when the proxy was submitted. Only holders of On2 Common Stock who were not holders of record of On2 Common Stock as of the notice record date but who purchase shares after the notice record date and who continue to hold such shares of record as of the voting record date will receive a new proxy card, which will accompany a copy of

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this proxy statement/prospectus and all documents (excluding certain exhibits) listed under the caption **Where You Can Find More Information Incorporation by Reference** and any other documents (excluding certain exhibits) that are filed with the SEC and incorporated by reference into this proxy statement/prospectus between the notice record date and the voting record date.

Q: Why is my vote important?

A: If you do not vote by proxy or vote in person at the special meeting, it will be more difficult for us to obtain the necessary quorum to hold our special meeting. In addition, your failure to vote, by proxy or in person, or failure to instruct your bank, broker or other nominee, will have the same effect as a vote against the merger proposal. The merger proposal must be approved by the holders of a majority of the outstanding shares of On2 Common Stock entitled to vote at the special meeting in person or by proxy. In the event that a quorum is not present in person or represented by proxy at the special meeting, the chairman of the meeting may adjourn the meeting to another place, date or time. If a quorum is present in person or represented by proxy at the special meeting, approval of the adjournment proposal requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting. *The On2 board of directors recommends that you vote to approve both the merger proposal and the adjournment proposal.*

Q: How many shares must be present or represented by proxy to conduct business at the special meeting?

A: The quorum requirement for holding the special meeting and transacting business is that holders of a majority of the issued and outstanding shares of On2 Common Stock entitled to vote must be present in person or represented by proxy. Abstentions will be counted for the purpose of determining whether a quorum is present.

Q: What if I abstain from voting?

A: If you abstain from voting, the abstention will be counted toward a quorum at the special meeting, but it will have the same effect as a vote against the merger proposal and a vote against the adjournment proposal. This is because abstentions are treated as present and entitled to vote for purposes of determining the aggregate number of shares represented in person or by proxy at the special meeting, but do not count towards the affirmative votes required to approve the proposals.

Q: If my shares of On2 Common Stock are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote my shares for me?

A: No. Your bank, broker or other nominee cannot vote your shares without instructions from you. You should instruct your bank, broker or other nominee as to how to vote your shares, following the directions your bank, broker or other nominee provides to you. Please check the voting form provided by your bank, broker or other nominee.

Q: What if I fail to instruct my broker on how to vote my shares?

A: Under the rules of the NYSE Amex, brokers who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the merger proposal and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to herein generally as broker non-votes. Broker non-votes, if any, will be counted for purposes of determining a quorum but will have the same effect as a vote against the merger proposal because approval of the merger proposal requires the affirmative vote of a majority of the issued and outstanding shares of On2 Common

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Stock entitled to vote on the merger proposal. However, a broker non-vote on the adjournment proposal will have the effect of neither a vote for nor a vote against the adjournment proposal, as approval of the adjournment proposal only requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting, and a broker non-vote is not treated as present in person or represented by proxy and entitled to vote at the special meeting.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All On2 stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record as of the voting record date of On2 Common Stock can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership, and you must bring a form of personal photo identification with you to be admitted. If you do not have proper proof of share ownership or proper photo identification, you will not be admitted to the special meeting.

Q: Can I change my vote?

A: Yes. If you are a holder of record, you may revoke any proxy at any time before it is voted by signing and returning a proxy card with a later date, changing your vote by telephone or the internet, delivering a written revocation letter to the On2 Corporate Secretary, or by attending the special meeting in person, notifying the Corporate Secretary and voting by ballot at the special meeting. The On2 Corporate Secretary's mailing address is 3 Corporate Drive, Suite 100, Clifton Park, NY 12065.

If your shares are held in street name by a bank, broker or other nominee, you should follow the instructions of your bank, broker or other nominee regarding the revocation of proxies.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying the On2 Corporate Secretary) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Q: If I am an On2 stockholder, should I send in my On2 stock certificates now?

A: No. You should not send in your On2 stock certificates at this time. After the merger is completed, a bank or trust company, selected by Google to act as the exchange agent and reasonably acceptable to On2, will mail to holders of On2 Common Stock a transmittal form with instructions on how to exchange your On2 stock certificates for the merger consideration.

Q: Is the merger subject to the approval of stockholders of Google?

A: No. Google is not required to obtain the approval of its stockholders with respect to the merger proposal.

Q: When do you expect to complete the merger?

A: We cannot assure you when, or if, the merger will occur because we must first obtain the approval of On2 stockholders at the special meeting and the necessary regulatory clearances. However, we currently expect to complete the merger in the fourth quarter of 2009.

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Q: What are the U.S. tax consequences of the merger?

A: Google and On2 expect the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to herein as the Internal Revenue Code, in which case, in general, the following tax consequences will result:

An On2 stockholder will recognize no gain or loss upon the exchange of On2 Common Stock for Google Class A Common Stock in the merger, except with respect to cash received in lieu of a fractional share of Google Class A Common Stock;

An On2 stockholder receiving cash in the merger in lieu of a fractional share of Google Class A Common Stock will be treated as if such fractional share were issued in the merger and then redeemed by Google for cash, resulting in a recognition of gain or loss equal to the difference, if any, between the stockholder's basis allocable to the fractional share and the amount of cash received; and

No gain or loss will be recognized by Google or On2 as a result of the merger.

Tax matters are very complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, Google and On2 urge each On2 stockholder to consult its own tax advisor for a full understanding of the tax consequences of the merger, including the applicability and effect of U.S. federal, state, local and non-U.S. income and other tax laws. For more information, please see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 100.

Q: Do I have appraisal rights?

A: No. Under Delaware law, holders of On2 Common Stock will not be entitled to exercise any appraisal rights in connection with the merger.

Q: Do On2's executive officers and directors have financial interests in the merger that differ from the interests of other On2 stockholders?

A: Yes. A number of On2's executive officers and directors have interests in the merger that are different from those of other On2 stockholders. As of the notice record date, the directors and executive officers of On2, together with their affiliates, beneficially owned approximately []% of the outstanding shares of On2 Common Stock, which includes (1) shares of On2 Common Stock, (2) shares of On2 restricted stock that will vest within 60 days, (3) shares underlying vested options to purchase shares of On2 Common Stock and (4) shares underlying options to purchase shares of On2 Common Stock that will vest within 60 days. In addition, one executive officer holds On2 restricted stock units that will be settled in cash pursuant to the terms of such restricted stock units and pursuant to the merger agreement, as applicable. For more information, please see the section entitled "On2 Executive Officers and Directors Have Financial Interests in the Merger" beginning on page 73 as well the section titled "Security Ownership of Principal Stockholders of On2" beginning on page 111.

Q: Whom should I call with questions?

A: If you need any assistance in completing your proxy card or have questions regarding the special meeting, you may call Innisfree M&A Incorporated, On2's proxy solicitor, at (877) 456-3488 (toll-free) if you are a stockholder or (212) 750-5833 (collect) if you are a bank or broker.

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SUMMARY

This summary highlights material information set forth in this proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement/prospectus and the other documents to which we refer in order to fully understand the merger and the related transactions. See **Where You Can Find More Information on page 115. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.**

Upon completion of the merger, each share of On2 Common Stock will be converted into \$0.60 worth of Google Class A Common Stock. As described below, the fraction of a share of Google Class A Common Stock to be issued for each share of On2 Common Stock will be determined by dividing \$0.60 by the trading price, which is the volume weighted average trading price of a share of Google Class A Common Stock based on the sales price of every share of Google Class A Common Stock traded during the 20 trading days immediately up to and including the second trading day prior to the date of the special meeting at which the On2 stockholders will be able to vote on the merger proposal, rounded to the nearest fourth decimal point. However, no fractional shares of Google Class A Common Stock will be issued in connection with the merger. Instead, each On2 stockholder otherwise entitled to a fraction of a share of Google Class A Common Stock (after aggregating all fractional shares of Google Class A Common Stock issuable to such stockholder) will be entitled to receive an amount in cash (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the trading price.

See **The Merger Agreement** **The Merger** on page 82. On2 stockholders may contact Innisfree M&A Incorporated, On2's proxy solicitor, toll free at (877) 456-3488, and banks or brokers can call collect at (212) 750-5833, for information regarding the merger consideration.

The Merger (page 82)

On August 4, 2009, Google entered into an Agreement and Plan of Merger, referred to herein as the merger agreement, by and among Google, Oxide Inc., a direct, wholly owned subsidiary of Google, referred to herein as Oxide, and On2. The merger agreement, which is included as Appendix A to this proxy statement/prospectus, provides that Oxide will merge with and into On2, with On2 continuing as a direct, wholly owned subsidiary of Google. The merger consideration represents approximately a 58% premium above the closing price of \$0.38 per share of On2 Common Stock on August 4, 2009, the last trading day immediately prior to the announcement of the merger.

What Holders of On2 Common Stock Will Receive (page 82)

Each share of On2 Common Stock issued and outstanding immediately prior to the effective time of the merger will be cancelled and extinguished and automatically converted into a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the exchange ratio, referred to herein as the stock consideration, in addition to cash payable in lieu of any fractional shares, without interest, which together with the stock consideration, we refer to as the merger consideration. For illustrative purposes only, assuming the special meeting was held on September 9, 2009, the exchange ratio would be 0.0013, and the merger consideration to be paid for 1,000 shares of On2 Common Stock would be one share of Google Class A Common Stock and \$135.00 in cash. On2 and Google will promptly issue a joint press release disclosing the exchange ratio once it is calculated.

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Because of the effect of rounding in the exchange ratio calculation, a slight increase or decrease in the trading price, as defined, at certain values will significantly impact the aggregate value of the shares and cash that an On2 stockholder receives in connection with the merger.

Material U.S. Federal Income Tax Consequences of the Merger to On2 Stockholders (page 100)

Google and On2 expect the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, in which case, in general, the following tax consequences will result:

An On2 stockholder will recognize no gain or loss upon the exchange of On2 Common Stock for Google Class A Common Stock in the merger, except with respect to cash received in lieu of a fractional share of Google Class A Common Stock;

The aggregate tax basis of Google Class A Common Stock received by an On2 stockholder in the merger (including the basis in any fractional share for which cash is received) will be the same as the stockholder's aggregate tax basis in On2 Common Stock surrendered in the merger;

An On2 stockholder receiving cash in the merger in lieu of a fractional share of Google Class A Common Stock will be treated as if such fractional share were issued in the merger and then redeemed by Google for cash, resulting in a recognition of gain or loss equal to the difference, if any, between the stockholder's basis allocable to the fractional share and the amount of cash received;

The holding period of Google Class A Common Stock received by an On2 stockholder in the merger will include the holding period of the On2 Common Stock held by such On2 stockholder; and

No gain or loss will be recognized by Google or On2 as a result of the merger.

The U.S. federal income tax consequences described above may not apply to all holders of On2 Common Stock. Your tax consequences will depend on your individual situation. Accordingly, Google and On2 strongly urge you to consult with your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Comparative Market Prices and Share Information (page 110)

Google Class A Common Stock trades on The Nasdaq Global Select Market under the symbol GOOG, and On2 Common Stock trades on the NYSE Amex, under the symbol ONT. The following table shows the closing sale prices of Google Class A Common Stock and On2 Common Stock as reported on The Nasdaq Global Select Market and the NYSE Amex, respectively, on August 4, 2009, the last trading day before we announced the signing of the merger agreement, and on [], 2009, the last trading day before the distribution of this proxy statement/prospectus for which data was available.

	Google Class A Common Stock	On2 Common Stock
August 4, 2009	\$ 453.73	\$ 0.38
September [], 2009	\$ []	\$ []

The market price of Google Class A Common Stock and On2 Common Stock will fluctuate prior to the effective date of the merger, referred to herein as the effective time. You should obtain current market quotations for such shares.

What Holders of On2 Stock Options and Other Equity-Based Awards Will Receive (page 84)

Google will not assume any options to purchase shares of On2 Common Stock, each referred to herein as an On2 Option. All outstanding On2 Options will be fully vested as of the effective time of the merger. Any holder

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of an On2 Option with an exercise price of less than \$0.60 per share that is outstanding as of the effective time of the merger will have the right to receive a fraction of a share of Google Class A Common Stock based on a formula set forth in the merger agreement, and described herein. However, holders of On2 Options will receive cash in lieu of any fractional shares. Any On2 Options with an exercise price of \$0.60 per share or higher will be automatically cancelled in connection with the merger.

All outstanding shares of On2 restricted stock, referred to herein as On2 restricted stock, will be fully vested as of the effective time of the merger. Any holder of On2 restricted stock outstanding as of the effective time of the merger will have the right to receive a fraction of a share of Google Class A Common Stock equal to \$0.60 per share divided by the trading price, as described herein, for each share of On2 restricted stock, less any applicable withholding, and cash in lieu of any fractional shares, without interest, as further described herein.

All outstanding On2 restricted stock units, each referred to herein as an On2 RSU, will be fully vested as of the effective time of the merger. In connection with the merger, each holder of an On2 RSU will receive \$0.60 per share of On2 Common Stock underlying each On2 RSU, less any applicable withholding, paid entirely in cash.

All outstanding warrants to purchase shares of On2's capital stock that do not provide for assumption in connection with a merger will be cancelled as of the effective time of the merger to the extent not exercised prior to such time. Google will assume any warrants to purchase shares of On2's capital stock that provide for assumption in connection with a merger.

The On2 Board of Directors Recommends that On2 Stockholders Vote FOR the Proposals (pages 51 and 113)

The On2 board of directors believes that the merger is in the best interests of On2 and its stockholders and has unanimously approved the merger and the merger agreement (with one director abstaining in connection therewith in light of an arrangement with one of On2's financial advisors unrelated to the merger). The On2 board of directors recommends that On2 stockholders vote FOR the merger proposal and FOR the adjournment proposal.

Covington Associates, LLC Provided an Opinion to the On2 Board of Directors (page 55)

As financial advisor to On2, on August 4, 2009, Covington Associates, LLC, referred to herein as Covington, rendered to the On2 board of directors its opinion that, as of such date and based upon and subject to the various assumptions, qualifications and limitations set forth in its opinion, the exchange ratio provided for in the merger agreement was fair, from a financial point of view, to the holders of shares of On2 Common Stock.

The full text of the written opinion of Covington, dated August 4, 2009, is attached hereto as Appendix B and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Covington in rendering its opinion. You should read the opinion carefully in its entirety. Covington's opinion was provided to the On2 board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio provided for in the merger agreement as of the date of the opinion. It does not address any other aspect of the transaction and does not constitute a recommendation to the On2 stockholders as to how to vote with respect to the merger proposal or act on any other matter.

Duff & Phelps, LLC Provided an Opinion to the On2 Board of Directors (page 63)

As financial advisor to On2, on August 4, 2009, Duff & Phelps, LLC, referred to herein as Duff & Phelps, also rendered to the On2 board of directors its opinion that, as of such date and based upon and subject to the

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various assumptions, qualifications and limitations set forth in its opinion, the exchange ratio provided for in the merger agreement was fair, from a financial point of view, to the holders of On2 Common Stock.

The full text of the written opinion of Duff & Phelps, dated August 4, 2009, is attached hereto as Appendix C and is incorporated by reference herein. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Duff & Phelps in rendering its opinion. You should read the opinion carefully in its entirety. Duff & Phelps' opinion was provided to the On2 board of directors and addresses only the fairness, from a financial point of view, of the exchange ratio provided for in the merger as of the date of the opinion. It does not address any other aspect of the transaction and does not constitute a recommendation to the On2 stockholders as to how to vote with respect to the merger proposal or act on any other matter.

Certain On2 Executive Officers and Directors Have Financial Interests in the Merger That Differ From Your Interests (page 73)

A number of On2's executive officers and directors have interests in the merger that are different from those of other On2 stockholders. As of the notice record date, all directors and executive officers of On2, together with their affiliates, beneficially owned approximately []% of the outstanding shares of On2 Common Stock, which includes shares of On2 Common Stock, shares of On2 restricted stock that will vest within 60 days, shares underlying vested On2 Options, and shares underlying On2 Options that will vest within 60 days. In addition, one executive officer holds On2 RSUs that will be settled in cash pursuant to the terms of such On2 RSUs and pursuant to the merger agreement, as applicable.

No Appraisal Rights

Under Delaware law, holders of On2 Common Stock are not entitled to appraisal rights in connection with the merger because On2 Common Stock is listed on a national securities exchange, the NYSE Amex, and because shares of stock are being issued in the merger and such shares are also listed on a national securities exchange, The Nasdaq Global Select Market.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 95)

Currently, Google and On2 expect to complete the merger in the fourth quarter of 2009. As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval of the merger proposal by On2 stockholders, the expiration or termination of the applicable Hart-Scott-Rodino waiting period, and not more than one of the three merger key employees (James Bankoski, Paul Wilkins and Yaowu Xu) who executed offer letters with Google terminating or taking any action to terminate, rescind or otherwise repudiate such offer letters.

See also *The Merger* On2 Executive Officers and Directors Have Financial Interests in the Merger *Employment of On2 Executive Officers and Merger Key Employees by Google after the Merger* beginning on page 73.

Neither Google nor On2 can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Regulatory Clearances Required for the Merger (page 80)

Google and On2 have agreed to use reasonable best efforts to obtain as promptly as practicable all regulatory clearances that are required to complete the transactions contemplated in the merger agreement. This includes filing all required notices to governmental authorities, including the required filings with the Department of Justice and the Federal Trade Commission pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to herein as the HSR Act. Google and On2 are not permitted to

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complete the merger until the applicable waiting periods under the HSR Act have expired or been terminated. The required notifications under the HSR Act were filed on August 21, 2009 by each of Google and On2.

Although neither Google nor On2 knows of any reason why regulatory clearance would not be obtained in a timely manner, Google and On2 cannot be certain when, or if, such clearance will be obtained.

Termination of the Merger Agreement (page 97)

Google and On2 can mutually agree to terminate the merger agreement at any time prior to the effective time of the merger. Either company may also terminate the merger agreement, under specified circumstances, if the merger is not completed by March 31, 2010, or under other circumstances described in this proxy statement/prospectus.

Termination Fee (page 98)

A termination fee of \$2 million may be payable by On2 to Google upon the termination of the merger agreement under specified circumstances, including in the event of any change in the recommendation of the On2 board of directors to vote in favor of the merger proposal and in specified circumstances in which the merger agreement is terminated and On2 enters into an agreement providing for the acquisition of On2 within 12 months of such termination and consummates such acquisition.

Board of Directors and Management of Google Following Completion of the Merger (page 80)

The directors of On2 and its subsidiaries will resign as of the effective time of the merger. The composition of Google's board of directors and management is not anticipated to change in connection with the completion of the merger.

The Rights of On2 Stockholders Will Change as a Result of the Merger (page 103)

The rights of On2 stockholders will change as a result of the merger due to differences in Google's and On2's governing documents. This proxy statement/prospectus contains a summary description of stockholder rights under each of the Google and On2 governing documents and describes the material differences between them.

On2 Will Hold its Special Meeting on [], 2009 (page 38)

The special meeting will be held on [], 2009 at [], local time, at [], Clifton Park, NY 12065. At the special meeting, On2 stockholders will be asked to:

Adopt the merger agreement; and

If submitted to a vote, approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve and adopt the merger agreement.

Record Dates. Only holders of record at the close of business on [], 2009, the notice record date, will be entitled to notice of the special meeting. Only holders of record at the close of business on [], 2009, the voting record date, will be entitled to vote at the special meeting in person or by proxy. Each share of On2 Common Stock is entitled to vote. As of the notice record date, [] shares of On2 Common Stock were outstanding, held by approximately [] registered holders.

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Required Vote. Approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of On2 Common Stock entitled to vote at the special meeting in person or by proxy. Because approval of the merger proposal is based on the affirmative vote of a majority of shares outstanding, an On2 stockholder's (a) failure to vote, (b) abstention or (c) failure to instruct their broker as to how the stockholder would like to vote will have the same effect as a vote against the merger proposal.

As described in On2's bylaws, as amended, in the event that a quorum is not present in person or represented by proxy at the special meeting, the chairman of the meeting may adjourn the meeting to another place, date or time. If a quorum is present in person or represented by proxy at the special meeting, approval of the adjournment proposal requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting. An On2 stockholder's abstention will have the same effect as a vote against approval of the adjournment proposal. A broker non-vote will have no effect on the adjournment proposal.

Litigation Related to the Merger (page 81)

Litigation is pending in connection with the proposed merger. See "The Merger - Litigation Related to the Merger" beginning on page 81.

Information about the Companies (page 42)

Google Inc.

Google, a Delaware corporation, was established in 1998. Google's innovative search technologies connect millions of people around the world with information every day. Founded by Stanford Ph.D. students Larry Page and Sergey Brin, Google today is a top web property in all major global markets. Google's targeted advertising program provides businesses of all sizes with measurable results, while enhancing the overall web experience for users. Google is headquartered in Silicon Valley with offices throughout the Americas, Europe and Asia.

Google Class A Common Stock is traded on The Nasdaq Global Select Market under the symbol "GOOG". The principal executive offices of Google are located at 1600 Amphitheatre Parkway, Mountain View, CA 94043, and its telephone number is (650) 253-0000.

Additional information about Google and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 115.

Oxide Inc.

Oxide Inc., a Delaware corporation and wholly owned subsidiary of Google, was formed solely for the purpose of consummating the merger. Oxide Inc. has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Oxide Inc. are located at 1600 Amphitheatre Parkway, Mountain View, CA 94043, and its telephone number is (650) 253-0000.

On2 Technologies, Inc.

On2, a Delaware corporation, was incorporated in Delaware in 1992. On2 creates advanced video compression technologies that power the video in today's leading desktop and mobile applications and devices. On2 customers include Adobe, Skype, Nokia, Infineon, Sun Microsystems, Mediatek, Sony, Brightcove and

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Move Networks. On2 is also an industry leader in server-based video transcoding software. The On2 VP6 video format provides web and HD-quality video for leading sites such as Hulu, Vimeo, Yahoo! Video, Dailymotion, CCTV.com, 56.com, Tudou.com and Eurosport.com.

On2 Common Stock is traded on the NYSE Amex under the symbol ONT. The principal executive offices of On2 are located at 3 Corporate Drive, Suite 100, Clifton Park, NY 12065, and its telephone number is (518) 348-0099.

Additional information about On2 and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#) beginning on page 115.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF GOOGLE

The tables below present selected consolidated financial data of Google prepared in accordance with U.S. generally accepted accounting principles, referred to herein as GAAP. The data below should be read in conjunction with Google's consolidated financial statements and accompanying notes, as well as Google management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference in this proxy statement/prospectus. For a complete list of documents incorporated by reference in this proxy statement/prospectus, see "Where You Can Find More Information" beginning on page 115.

The following selected financial information is provided to aid you in understanding certain financial aspects of Google. The annual historical information for Google set forth below is derived from its audited consolidated financial statements as of and for each of the fiscal years ended December 31, 2004 through 2008. The information for Google as of and for the six months ended June 30, 2008 and 2009 that is set forth below is derived from its unaudited consolidated interim financial statements. In the opinion of Google management, the unaudited financial statements include all adjustments, consisting of normal recurring adjustments, that Google management considers necessary for fair presentation of the financial position and results of operations for such periods in accordance with GAAP. Google's historical results are not necessarily indicative of the results to be expected in the future.

Pursuant to SEC rules, Google's acquisition of On2 will not require Google to file pro forma financial information with the SEC on On2 as a significant subsidiary because none of the financial criteria conditions under Rule 3-05 of SEC Regulation S-X would be met at the 20% level.

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	Year Ended December 31,					Six Months Ended June 30,	
	2004	2005	2006	2007	2008	2008	2009
(In thousands, except per share amounts)							
Consolidated Statements of Income Data:							
Revenues	\$ 3,189,223	\$ 6,138,560	\$ 10,604,917	\$ 16,593,986	\$ 21,795,550	\$ 10,553,255	\$ 11,031,887
Costs and expenses:							
Cost of revenues	1,468,967	2,577,088	4,225,027	6,649,085	8,621,506	4,258,111	4,209,475
Research and development	395,164	599,510	1,228,589	2,119,985	2,793,192	1,355,279	1,349,269
Sales and marketing	295,749	468,152	849,518	1,461,266	1,946,244	931,450	902,980
General and administrative	188,151	386,532	751,787	1,279,250	1,802,639	884,215	812,678
Contribution to Google Foundation		90,000					
Non-recurring portion of settlement of disputes with Yahoo	201,000						
Total costs and expenses	2,549,031	4,121,282	7,054,921	11,509,586	15,163,581	7,429,055	7,274,402
Income from operations	640,192	2,017,278	3,549,996	5,084,400	6,631,969	3,124,200	3,757,485
Impairment of equity investments					(1,094,757)		
Interest and other income (expense), net	10,042	124,399	461,044	589,580	316,384	225,266	(11,508)
Income before income taxes	650,234	2,141,677	4,011,040	5,673,980	5,853,596	3,349,466	3,745,977
Provision for income taxes	251,115	676,280	933,594	1,470,260	1,626,738	794,989	838,604
Net income	\$ 399,119	\$ 1,465,397	\$ 3,077,446	\$ 4,203,720	\$ 4,226,858	\$ 2,554,477	\$ 2,907,373
Net income per share of Class A and Class B Common Stock							
Basic	\$ 2.07	\$ 5.31	\$ 10.21	\$ 13.53	\$ 13.46	\$ 8.15	\$ 9.21
Diluted	\$ 1.46	\$ 5.02	\$ 9.94	\$ 13.29	\$ 13.31	\$ 8.04	\$ 9.15

	As of December 31,					As of
	2004	2005	2006	2007	2008	June 30, 2009
(In thousands, except per share amounts)						
Consolidated Balance Sheet Data:						
Cash, cash equivalents and marketable securities	\$ 2,132,297	\$ 8,034,247	\$ 11,243,914	\$ 14,218,613	\$ 15,845,771	\$ 19,344,006
Total assets	\$ 3,313,351	\$ 10,271,813	\$ 18,473,351	\$ 25,335,806	\$ 31,767,575	\$ 35,158,760
Total long-term liabilities	\$ 43,927	\$ 107,472	\$ 128,924	\$ 610,525	\$ 1,226,623	\$ 1,562,942
Total stockholders' equity	\$ 2,929,056	\$ 9,418,957	\$ 17,039,840	\$ 22,689,679	\$ 28,238,862	\$ 31,594,856
Historical book value per share (1)	\$ 10.97	\$ 32.14	\$ 55.15	\$ 72.51	\$ 89.61	\$ 99.85
Shares used in computing book value per share	266,917	293,027	308,997	312,917	315,114	316,422

- (1) Historical book value per share is computed by dividing total stockholders' equity by the number of common shares outstanding at the end of the period.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ON2**

The tables below present selected consolidated financial data of On2 prepared in accordance with GAAP. The data below should be read in conjunction with On2's consolidated financial statements and accompanying notes, as well as On2 management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference in this proxy statement/prospectus. For a complete list of documents incorporated by reference in this proxy statement/prospectus, see "Where You Can Find More Information" beginning on page 115.

The following selected financial information is provided to aid you in understanding certain financial aspects of On2. The annual historical information for On2 set forth below is derived from its audited consolidated financial statements as of and for each of the fiscal years ended December 31, 2004 through 2008. The information for On2 as of and for the six months ended June 30, 2008 and 2009 that is set forth below is derived from its unaudited consolidated interim financial statements. In the opinion of On2 management, the unaudited financial statements include all adjustments, consisting of normal recurring adjustments that On2 management considers necessary for fair presentation of the financial position and results of operations for such periods in accordance with GAAP. On2's historical results are not necessarily indicative of the results to be expected in the future.

	2004	Year Ended December 31,				Six Months Ended June 30,	
	2005	2006	2007	2008	2008	2009	
	(In thousands, except per share amounts)						
Consolidated Statements of Income Data:							
Revenue	\$ 3,028	\$ 2,208	\$ 6,572	\$ 13,237	\$ 16,268	\$ 7,717	\$ 9,012
Operating expenses:							
Costs of revenue	1,437	1,919	2,328	2,549	4,154	2,624	1,018
Research and development	884	1,035	972	3,833	10,736	5,817	3,885
Sales and marketing	459	794	1,093	4,272	7,095	3,764	1,902
General and administrative	3,068	2,749	4,384	5,200	11,228	6,694	3,622
Asset impairments					33,268		
Restructuring expense							1,032
Costs associated with proposed merger							420
Litigation settlement costs							523
Equity-based compensation:							
Research and development	68		98	147	433	224	311
Sales and marketing	19		103	157	204	112	119
General and administrative	583		1,184	491	1,026	471	426
Total operating expenses	6,518	6,497	10,162	16,649	68,144	19,706	13,258
Loss from operations	(3,490)	(4,289)	(3,590)	(3,412)	(51,876)	(11,989)	(4,246)
Interest and other income (expense), net	47	(284)	(1,226)	(3,467)	670	75	1,034
Loss before income taxes	(3,443)	(4,573)	(4,816)	(6,879)	(51,206)	(11,914)	(3,212)
Provision for income taxes	2	32	30	25			
Net loss	(3,445)	4,605	(4,846)	(6,904)	(51,206)	(11,914)	(3,212)
Convertible preferred stock deemed dividend	120	2,844	68				
Convertible preferred stock 8% dividend	57	325	285	82			
Accretion of costs associated with the Series D Preferred Stock	14	175					
Net loss attributable to common stockholders	\$ (3,636)	\$ (7,949)	\$ (5,199)	\$ (6,986)	\$ (51,206)	\$ (11,914)	\$ (3,212)
Basic and diluted net loss attributable to common stockholders per share	\$ (0.05)	\$ (0.09)	\$ (0.05)	\$ (0.06)	\$ (0.30)	\$ (0.07)	\$ (0.02)

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	As of December 31,					As of
	2004	2005	2006	2007	2008	June 30, 2009
	(In thousands, except per share amounts)					
Consolidated Balance Sheet Data:						
Cash, cash equivalents and marketable securities	\$ 5,863	\$ 4,157	\$ 5,115	\$ 15,094	\$ 4,289	\$ 2,797
Total assets	\$ 6,610	\$ 6,314	\$ 7,887	\$ 79,525	\$ 25,876	\$ 22,632
Total long-term liabilities	\$ 356	\$ 250	\$ 2,358	\$ 3,100	\$ 2,234	\$ 2,429
Series D redeemable convertible preferred stock	\$ 1,156	\$ 3,790	\$ 3,083	\$	\$	\$
Total stockholders' equity	\$ 4,296	\$ 1,364	\$ 1,033	\$ 65,572	\$ 14,318	\$ 11,793
Historical book value per share (1)	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.38	\$ 0.08	\$ 0.07
Shares used in computing book value per share	80,328	92,295	101,258	170,475	171,769	175,504

- (1) Historical book value per share is computed by dividing total stockholders' equity by the number of common shares outstanding at the end of the period. As of December 31, 2007, 12,500,000 of earn-out shares were issuable, but not issued until 2008. These shares were associated with the On2 Finland acquisition and were included in the common shares outstanding calculation.

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table contains certain historical per share data of Google and On2 and combined per share data on an unaudited pro forma basis as if the merger had become effective as of the beginning of the periods presented, and after giving effect to the merger using the purchase method of accounting with an assumed ratio of 0.0013 shares of Google Class A Common Stock issued in exchange for each share of On2 Common Stock, based on what the trading price would have been if the special meeting was held on September 9, 2009.

The unaudited pro forma combined per share data was derived from financial information of Google and On2 incorporated by reference into this proxy statement/prospectus. The information in the table should be read in conjunction with the historical financial statements of Google and On2 and related notes, which are incorporated by reference in this proxy statement/prospectus. The unaudited pro forma data is based on estimates and assumptions that Google and On2 believe are reasonable. It is not necessarily indicative of the consolidated financial position or results of income in future periods or the results that actually would have been realized had Google and On2 been a combined company as of the beginning of the periods presented.

	As of, and for the Year Ended December 31, 2008	As of, and for the Six Months Ended June 30, 2009
Google:		
Book value per share		
Historical	\$ 89.61	\$ 99.85
Pro forma	\$ 89.89	\$ 100.12
Net income per share basic		
Historical	\$ 13.46	\$ 9.21
Pro forma	\$ 13.27	\$ 9.19
Net income per share diluted		
Historical	\$ 13.31	\$ 9.15
Pro forma	\$ 13.12	\$ 9.12
On2:		
Book value per share		
Historical	\$ 0.08	\$ 0.07
Equivalent pro forma (1)	\$ 0.12	\$ 0.13
Net income (loss) per share basic		
Historical	\$ (0.30)	\$ (0.02)
Equivalent pro forma (1)	\$ 0.02	\$ 0.01
Net income (loss) per share diluted		
Historical	\$ (0.30)	\$ (0.02)
Equivalent pro forma (1)	\$ 0.02	\$ 0.01

- (1) The On2 equivalent pro forma per share amounts are calculated by multiplying Google pro forma per share amounts by the assumed exchange ratio for the merger of 0.0013, based on what the trading price would have been if the special meeting was held on September 9, 2009.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this proxy statement/prospectus contains or incorporates by reference certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent Google's and On2's beliefs and expectations regarding future events, many of which are, by their nature, inherently uncertain and outside Google's and On2's control. Forward-looking statements include statements preceded by, followed by, or including the words could, would, should, may, will, target, plan, believe, expect, intend, anticipate, estimate, project, potential, possible, and other similar expressions. In particular, the forward-looking statements contained in this proxy statement/prospectus include, but are not limited to, statements regarding:

the expected financial condition, results of operations, earnings outlook and prospects of Google, On2 and the combined company;

the expected benefits and synergies of the merger;

the likelihood that Google and On2 will receive the regulatory clearances required to complete the merger; and

other factors affecting the operation of the respective businesses of Google and On2.

The forward-looking statements contained or incorporated by reference herein are subject to certain risks and uncertainties that may cause actual results to differ materially from those reflected in the forward-looking statements. Such risk and uncertainties include those set forth on page 19 under the heading "Risk Factors," as well as, among others, the following:

the expenses of the merger being greater than anticipated, including as a result of unexpected factors or events;

the exposure to litigation, including the possibility that litigation relating to the merger and related transactions could delay or impede the completion of the merger;

the integration of On2's business and operations with those of Google taking longer than anticipated, being costlier than anticipated and having unanticipated adverse results relating to On2's or Google's existing businesses;

the anticipated cost savings and other synergies of the merger taking longer to be realized or failing to be achieved in their entirety, and attrition in key customers, partners and other relationships relating to the merger being greater than expected;

changes in economic, business, competitive, technological and/or regulatory factors;

the failure to receive the required stockholder and regulatory clearances for the merger;

the failure to compete successfully in this highly competitive and rapidly changing marketplace; and

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the failure to retain key employees.

You are cautioned not to place undue reliance on the forward-looking statements contained herein, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference in this proxy statement/prospectus. Except to the extent required by applicable law or regulation, neither Google nor On2 undertakes any obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement/prospectus or to reflect the occurrence of unanticipated events.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Google or On2 or any person acting on their behalf are expressly qualified in their entirety by the preceding cautionary statement.

Table of Contents**RISK FACTORS**

*In addition to the other information included in and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 18, you should carefully consider the following risk factors before deciding whether to vote for approval of the merger proposal and the adjournment proposal. In addition, you should read and consider the risks associated with the business of Google because these risks will also affect the combined company. These risks can be found in Google's Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. All references to the company, we, our or us in this Risk Factors section of this proxy statement/prospectus refer to Google. You should also read and consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 115.*

Risks Relating to the Merger

The merger is subject to the receipt of clearances from regulatory authorities that may impose conditions that could have an adverse effect on Google or, if not obtained, could prevent completion of the merger.

Before the merger may be completed, clearances must be obtained from various regulatory and other authorities. While Google and On2 believe that they will receive the requisite clearances, there can be no assurance of this. If such clearances are not obtained, the merger will not be completed. In addition, these governmental authorities may impose conditions on the completion of the merger or require changes to the terms of the merger agreement. Although Google and On2 do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Google following the merger, any of which might have a material adverse effect on Google following the merger. For a full description of the regulatory clearances required for the merger, please see **The Merger Regulatory Clearances Required for the Merger** beginning on page 80.

Google and On2 may waive one or more of the conditions of the merger without re-soliciting stockholder approval for the merger and may terminate the merger agreement even if adopted by On2 stockholders.

Each of the conditions to Google's and On2's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of Google and On2, if the condition is a condition to both Google's and On2's obligation to complete the merger, or by the party for which such condition is a condition of its obligation to complete the merger. The boards of directors of each of Google and On2 may evaluate the materiality of any such waiver to determine whether amendment of this proxy statement/prospectus and re-solicitation of proxies are necessary. Google and On2, however, generally do not expect any such waiver to be significant enough to require re-solicitation of stockholders. In the event that any such waiver is not determined to be significant enough to require re-solicitation of stockholders, the companies will have the discretion to complete the merger without seeking further stockholder approval.

Google and On2 can agree at any time to terminate the merger agreement, even if On2 stockholders have already voted to adopt and approve the merger agreement and the transactions contemplated thereby.

It is a condition to the merger agreement entered into with Google that not more than one of On2's three specified merger key employees terminate, revoke, rescind or otherwise repudiate such merger key employee's offer letter entered into with Google in connection with the proposed merger.

Google has entered into offer letters with three On2 engineers, referred to herein as merger key employees. See **On2 Executive Officers and Directors Have Financial Interests in the Merger Employment of On2 Executive Officers and Merger Key Employees by Google after the Merger** beginning on page 73. In the

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event that more than one such merger key employee takes any action to terminate, revoke, rescind or otherwise repudiate his offer letter, Google will be permitted to terminate the merger agreement, unless this condition is waived. Please see *The Merger Conditions to Complete the Merger Conditions to the Obligations of Google* beginning on page 95.

The market price of Google Class A Common Stock may decline between the date the merger consideration is calculated and the date the merger consideration is paid to On2 stockholders.

Under the terms of the merger agreement, the merger consideration, consisting of the stock consideration and the cash payable in lieu of fractional shares, will be calculated two trading days prior to the date of the special meeting, referred to herein as the calculation date, and will be based upon the trading price, which is the volume weighted average trading price of a share of Google Class A Common Stock during the 20 trading days immediately up to and including the second trading day prior to the date of the special meeting. Once the merger consideration is determined, it will be fixed and will not be adjusted due to any increase or decrease in the price per share of Google Class A Common Stock after the calculation date. Accordingly, the dollar value of the merger consideration that an On2 stockholder will receive upon completion of the merger will depend upon the market value of Google Class A Common Stock at the effective time of the merger, and such dollar value may be different from, and lower than, the dollar value of the merger consideration on the calculation date. Moreover, completion of the merger may occur some time after the required approval at the special meeting has been obtained, during which time the market value of Google Class A Common Stock may fluctuate.

The merger may go forward in certain circumstances even if On2 suffers an adverse effect.

In general, Google can refuse to complete the merger if a material adverse effect occurs with regard to On2 before the effective time of the merger. The term material adverse effect is defined below under the heading *The Merger Agreement Material Adverse Effect* beginning on page 86. If adverse changes occur in the business of On2 that do not fall within the definition of material adverse effect or are adverse changes that are specifically excluded from the definition of material adverse effect, Google must still complete the merger which may have a negative effect on its stock price. This in turn may reduce the value of the merger to On2 stockholders.

The failure of Google to operate and manage the acquired company effectively could have a negative effect on Google's business, financial condition and operating results.

Google will need to meet significant challenges to realize the expected benefits and synergies of the merger. These challenges include:

Integrating the management teams, strategies, cultures, technologies and operations of the two companies.

Retaining and assimilating the key personnel of each company.

Retaining existing On2 customers.

The accomplishment of these post-merger objectives will involve considerable risk, including:

The potential disruption of each company's ongoing business and distraction of their respective management teams.

The difficulty of incorporating acquired technology and rights into Google's operations.

Unanticipated expenses related to the integration.

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Potential unknown liabilities associated with the merger.

Managing the risks related to On2's business as described in On2's Annual Report on Form 10-K for the year ended December 31, 2008, that may continue to impact the business following the merger.

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Google and On2 have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of the technical skills and management expertise of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies due to possible cultural conflicts or differences of opinions on technical decisions and product roadmaps that adversely affect Google's ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Even if Google is able to integrate the On2 business operations successfully, this integration may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from this integration, and these benefits may not be achieved within a reasonable period of time.

A shift or decline in the demand for compression/decompression, or codec, and transmission technology could substantially reduce the anticipated benefits of the merger.

Google expects that customers will continue to desire higher quality video compression and transmission technology and that the acquisition of On2 and the implementation and development of On2 technology will enable Google to meet this expected customer demand. However, if customer demand decreases or is less than expected, or if customer preferences shift to a new or different technology, then Google may not realize all of the anticipated benefits of the merger.

Failure to retain key personnel could diminish the anticipated benefits of the merger.

The success of the merger will depend in part on the retention of personnel critical to the business and operations of the combined company due to, for example, their technical skills or management expertise. Employees may experience uncertainty about their future role with On2 and Google until strategies with regard to these employees are announced or executed. If On2 and Google are unable to retain personnel, including On2's key technical personnel, who are critical to the successful integration and future operations of the companies, On2 and Google could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know-how and unanticipated additional recruiting and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the merger.

The market price of Google Class A Common Stock after the merger may be affected by factors different from those affecting the shares of On2 or Google currently.

The businesses of Google and On2 differ in important respects, and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of Google and On2. For a discussion of the businesses of Google and On2 and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this proxy statement/prospectus and referred to under "Where You Can Find More Information" beginning on page 115.

On2 stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

On2 stockholders currently have the right to vote in the election of the board of directors of On2 and on other matters affecting On2. When the merger occurs, each On2 stockholder that receives shares of Google Class A Common Stock will become a stockholder of Google with a percentage ownership of the combined company that is much smaller than the stockholder's percentage ownership of On2. It is expected that the former stockholders of On2 as a group will own less than 1% of the outstanding shares of Google immediately after the merger. Because of this, On2's stockholders will have less influence on the management and policies of Google than they now have on the management and policies of On2. See also the risk factor "The concentration of our capital stock ownership with our founders, executive officers and our directors and their affiliates will limit our stockholders' ability to influence corporate matters" under the subheading "Risks Related to Ownership of Google's Common Stock."

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Stockholders of On2 Common Stock have rights that are different than rights afforded to holders of Google Class A Common Stock.

Holders of On2 Common Stock who receive shares of Google Class A Common Stock pursuant to the proposed merger should be aware that the rights afforded holders of Google Class A Common Stock differ in certain material respects from the rights afforded to holders of On2 Common Stock. For example:

On2 has only one class of common stock and each holder thereof is entitled to one vote for each share of On2 Common Stock held, whereas Google has two classes of common stock that vote together as one class. While holders of Google Class A Common Stock are entitled to one vote per share, holders of Google Class B Common Stock are entitled to ten votes per share.

A special meeting of On2 stockholders may be called at the request of 10% of the holders of On2 Common Stock, whereas 20% of the total voting power of the outstanding capital stock of Google is required to call a special meeting of the stockholders of Google.

Any action that could be taken at a regular or special meeting of On2 stockholders may be taken by written consent of the stockholders having not less than the minimum number of shares needed to take such action. All actions of the stockholders of Google must be taken at a duly called annual or special meeting and may not be taken by written consent.

The annual meeting of On2 stockholders is held for the purpose of electing the board of directors and for transacting such other business as may come before the meeting. No advance notice is required to bring such business before the On2 stockholders' meeting. In order to bring a proposal before a Google stockholders' meeting, advance notice of such proposal must be given, and certain timing and eligibility thresholds must be met.

See "Comparison of Stockholders' Rights" beginning on page 103.

The merger agreement limits On2's ability to pursue alternatives to the merger.

The merger agreement contains "no shop" provisions that, subject to certain exceptions, limit On2's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of On2, and provide for a termination fee of \$2 million that is payable by On2 under certain circumstances. These provisions might discourage a potential competing acquiror from considering or proposing an acquisition of all or a significant part of On2 even if it were prepared to pay consideration with a higher per share price than that proposed in the merger or might result in a potential competing acquiror proposing to pay a lower per share price to acquire On2 than it might otherwise have proposed to pay in the absence of such provisions.

Additionally, if the merger agreement is terminated, On2 may be unable to pursue another business combination transaction on terms as favorable as those set forth in the merger agreement or at all. This could limit On2's ability to pursue its strategic goals.

Risks Related to On2's Business if the Merger Is Not Consummated

On2 has a history of losses and negative cash flow from operations, and there can be no assurance that it will ever achieve profitability. If the proposed merger with Google is not consummated, On2 may be forced to revert to a business model and business strategy that are not yet proven and may never be successful.

On2 has not achieved profitability to date, and it is possible On2 will continue to incur operating losses for the foreseeable future as it funds operating and capital expenditures to implement its business plan. On2's business model assumes that consumers will be attracted to and use broadband-specific video compression technology to access content available on customer web sites or over proprietary networks that will, in turn, allow On2 to provide its technology solutions to customers. On2 earns revenue chiefly through licensing its

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software technology and hardware designs and providing specialized software engineering and consulting services to customers. On2 has chosen this royalty-dependent licensing model because, as a small company competing in a market that offers a vast range of video-enabled devices, On2 does not have the product development or marketing resources to develop and market end-to-end video solutions. However, its business model is not yet proven, and it may be more difficult to implement than anticipated. If the proposed merger with Google is not consummated, On2 may be forced to revert to a business model and strategy that are uncertain given On2's size and limited resources and for which there can be no assurance On2 will ever achieve or sustain profitability.

On2 may need to obtain additional financing to operate its business and to execute its business plan. In addition, On2 has incurred significant legal and advisory costs associated with negotiating and entering into the merger agreement with Google, which On2 will remain responsible for paying if the merger is not consummated.

Since On2's inception it has incurred significant losses and negative cash flow from operations. As of June 30, 2009, On2 had an accumulated deficit of approximately \$185 million. During the fiscal year ended December 31, 2008, On2 undertook a cost-cutting initiative, including a reduction in workforce, a reduction in overhead costs, and the identification of one-time charges for professional fees. Additionally, on January 28, 2009, On2 notified its employees at On2 Technologies Finland Oy that On2 intended to further reduce personnel costs through furloughs, terminations and/or moving some full-time employees to part-time.

As of August 31, 2009, On2 had cash and short-term investment reserves of approximately \$2.4 million and negative working capital of approximately \$4.8 million. On2 has incurred significant expenses in connection with its proposed merger with Google. These expenses include legal, financial advisory and other third party fees and expenses that are expected to be in excess of \$2 million that On2 will remain responsible for if the merger is not consummated. In order for On2 to satisfy its current cash requirements necessary to generate positive cash flows to sustain operations, including the expenses associated with the proposed merger if it is not approved, On2 may need to seek other sources of funds by issuing equity or incurring debt, or may need to implement further reductions of operating expenses, or some combination of these measures. In light of the current climate in global credit markets, On2 may not be able to obtain financing on favorable terms, or at all. If the proposed merger is not consummated and On2 is unable to secure additional financing, its liquidity and financial condition may be impaired.

A lack of investment capital will make it more difficult for On2 to obtain funds from third parties that it may need to support its operations.

On2 is an emerging company and has experienced significant operating losses and negative cash flows to date. On2 has funded its operations with a series of equity financing transactions, credit facilities and its operating revenue as it has attempted to move towards achieving profitability. Given the economic downturn, which became more acute during the latter part of 2008 and has continued through the first half of 2009, investor appetite for equity investments has been reduced, and investors who are willing to invest in emerging companies may demand terms that offer greater returns than what they were previously willing to accept. At the same time, credit markets have become more constrained, with fewer lenders making fewer loans and imposing more restrictive terms. Therefore, should On2 need further third party financing, such financing may not be available to On2 on acceptable terms, or at all. Should this occur, On2's financial condition and results of operation will likely be materially adversely affected.

If On2 is unable to continue to attract, retain and motivate highly skilled employees, it may not be able to execute its business plan.

On2's ability to execute its growth plan and be successful depends on its continuing ability to attract, retain and motivate highly skilled employees. In order to grow and effectively compete, On2 will need to hire additional personnel in all operational areas. On2 may be unable to retain its key personnel or attract, assimilate

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or retain other highly qualified employees in the future. On2 has from time to time in the past experienced, and expects to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If On2 does not succeed in attracting new personnel or retaining and motivating its current personnel, customers could experience delays in service, which could, in turn, adversely affect On2's operating results and revenue. Retention of highly skilled employees may require additional personnel costs or the issuance of certain equity compensation packages. Moreover, although Google has entered into an employee non-solicitation agreement with On2 prohibiting solicitations by Google of certain key On2 employees for a period of 18 months following the date of such agreement, in the event that the merger with Google is not consummated, such employees having had the prospect of being able to work at a company such as Google and on the terms a company such as Google is able to offer, will only increase the challenges faced by On2 in its ability to retain key employees. See "On2 Executive Officers and Directors Have Financial Interests in the Merger" *Employment of On2 Executive Officers and Merger Key Employees by Google after the Merger.*

Risks Related to Google's Business and Industry

We face significant competition from web search providers, internet advertising companies, online service and content providers and traditional media companies.

We face significant competition in every aspect of our business. This includes competition from web search providers, internet advertising companies, companies that provide products and services online and companies that provide online content. Our competitors include companies ranging from large and established companies to emerging start-ups. Established companies have longer operating histories and more established relationships with customers and end users, and they can use their experience and resources against us in a variety of competitive ways, including by making acquisitions, investing aggressively in research and development and competing aggressively for advertisers and web sites. Emerging start-ups may be able to innovate and provide products and services faster than we can.

In certain markets outside the U.S., other web search, advertising services and internet companies have greater brand recognition, more users and more search traffic than we have. Even in countries where we have a significant user following, we may not be as successful in generating advertising revenues due to slower market development, our inability to provide attractive local advertising services or other factors. To compete more effectively, we need to better understand our international users and their preferences, improve our brand recognition, enhance our selling efforts internationally and build stronger relationships with advertisers. If we fail to do so, our global expansion efforts may be more costly and less profitable than we expect.

In addition to competition from internet advertising companies, internet advertising companies such as Google face substantial competition from companies that offer traditional media advertising services. Most large advertisers allocate only a small portion of their overall advertising budgets to internet advertising, and we expect that large advertisers will continue to focus most of their advertising efforts on traditional media. If we fail to convince these companies to spend a portion of their advertising budgets with us, or if our existing advertisers reduce the amount they spend on our programs, our operating results will be harmed.

We expect our revenue growth rate to decline and anticipate downward pressure on our operating margin in the future.

We believe our revenue growth rate will generally decline as a result of a number of factors including increasing competition, the inevitable decline in growth rates as our revenues increase to higher levels, the increasing maturity of the online advertising market and, more recently, the significant global economic crisis. We believe our operating margin will experience downward pressure as a result of increasing competition and increased expenditures for many aspects of our business. Our operating margin will also experience downward pressure if a greater percentage of our revenues comes from ads placed on our Google Network members' web sites compared to revenues generated through ads placed on our own web sites or if we spend a proportionately

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larger amount to promote the distribution of certain products, including Google Toolbar. The margin on revenues we generate from our Google Network members is significantly less than the margin on revenues we generate from advertising on our web sites. Additionally, the margin we earn on revenues generated from our Google Network members could decrease in the future if we pay an even larger percentage of advertising fees to our Google Network members.

Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.

Our operating results may fluctuate as a result of a number of factors, many outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly, year-to-date and annual expenses as a percentage of our revenues may differ significantly from our historical or projected rates. Our operating results in future quarters may fall below expectations. Any of these events could cause our stock price to fall. Each of the risk factors listed in this section and the following factors may affect our operating results:

Our ability to continue to attract users to our web sites and satisfy existing users on our web sites.

Our ability to monetize (or generate revenues from) traffic on our web sites and our Google Network members' web sites.

Our ability to attract advertisers to our AdWords program.

Our ability to attract web sites to our AdSense program.

The mix in our revenues between those generated on our web sites and those generated through our Google Network.

The amount of revenues and expenses generated and incurred in currencies other than U.S. dollars, and our ability to manage the resulting risk through our foreign exchange risk management program.

The amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our businesses, operations and infrastructure.

Our focus on long-term goals over short-term results.

The results of our investments in risky projects.

Our ability to keep our web sites operational at a reasonable cost and without service interruptions.

Our ability to achieve revenue goals for partners to whom we guarantee minimum payments or pay distribution fees.

Our ability to generate significant revenues from services in which we have invested considerable time and resources, such as YouTube and Google Checkout.

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Because our business is changing and evolving, our historical operating results may not be useful to you in predicting our future operating results. In addition, advertising spending has historically been cyclical in nature, reflecting overall economic conditions as well as budgeting and buying patterns. For example, in 1999, advertisers spent heavily on internet advertising. This was followed by a lengthy downturn in ad spending on the web. Also, user traffic tends to be seasonal. Our rapid growth has tended to mask the cyclical nature and seasonality of our business. As our growth rate has slowed, the cyclical nature and seasonality in our business has become more pronounced and caused our operating results to fluctuate.

If we do not continue to innovate and provide products and services that are useful to users, we may not remain competitive, and our revenues and operating results could suffer.

Our success depends on providing products and services that make using the internet a more useful and enjoyable experience for our users. Our competitors are constantly developing innovations in web search, online

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advertising and web based products and services. As a result, we must continue to invest significant resources in research and development in order to enhance our web search technology and our existing products and services and introduce new products and services that people can easily and effectively use. If we are unable to provide quality products and services, then our users may become dissatisfied and move to a competitor's products and services. In addition, these new products and services may present new and difficult technology challenges, and we may be subject to claims if users of these offerings experience service disruptions or failures or other quality issues. Our operating results would also suffer if our innovations are not responsive to the needs of our users, advertisers and Google Network members, are not appropriately timed with market opportunities or are not effectively brought to market. As search technology continues to develop, our competitors may be able to offer search results that are, or that are seen to be, substantially similar to or better than ours. This may force us to compete in different ways and expend significant resources in order to remain competitive.

We generate our revenues almost entirely from advertising, and the reduction in spending by or loss of advertisers could seriously harm our business.

We generated 97% of our revenues in both 2008 and the first six months of 2009 from our advertisers. Our advertisers can generally terminate their contracts with us at any time. Advertisers will not continue to do business with us if their investment in advertising with us does not generate sales leads, and ultimately customers, or if we do not deliver their advertisements in an appropriate and effective manner. In addition, expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and budgeting and buying patterns. If we are unable to remain competitive and provide value to our advertisers, they may stop placing ads with us, which would negatively harm our revenues and business.

The effects of the recent global economic crisis may impact our business, operating results or financial condition.

The recent global economic crisis has caused disruptions and extreme volatility in global financial markets and increased rates of default and bankruptcy, and has impacted levels of consumer spending. These macroeconomic developments have negatively affected and may continue to affect our business, operating results or financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us, may have difficulty paying us, or may delay paying us for previously purchased products and services. This may also require us to increase our bad debt reserve and may affect how we recognize accounts receivables. In addition, if consumer spending continues to decrease, this may result in fewer clicks on our advertisers' ads displayed on our web sites and our Google Network members' web sites. Finally, if the banking system or the financial markets continue to deteriorate or remain volatile, our investment portfolio may be impacted and the values and liquidity of our investments could be adversely affected. Continuing poor economic conditions will likely continue these trends.

We rely on our Google Network members for a significant portion of our revenues, and we benefit from our association with them. The loss of these members could adversely affect our business.

We provide advertising, web search and other services to our Google Network members, which accounted for 31% of our revenues in 2008 and 30% of our revenues in the six months ended June 30, 2009. Some of the participants in this network may compete with us in one or more areas. They may decide in the future to terminate their agreements with us. If our Google Network members decide to use a competitor's or their own web search or advertising services, our revenues would decline. Our agreements with a few of the largest Google Network members account for a significant portion of revenues derived from our AdSense program. If our relationship with one or more large Google Network members were terminated or renegotiated on terms less favorable to us, our business could be adversely affected.

Also, certain of our key Google Network members operate high-profile web sites, and we derive tangible and intangible benefits from this affiliation. If one or more of these key relationships is terminated or not renewed, and is not replaced with a comparable relationship, our business would be adversely affected.

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Our business and operations are experiencing rapid growth. If we fail to effectively manage our growth, our business and operating results could be harmed.

We have experienced rapid growth in our headcount and operations, which has placed, and will continue to place, significant demands on our management, operational and financial infrastructure. If we do not effectively manage our growth, the quality of our products and services could suffer, which could negatively affect our brand and operating results. Our expansion and growth in international markets heighten these risks as a result of the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. To effectively manage this growth, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. These systems enhancements and improvements will require significant capital expenditures and management resources. Failure to implement these improvements could hurt our ability to manage our growth and our financial position.

Our business depends on a strong brand, and failing to maintain and enhance our brand would hurt our ability to expand our base of users, advertisers, Google Network members and other partners.

The brand identity that we have developed has significantly contributed to the success of our business. Maintaining and enhancing the Google brand is critical to expanding our base of users, advertisers, Google Network members and other partners. We believe that the importance of brand recognition will increase due to the relatively low barriers to entry in the internet market. If we fail to maintain and enhance the Google brand, or if we incur excessive expenses in this effort, our business, operating results and financial condition will be materially and adversely affected. Maintaining and enhancing our brand will depend largely on our ability to be a technology leader and continue to provide high-quality products and services, which we may not do successfully.

Acquisitions and investments could result in operating difficulties, dilution and other harmful consequences.

We have acquired a number of businesses in the past, including our acquisitions of DoubleClick and Postini. We expect to continue to evaluate and enter into discussions regarding a wide array of potential strategic transactions. These transactions could be material to our financial condition and results of operations. The process of integrating an acquired company, business or technology has created, and will continue to create unforeseen operating difficulties and expenditures. The areas where we face risks include:

Implementation or remediation of controls, procedures and policies at the acquired company.

Diversion of management time and focus from operating our business to acquisition integration challenges.

Coordination of product, engineering and sales and marketing functions.

Transition of operations, users and customers onto our existing platforms.

Cultural challenges associated with integrating employees from the acquired company into our organization.

Retention of employees from the businesses we acquire.

Integration of the acquired company's accounting, management information, human resource and other administrative systems.

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Liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities.

Litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

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In the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Failure to successfully further develop the acquired technology.

Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. Also, the anticipated benefit of many of our acquisitions may not materialize. For example, we have yet to realize significant revenue benefits from our acquisition of YouTube.

Our international operations are subject to increased risks, which could harm our business, operating results and financial condition.

International revenues accounted for approximately 51% of our total revenues in 2008 and approximately 52% of our total revenues in the first six months of 2009. More than half of our user traffic came from outside the U.S. in the first six months of 2009. We have limited experience with operations outside the U.S. and our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to a number of risks, including the following:

Challenges caused by distance, language and cultural differences and by doing business with foreign agencies and governments.

Longer payment cycles in some countries.

Uncertainty regarding liability for services and content.

Credit risk and higher levels of payment fraud.

Currency exchange rate fluctuations and our ability to manage these fluctuations under our foreign exchange risk management program.

Foreign exchange controls that might prevent us from repatriating cash earned in countries outside the U.S.

Import and export requirements that may prevent us from shipping products or providing services to a particular market and may increase our operating costs.

Potentially adverse tax consequences.

Higher costs associated with doing business internationally.

Different employee/employer relationships and the existence of workers' councils and labor unions.

In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business in international jurisdictions and could expose us or our employees to fines and penalties. These numerous and sometimes conflicting

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laws and regulations include import and export requirements, content requirements, trade restrictions, tax laws, sanctions, internal and disclosure control rules, data privacy requirements, labor relations laws, U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business, and damage to our reputation. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that our employees, contractors or agents will not violate our policies. Any such violations could include prohibitions on our ability to offer our

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products and services to one or more countries, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products, services and brand.

Our patents, trademarks, trade secrets, copyrights and other intellectual property rights are important assets for us. Various events outside of our control pose a threat to our intellectual property rights as well as to our products and services. For example, effective intellectual property protection may not be available in every country in which our products and services are distributed or made available through the internet. Also, the efforts we have taken to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete. Also, protecting our intellectual property rights is costly and time consuming. Any increase in the unauthorized use of our intellectual property could make it more expensive to do business and harm our operating results.

Although we seek to obtain patent protection for our innovations, it is possible we may not be able to protect some of these innovations. Changes in patent law, such as changes in the law regarding patentable subject matter, can also impact our ability to obtain patent protection for our innovations. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important. Furthermore, there is always the possibility, despite our efforts, that the scope of the protection gained will be insufficient or that an issued patent may be deemed invalid or unenforceable.

We also face risks associated with our trademarks. For example, there is a risk that the word "Google" could become so commonly used that it becomes synonymous with the word "search." If this happens, we could lose protection for this trademark, which could result in other people using the word "Google" to refer to their own products, thus diminishing our brand.

We also seek to maintain certain intellectual property as trade secrets. The secrecy could be compromised by outside parties or by our employees, which would cause us to lose the competitive advantage resulting from these trade secrets.

We are, and may in the future be, subject to intellectual property rights claims, which are costly to defend, could require us to pay damages, and could limit our ability to use certain technologies in the future.

Companies in the internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. As we have grown, the intellectual property rights claims against us have increased and may continue to increase. Our products, services and technologies may not be able to withstand any third-party claims and regardless of the merits of the claim, intellectual property claims are often time-consuming and expensive to litigate or settle. In addition, to the extent claims against us are successful, we may have to pay substantial monetary damages or discontinue any of our services or practices that are found to be in violation of another party's rights.

We also may have to seek a license to continue such practices, which may significantly increase our operating expenses. In addition, many of our agreements with our Google Network members and other partners require us to indemnify these members for certain third-party intellectual property infringement claims, which would increase our costs as a result of defending such claims and may require that we pay damages if there were an adverse ruling in any such claims.

Companies have filed trademark infringement and related claims against us over the display of ads in response to user queries that include trademark terms. The outcomes of these lawsuits have differed from jurisdiction to jurisdiction. We currently have three cases pending at the European Court of Justice, which will

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address questions regarding whether advertisers and search engines can be held liable for use of trademarked terms in keyword advertising. We are litigating, or have recently litigated similar issues in other cases, in the U.S., Australia, Austria, Brazil, Chile, China, France, Germany, Israel, Italy, Taiwan and the United Kingdom.

We have also had copyright claims filed against us by companies alleging that features of certain of our products and services, including Google Web Search, Google News, Google Video, Google Image Search, Google Book Search and YouTube, infringe the rights of others. In the U.S. we announced a settlement with the Authors Guild and the Association of American Publishers. However, this class action settlement is subject to approval by the U.S. District Court for the Southern District of New York, and we may be subject to additional claims with respect to Google Book Search both in the U.S. and in other parts of the world. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements or orders preventing us from offering certain functionalities, and may also result in a change in our business practices, which could result in a loss of revenues for us or otherwise harm our business. In addition, any time one of our products or services links to or hosts material in which others allegedly own copyrights, we face the risk of being sued for copyright infringement or related claims. Because these products and services comprise the majority of our products and services, the risk of harm from such lawsuits could be substantial.

We have also had patent lawsuits filed against us alleging that certain of our products and services, including Google Web Search, Google AdWords, Google AdSense, Google Talk and Google Chrome, infringe patents held by others. In addition, the number of demands for license fees and the dollar amounts associated with each request continue to increase. Adverse results in these lawsuits, or our decision to license patents based upon these demands, may result in substantial costs and, in the case of adverse litigation rulings, could prevent us from offering certain features, functionalities, products or services, which could result in a loss of revenues for us or otherwise harm our business.

Privacy concerns relating to our technology could damage our reputation and deter current and potential users from using our products and services.

From time to time, concerns have been expressed about whether our products and services compromise the privacy of users and others. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation and operating results. While we strive to comply with all applicable data protection laws and regulations, as well as our own posted privacy policies, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or others, which could potentially have an adverse effect on our business.

In addition, as nearly all of our products and services are web based, the amount of data we store for our users on our servers (including personal information) has been increasing. Any systems failure or compromise of our security that results in the release of our users' data could seriously limit the adoption of our products and services as well as harm our reputation and brand and, therefore, our business. We may also need to expend significant resources to protect against security breaches. The risk that these types of events could seriously harm our business is likely to increase as we expand the number of web based products and services we offer as well as increase the number of countries where we operate.

Regulatory authorities around the world are considering a number of legislative proposals concerning data protection. In addition, the interpretation and application of data protection laws in Europe and elsewhere are still uncertain and in flux. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

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A variety of new and existing U.S. and foreign laws could subject us to claims or otherwise harm our business.

We are subject to a variety of laws in the U.S. and abroad that are costly to comply with, can result in negative publicity and diversion of management time and effort, and can subject us to claims or other remedies. Many of these laws were adopted prior to the advent of the internet and related technologies and, as a result, do not contemplate or address the unique issues of the internet and related technologies. The laws that do reference the internet are being interpreted by the courts, but their applicability and scope remain uncertain. For example, the laws relating to the liability of providers of online services are currently unsettled both within the U.S. and abroad. Claims have been threatened and filed under both U.S. and foreign law for defamation, libel, slander, invasion of privacy and other tort claims, unlawful activity, copyright and trademark infringement or other theories based on the nature and content of the materials searched and the ads posted by our users, our products and services, or content generated by our users.

In addition, the Digital Millennium Copyright Act has provisions that limit, but do not necessarily eliminate, our liability for listing or linking to third-party web sites that include materials that infringe copyrights or other rights, so long as we comply with the statutory requirements of this act. The Child Online Protection Act and the Children's Online Privacy Protection Act restrict the distribution of materials considered harmful to children and impose additional restrictions on the ability of online services to collect information from minors. In the area of data protection, many states have passed laws requiring notification to users when there is a security breach for personal data, such as California's Information Practices Act. We face similar risks and costs as our products and services are offered in international markets and may be subject to additional regulations.

We are subject to increased regulatory scrutiny that may negatively impact our business.

The growth of our company and our expansion into a variety of new fields implicate a variety of new regulatory issues and may subject us to increased regulatory scrutiny, particularly in the U.S. and Europe. Moreover, our competitors have employed and will likely continue to employ significant resources to shape the legal and regulatory regimes in countries where we have significant operations. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that make our products and services less useful to our users, require us to incur substantial costs, or change our business practices. These changes or increased costs could negatively impact our business.

More individuals are using non-PC devices to access the internet. If users of these devices do not widely adopt versions of our web search technology, products or operating systems developed for these devices, our business could be adversely affected.

The number of people who access the internet through devices other than personal computers, including mobile telephones, personal digital assistants (PDAs), smart phones, handheld computers and video game consoles, as well as television set-top devices, has increased dramatically in the past few years. The lower resolution, functionality and memory associated with alternative devices make the use of our products and services through such devices more difficult and the versions of our products and services developed for these devices may not be compelling to users, manufacturers or distributors of alternative devices. Each manufacturer or distributor may establish unique technical standards for its devices, and our products and services may not work or be viewable on these devices as a result. As we have limited experience to date in operating versions of our products and services, including Google Mobile and Android, developed or optimized for users of alternative devices and as new devices and new platforms are continually being released, it is difficult to predict the problems we may encounter in developing versions of our products and services for use on these alternative devices and we may need to devote significant resources to the creation, support and maintenance of such devices. If we are unable to attract and retain a substantial number of alternative device manufacturers, distributors and users to our products and services or if we are slow to develop products and technologies that are more compatible with non-PC devices, we will fail to capture a significant share of an increasingly important portion of the market for online services, which could adversely affect our business.

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Our business may be adversely affected by malicious applications that interfere with, or exploit security flaws in, our products and services.

Our business may be adversely affected by malicious applications that make changes to our users' computers and interfere with the Google experience. These applications have in the past attempted, and may in the future attempt, to change our users' internet experience, including hijacking queries to Google.com, altering or replacing Google search results, or otherwise interfering with our ability to connect with our users. The interference often occurs without disclosure to or consent from users, resulting in a negative experience that users may associate with Google. These applications may be difficult or impossible to uninstall or disable, may reinstall themselves and may circumvent other applications' efforts to block or remove them. In addition, we offer a number of products and services that our users download to their computers or that they rely on to store information and transmit information to others over the internet. These products and services are subject to attack by viruses, worms and other malicious software programs, which could jeopardize the security of information stored in a user's computer or in our computer systems and networks. The ability to reach users and provide them with a superior experience is critical to our success. If our efforts to combat these malicious applications are unsuccessful, or if our products and services have actual or perceived vulnerabilities, our reputation may be harmed and our user traffic could decline, which would damage our business.

Proprietary document formats may limit the effectiveness of our search technology by preventing our technology from accessing the content of documents in such formats, which could limit the effectiveness of our products and services.

A large amount of information on the internet is provided in proprietary document formats such as Microsoft Word. These proprietary document formats may limit the effectiveness of our search technology by preventing our technology from accessing the content of such documents. The providers of the software application used to create these documents could engineer the document format to prevent or interfere with our ability to access the document contents with our search technology. This would mean that the document contents would not be included in our search results even if the contents were directly relevant to a search. The software providers may also seek to require us to pay them royalties in exchange for giving us the ability to search documents in their format. If a software provider also competes with us in the search business, it may give its search technologies, or the technologies of our competitors, a preferential ability to search documents in its proprietary format. Any of these results could harm our brand and our operating results.

New technologies could block our ads, which would harm our business.

Technologies have been developed that can block the display of our ads. Most of our revenues are derived from fees paid to us by advertisers in connection with the display of ads on web pages. As a result, ad-blocking technology could adversely affect our operating results.

If we fail to detect click fraud or other invalid clicks, we could face additional litigation as well as lose the confidence of our advertisers, which would cause our business to suffer.

We are exposed to the risk of fraudulent clicks and other invalid clicks on our ads from a variety of potential sources. We have regularly refunded fees that our advertisers have paid to us that were later attributed to click fraud and other invalid clicks, and we expect to do so in the future. Invalid clicks are clicks that we have determined are not intended by the user to link to the underlying content, such as inadvertent clicks on the same ad twice and clicks resulting from click fraud. Click fraud occurs when a user intentionally clicks on a Google AdWords ad displayed on a web site for a reason other than to view the underlying content. If we are unable to stop these invalid clicks, these refunds may increase. If we find new evidence of past invalid clicks we may issue refunds retroactively of amounts previously paid to our Google Network members. This would negatively affect our profitability, and these invalid clicks could hurt our brand. If invalid clicks are not detected, the affected advertisers may experience a reduced return on their investment in our advertising programs because the invalid

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clicks will not lead to potential revenues for the advertisers. This could lead the advertisers to become dissatisfied with our advertising programs, which has led to litigation alleging click fraud and could lead to further litigation, as well as to a loss of advertisers and revenues.

Interruption or failure of our information technology and communications systems could hurt our ability to effectively provide our products and services, which could damage our reputation and harm our operating results.

The availability of our products and services depends on the continuing operation of our information technology and communications systems. Our systems are vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, computer denial of service attacks or other attempts to harm our systems. Some of our data centers are located in areas with a high risk of major earthquakes. Our data centers are also subject to break-ins, sabotage, intentional acts of vandalism and to potential disruptions if the operators of these facilities have financial difficulties. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons or other unanticipated problems at our data centers could result in lengthy interruptions in our service. In addition, our products and services are highly technical and complex and may contain errors or vulnerabilities. Any errors or vulnerabilities in our products and services, or damage to or failure of our systems could result in interruptions in our services, which could reduce our revenues and profits, and damage our brand.

Index spammers could harm the integrity of our web search results, which could damage our reputation and cause our users to be dissatisfied with our products and services.

There is an ongoing and increasing effort by index spammers to develop ways to manipulate our web search results. For example, because our web search technology ranks a web page's relevance based in part on the importance of the web sites that link to it, people have attempted to link a group of web sites together to manipulate web search results. We take this problem very seriously because providing relevant information to users is critical to our success. If our efforts to combat these and other types of index spamming are unsuccessful, our reputation for delivering relevant information could be diminished. This could result in a decline in user traffic, which would damage our business.

If we were to lose the services of Eric, Larry, Sergey or other members of our senior management team, we may not be able to execute our business strategy.

Our future success depends in a large part upon the continued service of key members of our senior management team. In particular, our CEO, Eric Schmidt, and our founders, Larry Page and Sergey Brin, are critical to the overall management of Google as well as the development of our technology, our culture and our strategic direction. All of our executive officers and key employees are at-will employees, and we do not maintain any key-person life insurance policies. The loss of any of our management or key personnel could seriously harm our business.

We rely on highly skilled personnel and, if we are unable to retain or motivate key personnel, hire qualified personnel or maintain our corporate culture, we may not be able to grow effectively.

Our performance largely depends on the talents and efforts of highly skilled individuals. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. Competition in our industry for qualified employees is intense, and certain of our competitors have directly targeted our employees. In addition, our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining and motivating our existing employees. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees.

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In addition, we believe that our corporate culture fosters innovation, creativity and teamwork. As our organization grows, and we are required to implement more complex organizational management structures, we may find it increasingly difficult to maintain the beneficial aspects of our corporate culture. This could negatively impact our future success.

We may have difficulty scaling and adapting our existing architecture to accommodate increased traffic and technology advances or changing business requirements, which could lead to the loss of users, advertisers and Google Network members, and cause us to incur expenses to make architectural changes.

To be successful, our network infrastructure has to perform well and be reliable. The greater the user traffic and the greater the complexity of our products and services, the more computing power we will need. We have spent and expect to continue to spend substantial amounts on the purchase and lease of data centers and equipment and the upgrade of our technology and network infrastructure to handle increased traffic on our web sites and to roll out new products and services. This expansion is expensive and complex and could result in inefficiencies or operational failures. If we do not expand successfully, or if we experience inefficiencies and operational failures, the quality of our products and services and our users' experience could decline. This could damage our reputation and lead us to lose current and potential users, advertisers and Google Network members. Cost increases, loss of traffic or failure to accommodate new technologies or changing business requirements could harm our operating results and financial condition.

We rely on bandwidth providers, data centers and others in providing products and services to our users, and any failure or interruption in the services and products provided by these third parties could damage our reputation and harm our ability to operate our business.

We rely on vendors, including data center and bandwidth providers, in providing products and services to our users. Any disruption in the network access or colocation services provided by these providers or any failure of these providers to handle current or higher volumes of use could significantly harm our business. Any financial or other difficulties our providers face may have negative effects on our business. We exercise little control over these vendors, which increases our vulnerability to problems with the services they provide. We license technology and related databases to facilitate aspects of our data center and connectivity operations including internet traffic management services. We have experienced and expect to continue to experience interruptions and delays in service and availability for such elements. Any errors, failures, interruptions or delays in connection with these technologies and information services could harm our relationship with users, adversely affect our brand and expose us to liabilities.

Our business depends on continued and unimpeded access to the internet by us and our users. Internet access providers may be able to block, degrade or charge for access to certain of our products and services, which could lead to additional expenses and the loss of users and advertisers.

Our products and services depend on the ability of our users to access the internet, and certain of our products require significant bandwidth to work effectively. Currently, this access is provided by companies that have significant and increasing market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies and mobile communications companies. Some of these providers have stated that they may take measures that could degrade, disrupt or increase the cost of user access to certain of our products by restricting or prohibiting the use of their infrastructure to support or facilitate our offerings, or by charging increased fees to us or our users to provide our offerings. These activities may be permitted in the U.S. after recent regulatory changes, including recent decisions by the U.S. Supreme Court and Federal Communications Commission. While interference with access to our popular products and services seems unlikely, such carrier interference could result in a loss of existing users and advertisers and increased costs, and could impair our ability to attract new users and advertisers, thereby harming our revenues and growth.

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To the extent our revenues are paid in foreign currencies, and currency exchange rates become unfavorable, we may lose some of the economic value of the revenues in U.S. dollar terms.

As we expand our international operations, more of our customers may pay us in foreign currencies. Since we conduct business in currencies other than U.S. dollars but report our financial results in U.S. dollars, we face exposure to fluctuations in currency exchange rates. For instance, if currency exchange rates were to change unfavorably, the U.S. dollar equivalent of our operating income recorded in foreign currencies would be diminished. Hedging strategies, such as forward contracts, options and foreign exchange swaps that we have implemented or may implement to mitigate this risk may not reduce or completely offset our exposure to foreign exchange fluctuations. Additionally, hedging programs expose us to risks that could adversely affect our financial results, including the following:

We have limited experience in implementing or operating hedging programs. Hedging programs are inherently risky and we could lose money as a result of poor trades.

We may be unable to hedge currency risk for some transactions or match the accounting for the hedge with the exposure because of a high level of uncertainty or the inability to reasonably estimate our foreign exchange exposures.

We may be unable to acquire foreign exchange hedging instruments in some of the geographic areas where we do business, or, where these derivatives are available, we may not be able to acquire enough of them to fully offset our exposure.

We may determine that the cost of acquiring a foreign exchange hedging instrument outweighs the benefit we expect to derive from the derivative, in which case we would not purchase the derivative and would be exposed to unfavorable changes in currency exchange rates.

To the extent we recognize a gain on a hedge transaction in one of our subsidiaries that is subject to a high statutory tax rate, and a loss on the related hedged transaction that is subject to a lower rate, our effective tax rate would be higher.

Significant fluctuations in foreign exchange rates could greatly increase our hedging costs.

Payments to certain of our Google Network members have exceeded the related fees we receive from our advertisers.

We are obligated under certain agreements to make non-cancelable guaranteed minimum revenue share payments to Google Network members based on their achieving defined performance terms, such as number of search queries or advertisements displayed. In these agreements, we promise to make these minimum payments to the Google Network member for a pre-negotiated period of time. At August 31, 2009, our aggregate outstanding non-cancelable guaranteed minimum revenue share commitments totaled \$343.7 million through 2012 compared to \$1.03 billion at December 31, 2008. It is difficult to forecast with certainty the fees that we will earn under agreements with guarantees, and sometimes the fees we earn fall short of the guaranteed minimum payment amounts.

We rely on outside providers for our worldwide billing, collection, payment processing and payroll. If these outside service providers are not able to fulfill their service obligations, our business and operations could be disrupted and our operating results could be harmed.

Outside providers perform various functions for us, such as worldwide billing, collection, payment processing and payroll. These functions are critical to our operations and involve sensitive interactions between us and our advertisers, Google Network members and employees. Although we have implemented service level agreements and have established monitoring controls, if we do not successfully manage our service providers or if the service providers do not perform satisfactorily to agreed-upon service levels, our operations could be disrupted resulting in advertiser, partner or employee dissatisfaction. In addition, our business, reputation and operating results could be adversely affected.

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We may have exposure to greater than anticipated tax liabilities.

Our future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions where we have lower statutory tax rates and higher than anticipated in jurisdictions where we have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities, as a result of gains on our foreign exchange risk management program, or changes in tax laws, regulations, accounting principles or interpretations thereof. Our determination of our tax liability is always subject to review by applicable tax authorities. Any adverse outcome of such a review could have a negative effect on our operating results and financial condition. In addition, the determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Risks Related to Ownership of Google's Common Stock

The trading price for our Class A Common Stock has been and may continue to be volatile.

The trading price of our Class A Common Stock has been volatile since our initial public offering and will likely continue to be volatile. The trading price of our Class A Common Stock may fluctuate widely in response to various factors, some of which are beyond our control. These factors include:

Quarterly variations in our results of operations or those of our competitors.

Announcements by us or our competitors of acquisitions, new products, significant contracts, commercial relationships or capital commitments.

Recommendations by securities analysts or changes in earnings estimates.

Announcements about our earnings that are not in line with analyst expectations, the risk of which is enhanced because it is our policy not to give guidance on earnings.

Announcements by our competitors of their earnings that are not in line with analyst expectations.

The volume of shares of Class A Common Stock available for public sale.

Sales of stock by us or by our stockholders.

Short sales, hedging and other derivative transactions on shares of our Class A Common Stock (including derivative transactions under our TSO program).

In addition, the stock market in general, and the market for technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our Class A Common Stock, regardless of our actual operating performance. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class-action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

We do not intend to pay dividends on our common stock.

We have never declared or paid any cash dividend on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future.

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The concentration of our capital stock ownership with our founders, executive officers and our directors and their affiliates will limit our stockholders' ability to influence corporate matters.

Our Class B Common Stock has 10 votes per share and our Class A Common Stock has one vote per share. As of August 31, 2009, our founders, executive officers and directors (and their affiliates) together owned shares of Class A Common Stock, Class B Common Stock and other equity interests representing approximately 71% of the voting power of our outstanding capital stock. In particular, as of August 31, 2009, our two founders and our CEO, Larry, Sergey and Eric, owned approximately 90% of our outstanding Class B Common Stock, representing approximately 68% of the voting power of our outstanding capital stock. Larry, Sergey and Eric therefore have significant influence over management and affairs and over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, for the foreseeable future. This concentrated control limits our stockholders' ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. As a result, the market price of our Class A Common Stock could be adversely affected.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

Our certificate of incorporation provides for a dual class common stock structure. As a result of this structure our founders, executives and employees have significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. This concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors.

Our stockholders may not act by written consent. As a result, a holder or holders, controlling a majority of our capital stock would not be able to take certain actions without holding a stockholders' meeting.

Our certificate of incorporation prohibits cumulative voting in the election of directors. This limits the ability of minority stockholders to elect director candidates.

Stockholders must provide advance notice to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting. These provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Our board of directors may issue, without stockholder approval, shares of undesignated preferred stock. The ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

As a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on Delaware law to prevent or delay an acquisition of us.

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THE ON2 SPECIAL MEETING

Time, Date and Place

The special meeting of On2 stockholders will be held on [], 2009 at [], local time, at [], Clifton Park, NY 12065.

Matters to Be Considered

The purpose of the special meeting is to vote on the merger proposal and the adjournment proposal.

Proxies

Each copy of this proxy statement/prospectus mailed to holders of On2 Common Stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a stockholder of record, you should vote your shares by (i) completing, signing, dating and returning the enclosed proxy card, (ii) using the telephone number on your proxy card and following the recorded instructions or (iii) using the internet voting instructions on your proxy card, to ensure that your vote is counted at the special meeting, or at any adjournment of the special meeting, regardless of whether you plan to attend the special meeting. If you are a stockholder of record and are voting by telephone or via the internet, your voting instructions must be received prior to the time the vote is taken at the special meeting. If you have internet access, we encourage you to record your vote via the internet.

If you hold your stock in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee to vote in accordance with the instructions you have received from your bank, broker or other nominee.

If you hold stock in your name as a stockholder of record, you may revoke any proxy at any time before it is voted by signing and returning a proxy card with a later date, changing your vote by telephone or the internet, delivering a written revocation letter to On2's Corporate Secretary, or by attending the special meeting in person, notifying On2's Corporate Secretary, and voting by ballot at the special meeting.

Any stockholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying On2's Corporate Secretary) of a stockholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

On2 Technologies, Inc.

3 Corporate Drive, Suite 100

Clifton Park, NY 12065

Attention: Corporate Secretary

If your shares are held in street name by a bank, broker or other nominee, you should follow the instructions of your bank, broker or other nominee regarding the revocation of proxies.

All shares represented by valid proxies that are received through this solicitation, and that are not revoked, will be voted in accordance with your instructions. Regardless of when you submit your proxy, all valid proxies received will relate to all shares of On2 Common Stock owned within the same account as of the voting record date.

If you abstain from voting, the abstention will be counted toward a quorum at the special meeting, but it will have the same effect as a vote against the merger proposal and a vote against the adjournment proposal. This is because abstentions are treated as present and entitled to vote for purposes of determining the aggregate number of shares that are entitled to vote, but do not count towards the affirmative votes required to approve the proposals.

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Under the rules of the NYSE Amex, brokers who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the merger proposal and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to herein generally as broker non-votes. Broker non-votes, if any, will be counted for purposes of determining a quorum but will have the same effect as a vote against the merger proposal because approval of the merger proposal requires the affirmative vote of a majority of the issued and outstanding shares of On2 Common Stock entitled to vote on the merger proposal. However, a broker non-vote on the adjournment proposal will have the effect of neither a vote for nor a vote against the adjournment proposal, as approval of the adjournment proposal only requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting, and a broker non-vote is not treated as present in person or represented by proxy and entitled to vote at the special meeting.

No matters other than the matters described in this proxy statement/prospectus are anticipated to be presented for action at the special meeting or at any adjournment or postponement of the special meeting.

On2 stockholders should not send their On2 stock certificates with their proxy cards. After the merger is completed, a bank or trust company, selected by Google to act as the exchange agent and reasonably acceptable to On2, will mail to holders of On2 Common Stock a transmittal form with instructions on how to exchange their On2 stock certificates for the merger consideration.

Solicitation of Proxies

Since many On2 stockholders may be unable to attend the special meeting, On2's board of directors is soliciting proxies to be voted at the special meeting to give each stockholder an opportunity to vote on all matters scheduled to come before the special meeting and set forth in this proxy statement/prospectus. On2's board of directors is asking stockholders to designate Tim Reusing and Wayne Boomer, or either one of them, as their proxies.

Google will pay the costs of printing and mailing this proxy statement/prospectus to On2's stockholders and, in the case of On2 stockholders who acquire shares after the notice record date and are stockholders of record as of the voting record date, the documents incorporated herein by reference (excluding certain exhibits). On2 will pay all other costs incurred by it in connection with the solicitation of proxies from its stockholders on behalf of its board of directors, including the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, On2 will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of On2 Common Stock and secure their voting instructions. On2 will reimburse the record holders for their reasonable expenses in taking those actions. On2 has also made arrangements with Innisfree M&A Incorporated to assist it in soliciting proxies and tabulating votes and has agreed to pay it a fee not to exceed \$30,000, plus reasonable expenses and related charges for these services. If necessary, On2 may use several of its directors, executive officers and employees, who will not be specially compensated, to solicit proxies from On2 stockholders, either personally or by telephone, facsimile, letter or other electronic means.

Record Dates

The close of business on [], 2009 has been fixed as the record date for determining the On2 stockholders entitled to receive notice of the special meeting, referred to herein as the notice record date. The close of business on [], 2009 has been fixed as the record date for determining the On2 stockholders entitled to vote at the special meeting in person or by proxy, referred to herein as the voting record date. As of the notice record date, [] shares of On2 Common Stock were outstanding, held by approximately [] registered holders.

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Voting Rights and Vote Required

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of On2 Common Stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present.

Approval of the merger proposal requires the affirmative vote of the holders of a majority of the outstanding shares of On2 Common Stock entitled to vote at the special meeting in person or by proxy. You are entitled to one vote for each share of On2 Common Stock you held as of the voting record date.

Because the affirmative vote of the holders of a majority of the outstanding shares of On2 Common Stock entitled to vote at the special meeting in person or by proxy is needed for us to proceed with the merger contemplated by the merger agreement, the failure to vote by proxy or in person will have the same effect as a vote against the approval of the merger proposal. Abstentions and broker non-votes also will have the same effect as a vote against the approval of the merger proposal. Accordingly, the On2 board of directors urges On2 stockholders to promptly vote by (i) completing, signing, dating and returning the enclosed proxy card, (ii) using the telephone number on your proxy card and following the recorded instructions or (iii) using the internet voting instructions on your proxy card, or, if you hold your stock in street name through a bank, broker or other nominee, by following the voting instructions of your bank, broker or other nominee.

Approval of the adjournment proposal requires the affirmative vote of the majority of the outstanding shares that are present in person or represented by proxy and entitled to vote at the special meeting. Therefore, abstentions will have the same effect as a vote against this proposal. However, the failure to vote, either by proxy or in person, and broker non-votes, will have no effect on the adjournment proposal because such shares are not considered present in person or represented by proxy at the special meeting.

Stockholders will vote at the meeting by ballot. Votes cast at the meeting, in person or by proxy, will be tallied by Innisfree M&A Incorporated.

As of September 9, 2009, directors and executive officers of On2, and their affiliates, had the right to vote 6,384,388 shares of On2 Common Stock, or 3.6% of the outstanding On2 Common Stock at that date.

Recommendation of the On2 Board of Directors

The On2 board of directors has approved the merger agreement and the transactions contemplated thereby. The On2 board of directors determined that the merger agreement and the transactions contemplated thereby are advisable and in the best interests of On2 and its stockholders and recommends that you vote FOR approval of the merger proposal and FOR approval of the adjournment proposal. See The Merger Reasons for the Merger; Recommendation of the On2 Board of Directors on page 51 for a more detailed discussion of the On2 board of directors recommendation.

Attending the Meeting

All holders of On2 Common Stock, including stockholders of record as of the voting record date and stockholders who hold their shares through banks, brokers, nominees or any other holder of record as of the voting record date, are invited to attend the special meeting. Stockholders of record as of the voting record date can vote in person at the special meeting. If you are not a stockholder of record, you must obtain a proxy executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. If you do not have proper proof of share ownership and/or proper photo identification, you will not be admitted to the special meeting.

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Voting By Telephone or Via the Internet

In addition to voting by proxy card or in person at the special meeting, On2 stockholders who hold their shares as stockholders of record also may vote their shares by using the telephone number on the proxy card and following the recorded instructions or using the internet voting instructions on the proxy card. If you are voting by telephone or via the internet, your voting instructions must be received prior to the time the vote is taken at the special meeting. If you have internet access, we encourage you to record your vote via the internet.

On2 stockholders who hold their shares in street name through a bank, broker or other nominee generally may also vote their shares by telephone or internet. If telephone or internet voting is permitted, you must follow the telephone or internet instructions provided by the bank, broker or other nominee.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies if On2 has not received sufficient votes to approve the merger proposal at the special meeting. Any adjournments may be made without notice, other than an announcement at the special meeting, by approval of the affirmative vote of holders of at least a majority of shares of On2 Common Stock who are present in person or represented by proxy at the special meeting. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow stockholders who have already sent in their proxies to revoke them at any time prior to their use.

At any time prior to convening the special meeting, On2's board of directors may postpone the special meeting for any reason without the approval of On2 stockholders. If postponed, On2 will provide notice of the new meeting date as required by law. Although it is not currently expected, On2's board of directors may postpone the special meeting for the purpose of soliciting additional proxies if On2 has not received sufficient proxies to constitute a quorum or sufficient votes for adoption of the merger agreement. Similar to adjournments, any postponement of the special meeting for the purpose of soliciting additional proxies will allow stockholders who have already sent in their proxies to revoke them at any time prior to their use.

Other Matters

As of the date of this proxy statement/prospectus, the On2 board of directors does not know of any other business to be presented for consideration at the special meeting. If other matters properly come before the special meeting, the persons named in the accompanying form of proxy intend to vote on such matters based on their best judgment.

Questions and Additional Information

On2 stockholders who would like additional copies, without charge, of this proxy statement/prospectus or have additional questions about the merger, including the procedures for voting their shares of On2 Common Stock, should contact:

On2's proxy solicitor:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders Call Toll-Free at: (877) 456-3488

Banks and Brokers Call Collect at: (212) 750-5833

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or On2:

On2 Technologies, Inc.
3 Corporate Drive, Suite 100
Clifton Park, NY 12065
Attention: Investor Relations
Telephone: (518) 348-0099

INFORMATION ABOUT THE COMPANIES

Google Inc.

Google, a Delaware corporation, was established in 1998. Google's innovative search technologies connect millions of people around the world with information every day. Founded by Stanford Ph.D. students Larry Page and Sergey Brin, Google today is a top web property in all major global markets. Google's targeted advertising program provides businesses of all sizes with measurable results, while enhancing the overall web experience for users. Google is headquartered in Silicon Valley with offices throughout the Americas, Europe and Asia.

Google Class A Common Stock is traded on The Nasdaq Global Select Market under the symbol GOOG. The principal executive offices of Google are located at 1600 Amphitheatre Parkway, Mountain View, CA 94043, and its telephone number is (650) 253-0000.

Additional information about Google and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 115.

Oxide Inc.

Oxide Inc., a Delaware corporation and wholly owned subsidiary of Google, was formed solely for the purpose of consummating the merger. Oxide Inc. has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. The principal executive offices of Oxide Inc. are located at 1600 Amphitheatre Parkway, Mountain View, CA 94043, and its telephone number is (650) 253-0000.

On2 Technologies, Inc.

On2, a Delaware corporation, was incorporated in Delaware in 1992. On2 creates advanced video compression technologies that power the video in today's leading desktop and mobile applications and devices. On2 customers include Adobe, Skype, Nokia, Infineon, Sun Microsystems, Mediatek, Sony, Brightcove and Move Networks. On2 is also an industry leader in server-based video transcoding software. The On2 VP6 video format provides web and HD-quality video for leading sites such as Hulu, Vimeo, Yahoo! Video, Dailymotion, CCTV.com, 56.com, Tudou.com and Eurosport.com.

On2 Common Stock is traded on the NYSE Amex under the symbol ONT. The principal executive offices of On2 are located at 3 Corporate Drive, Suite 100, Clifton Park, NY 12065, and its telephone number is (518) 348-0099.

Additional information about On2 and its subsidiaries is included in documents incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 115.

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ON2 PROPOSAL 1 THE MERGER

Background of the Merger

In the course of On2's business, representatives of On2 regularly engage in discussions with existing and potential customers, market participants, content distributors and others regarding its products, technology and the video codec industry generally. Since 2005, when On2 licensed On2's Flix Engine product to Google, representatives of On2 have from time to time had informal discussions with representatives of Google regarding On2's technology and products.

Beginning in late October 2008, On2 and Google had more frequent discussions and, on November 10, 2008, executed a mutual confidentiality and nondisclosure agreement. Between late 2008 and March 6, 2009, representatives of Google had a number of discussions with representatives of On2, including certain of On2's senior engineers, regarding On2's technology and products, including On2's VP8 technology as well as On2's Hantro solutions group. These discussions also addressed a potential licensing of On2's products by Google or a joint development transaction between On2 and Google, and led to On2 making available to Google a number of On2's products for evaluation and testing.

On March 6, 2009, after extensive testing of On2's products, representatives of Google met with representatives of On2 in New York City to discuss the results of the testing and Google's intentions for a future relationship with On2. At that meeting, in addition to discussing On2's technology and products, Google indicated that it was interested in a transaction whereby On2 would become a part of Google, rather than a license or joint development transaction. Google also requested that On2 provide it with limited due diligence materials so that it could explore the possibility of a transaction whereby On2 would become a part of Google.

At that meeting, representatives of On2 stated that, while On2 was not for sale, they would discuss Google's interest with the On2 board of directors. Moreover, in an attempt to persuade Google to propose as high a price as possible were it to make an offer, representatives of On2 said that they expected that, if the On2 board of directors were interested in a business combination transaction, it would likely only be interested at a value significantly higher than the current market price and at levels more consistent with historical trading prices. They also indicated that, to even enter into exploratory discussions regarding a potential business combination transaction (if the On2 board of directors approved doing so), Google would need to agree, among other things, not to solicit for employment On2's key employees. On2 also raised the notion of Google entering into a standstill agreement limiting Google's ability to take certain actions without On2's consent.

On March 8, 2009, Mr. Frost, On2's interim Chief Executive Officer and Chief Operating Officer, and Mr. Reusing, On2's General Counsel, met with representatives of Covington, On2's financial advisor, to discuss the merits of a potential business combination transaction involving On2 and Google. On2 had previously retained Covington in connection with its efforts to explore strategic alternatives for On2's Finnish subsidiary, On2 Technologies Finland Oy, which operates On2's Hantro products business, and subsequently modified the terms of its engagement with Covington to include a potential business combination transaction with Google. For a description of the material terms of On2's engagement of Covington, see the section captioned "Opinion of Covington Associates, LLC" beginning on page 55.

On March 9, 2009, the On2 board of directors met to discuss Google's expression of possible interest in a business combination. Messrs. Frost and Reusing reviewed the status of discussions with representatives of Google regarding Google's potential interest in pursuing a business combination but noted that no offer or specific terms had been proposed to date. Messrs. Frost and Reusing also described their meeting with Google, including the content of the discussions with Google at that meeting. At the conclusion of the meeting of the On2 board of directors, the On2 board of directors confirmed that, while it had not been seeking a sale of On2 and had made no decision to sell On2, it would be willing to provide additional limited information to Google and that, should Google elect to proceed with an offer that the On2 board of directors found might be attractive to On2's

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stockholders, a business combination transaction with Google could merit further consideration. As such, the On2 board of directors authorized management to continue discussions with, and provide the limited requested information to, Google, while making clear to Google that the On2 board of directors had not made a decision to sell On2.

On March 11, 2009, Mr. Reusing had discussions with a representative of Google regarding the need for a non-solicitation agreement under which Google would agree not to solicit for employment On2's key employees and a standstill agreement in the event that Google was given access to additional due diligence materials beyond the limited information it had requested to that point or if Google elected to proceed with an offer.

On or about March 13, 2009, Mr. Reusing had discussions with various members of On2's board of directors, representatives of Covington and Hogan & Hartson LLP, referred to herein as Hogan & Hartson, On2's outside counsel, regarding the non-solicitation agreement with respect to key employees of On2 and the desirability of a standstill agreement if Google was given access to additional due diligence materials beyond the limited information it had requested to that point or if Google elected to proceed with an offer.

On or about March 14, 2009, Messrs. Frost and Reusing met with representatives of Covington to review the status of discussions with Google regarding a potential business combination transaction involving On2 and Google.

On March 15, 2009, Mr. Reusing updated the On2 board of directors on the status of discussions with representatives of Google, including Google's refusal to agree to a standstill agreement at that time. That same day, Messrs. Frost and Reusing, and Mr. Mike Savello, On2's Senior Vice-President, Global Sales, met with representatives of Covington to review and revise materials for discussion with Google.

On March 17, 2009, On2 and Google executed a revised mutual confidentiality and nondisclosure agreement containing, among other things, a non-solicitation provision with respect to certain key employees of On2.

On March 18, 2009, representatives of On2 met with representatives of Google to discuss On2's technology and products and the video codec industry in general.

On or about March 25, 2009, Messrs. Frost and Reusing had discussions with representatives of Covington to review the status of discussions with Google regarding a potential business combination transaction involving On2 and Google.

On April 1, 2009, Messrs. Frost and Reusing met with representatives of Google. At the meeting, Google again stated that it was interested in a transaction under which On2 would become part of Google rather than a license of On2's VPx codec technology. Google's representatives stated orally that Google would be willing to acquire On2 at a price range of \$0.45 to \$0.50 per share of On2 Common Stock. At the meeting, Messrs. Frost and Reusing stated their belief that the On2 board of directors would not be interested in a business combination transaction at that price. Nevertheless, Messrs. Frost and Reusing agreed to discuss Google's oral indication of interest with the On2 board of directors. The closing price of On2 Common Stock on March 31, 2009, the day prior to the receipt of Google's oral indication of interest, was \$0.29 per share.

On April 2, 2009, the On2 board of directors met to discuss, among other things, Google's oral indication of interest in a potential business combination. Early in the meeting, the On2 board of directors was made aware that one of its directors, Ms. Naimollah, had an arrangement with Covington under which Covington agreed to supervise the broker-dealer activities of Ms. Naimollah. Although it was concluded, after consultation with counsel, that Ms. Naimollah's relationship with Covington should be viewed as that of an independent contractor and that Ms. Naimollah's relationship with Covington would not preclude a finding that she is independent under the rules of the NYSE Amex, the SEC or the Audit Committee of the On2 board of directors, and that as such Ms. Naimollah's recusal would not be necessary given the limited nature of the relationship, Ms. Naimollah

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volunteered to recuse herself from, among other things, Covington-related matters and to abstain from any voting regarding the engagement of Covington by On2 and any voting relating to a potential business combination transaction involving On2 and Google. Following discussion, the On2 board of directors accepted Ms. Naimollah's abstention/recusal proposal. Mr. Frost then reviewed with the On2 board of directors the status of discussions with representatives of Google regarding Google's potential interest in pursuing a business combination, noting Google's indication of a potential offer price in the range of \$0.45 to \$0.50 per share. Mr. Frost noted that the representatives of Google had stated a desire to effect a cash transaction but also expressed a willingness to consider a stock transaction. A representative of Hogan & Hartson then reviewed with the members of the On2 board of directors their fiduciary duties in the context of a potential business combination transaction. After such discussion, the On2 board of directors authorized representatives of Covington to contact representatives of Google to gather more information about Google's oral indication of interest in a potential business combination transaction, while again making it clear to the representatives of Google that the On2 board of directors had not decided to sell On2.

On April 8, 2009, representatives of Hogan & Hartson and Richards, Layton & Finger, referred to herein as Richards Layton, On2's Delaware counsel, met telephonically with Mr. Reusing to further discuss considerations related to the fiduciary duties of the On2 board of directors and other aspects of Google's indication of interest.

On April 9, 2009, representatives of Covington met with representatives of Google. As instructed by the On2 board of directors, the representatives of Covington informed the representatives of Google that the On2 board of directors had not decided to sell On2, and that the representatives of Covington were merely gathering more information regarding Google's oral indication of interest.

On April 10, 2009, the On2 board of directors met to discuss the oral indication of interest from Google. A representative of Covington reviewed the status of discussions with representatives of Google regarding Google's potential interest in pursuing a business combination, specifically discussing the meeting with representatives of Google on April 9, 2009 and noting that Google was insistent that, as a condition to proceeding with negotiating any such transaction, On2 would have to agree to negotiate exclusively with Google. A representative of Covington also advised the On2 board of directors that, based on Covington's preliminary analysis, the price range of \$0.45 to \$0.50 per share offered by Google would likely be fair from a financial point of view, subject to the final terms of the offer. The On2 board of directors requested that Covington complete its analysis. The On2 board of directors also discussed, were it to consider a business combination transaction with Google, the potential advantages to the stockholders of On2 receiving shares of Google stock as opposed to cash. A representative of Hogan & Hartson, with input from a representative of Richards Layton, once again reviewed with the members of the On2 board of directors their fiduciary duties and other related legal considerations in the context of such a potential business combination. In that context, the On2 board of directors also discussed, were it to consider a business combination transaction with Google, whether to contact other third parties that might be candidates for a strategic transaction (referred to as a pre-signing market check). The On2 board of directors expressed concern that some of the most likely interested third parties would be parties who are existing customers of On2, and such customers, as well as other customers and potential future customers who might learn that On2 is considering a sale or other significant corporate transaction, would likely react negatively to news that On2 was for sale, and that the associated uncertainty relating to On2's future could result in customer loss and also be a detriment to relations with key employees of On2. At the conclusion of the meeting, the On2 board of directors authorized management to contact representatives of Google to inform them that the On2 board of directors had met to discuss Google's oral indication of interest, and that a response could be expected within the next several days.

On April 13, 2009, Mr. Reusing telephoned a representative of Google to inform him that the On2 board of directors had met and that a response would be provided to Google within the next several days.

On April 15, 2009, the On2 board of directors met to discuss further the oral indication of interest from Google. Mr. Frost, with the participation of a representative of Covington, reviewed the results of the analysis

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performed by management and Covington regarding On2's strengths, weaknesses, opportunities and challenges. A representative of Covington then reviewed the results of Covington's preliminary financial analysis, a preliminary draft of which was provided to the On2 board of directors on April 12, 2009, including analyses of selected publicly traded companies, selected merger and acquisition transactions and discounted cash flows. A representative of Covington confirmed with the On2 board of directors that, based on Covington's preliminary analysis, the price range of \$0.45 to \$0.50 per share offered by Google would likely be fair from a financial point of view, subject to the final terms of the offer. Representatives of Covington next reviewed On2's potential responses to Google, and a representative of Hogan & Hartson, with input from a representative of Richards Layton, reviewed the fiduciary duties of the On2 board of directors. The On2 board of directors then engaged in a discussion regarding Google's oral indication of interest and, were it to consider a business combination transaction with Google, whether to conduct a pre-signing market check. The On2 board of directors continued to express concern that doing so could result in significant detriment to relations with customers and key employees and therefore to On2's business. The On2 board of directors further discussed and considered the likelihood of interested third parties emerging through a pre-signing market check, including considering management's and Covington's observations that many of On2's customers are familiar with On2's business and the lack of interest expressed in conversations over the years between On2's management and corporate development professionals at some of On2's customers. The On2 board of directors also considered the possibility of other parties expressing an interest in a strategic transaction after the public announcement of a transaction with Google. After further discussion, including discussion as to On2's business, Google's oral indication of interest, and the potential value Covington and management believed Google would potentially offer based on their discussions to date, the On2 board of directors instructed management to continue discussions with Google.

On April 16, 2009, the On2 board of directors met again to discuss the oral indication of interest from Google, particularly so as to update two directors who were absent from all or a portion of the prior day's meeting. Mr. Frost reviewed the discussions held at the April 15, 2009 meeting of the On2 board of directors, and a representative of Hogan & Hartson reviewed the fiduciary duties of the board of directors in connection with its exploration of Google's oral indication of interest in the event that the On2 board of directors decided to enter into a business combination transaction with Google. The On2 board of directors again discussed the customer- and business-related risks of conducting a pre-signing market check, including the possibility that Google, given its request for exclusivity, would terminate discussions of a potential business combination transaction were On2 to conduct a pre-signing market check. After further discussion, including consultation with its financial advisors and counsel, the On2 board of directors again instructed management to continue discussions with Google and authorized Mr. Frost and representatives of Covington to inform representatives of Google that the On2 board of directors would be willing to explore a business combination transaction in the range of \$0.80 to \$0.90 per share.

On April 16, 2009, Mr. Frost and representatives of Covington telephoned representatives of Google and informed them that the On2 board of directors would be willing to explore a business combination transaction in the \$0.80 to \$0.90 per share range.

On April 22, 2009, a representative of Covington was informed by representatives of Google that Google was still discussing the potential business combination transaction with On2 internally and would provide an update with more conclusive information when available.

On April 24, 2009, representatives of Google telephoned representatives of Covington to state that On2's proposal of \$0.80 to \$0.90 per share range was not acceptable to Google. Mr. Frost and representatives of Covington agreed to continue discussions with representatives of Google in support of a potential valuation of \$0.80 to \$0.90 per share.

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On April 28, 2009, Mr. Frost and representatives of Covington met with representatives of Google to discuss On2's technology and business prospects. The representatives of Google agreed to present the information to Google's senior management and to provide a response to On2 by May 4, 2009.

On May 4, 2009, representatives of Google telephoned representatives of Covington and stated that Google's senior management would need to re-review the potential business combination transaction to consider the possibility of increasing the offer price.

On May 5, 2009, the On2 board of directors met to discuss, among other things, a potential business combination with Google. Mr. Frost reviewed the status of discussions with representatives of Google regarding Google's potential interest in pursuing a business combination, noting that, before considering an increase in the offer price, Google's senior management had requested the Google deal team re-present the potential business combination transaction, including an evaluation of alternative routes for Google to develop or acquire advanced video compression technology.

On May 14, 2009, a representative of Google indicated to Mr. Frost and representatives of Covington that a formal offer from Google would likely be forthcoming within the week, pending resolution by Google's senior management, in consultation with Google's board of directors.

On May 20, 2009, Mr. Frost received a non-binding written offer from Google offering to purchase all of the outstanding shares of On2 Common Stock for a price of \$0.60 per share in cash, which represented a premium of approximately 27% above the midpoint of the original offer by Google of \$0.45 to \$0.50 per share of On2 Common Stock, subject to, among other things, confirmatory due diligence. This offer was conditioned upon On2 agreeing to a limited period of exclusive negotiations with Google and was accompanied by a draft exclusivity agreement. The closing price of On2 Common Stock on May 19, 2009, the day prior to the receipt of Google's written offer, was \$0.43 per share.

On May 21, 2009, the On2 board of directors met to discuss Google's written offer. Representatives of Hogan & Hartson and Richards Layton reviewed the fiduciary duties of the On2 board of directors in connection with its receipt of Google's written offer, as well as the fiduciary duties of the On2 board of directors in the event that it determined to engage in a business combination transaction with Google. Messrs. Frost and Reusing and representatives of Covington then reviewed the discussions leading up to receipt of Google's written offer as well as the particular terms of the written offer and the exclusivity agreement. A representative of Covington also advised that, based on Covington's preliminary analysis, the price of \$0.60 per share in cash offered by Google would likely be fair from a financial point of view, subject to the final terms of the offer. A representative of Covington further noted his understanding that this was Google's last and final offer and that there was little room for negotiation of price, but that he believed based on prior discussions with representatives of Google that Google would likely have flexibility on the form of consideration and would likely be willing to offer Google stock instead of cash. The On2 board of directors engaged in discussions regarding Google's written offer, including the value of Google's written offer as well as premiums implied by the offer. The On2 board of directors then engaged in a discussion regarding Google's insistence on a limited exclusive negotiating period and whether to conduct a market check prior to signing an exclusivity agreement with Google. The On2 board of directors continued to express concern that a pre-signing market check raised a risk of significant detriment to On2's relations with its customers and to its business and that, as such, a limited exclusive negotiation period might be acceptable. The On2 board of directors also discussed employee matters, including the importance of ensuring that, in a potential pending business combination transaction with Google, all On2 employees be properly incented to remain as employees of On2 during the period between the announcement of a business combination transaction and its closing (particularly in light of anticipated employee concerns about whether Google would retain On2's employees), and of not allowing Google to engage in substantive discussions with On2 employees regarding employment with Google unless and until negotiations on price and other material terms were substantially complete. Representatives of Hogan & Hartson and Richards Layton again discussed the fiduciary duties of the On2 board of directors and the various processes the On2 board of directors might adopt. One director was not in attendance at this meeting of the On2 board of directors. After further discussion, the

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On2 board of directors authorized management to inform Google that the entire On2 board of directors would need to meet to review the written offer and to conduct its process.

On May 25, 2009, the full On2 board of directors met to discuss Google's written offer. Mr. Frost and representatives of Covington reviewed the results of Covington's updated financial analysis, including a review of the advantages to On2's stockholders of a business combination transaction using Google stock as consideration instead of cash. Mr. Frost then reviewed Google's proposal with respect to price and form of consideration and other material terms of Google's offer. The On2 board of directors then engaged in a discussion. On the matter of price, the On2 board of directors believed, taking into account descriptions from Covington and On2's management regarding their discussions with Google, that there was little if any flexibility on Google's part and agreed to present Google with a counter-offer of \$0.65 per share. On form of consideration, the On2 board of directors discussed the benefits of a stock transaction for the On2 stockholders and agreed to present Google with a counter-offer that the consideration be Google stock instead of cash.

On May 26, 2009, Mr. Frost and representatives of Covington telephoned a representative of Google to present On2's counter-proposal, as authorized by the On2 board of directors. The representative of Google indicated that there was no flexibility on the issue of exclusivity. The representative of Google further indicated that he would need to discuss the remaining portions of On2's counter-proposal with members of the Google deal team and management and would respond on all points following such discussions.

On June 5, 2009, a representative of Google delivered a revised non-binding written offer to On2. The revised offer consisted of \$0.60 per share, payable in either cash or Google Class A Common Stock, to be determined by the parties prior to entering into a merger agreement. A representative of Google also indicated to Mr. Frost that Google had no further ability to move on price and that \$0.60 per share was its final offer.

On June 5, 2009, the On2 board of directors met to discuss Google's revised written offer. Mr. Frost and representatives from Covington reviewed the discussions with representatives of Google that had taken place since the previous meeting of the On2 board of directors. Mr. Frost and representatives of Covington reviewed the terms of Google's revised written offer. Mr. Frost then informed the On2 board of directors that a representative of Google confirmed that Google's offer was conditioned on exclusivity and that Google would not proceed without it, and that following further negotiations, Google had agreed to reduce the period of exclusivity to 30 days. Mr. Frost further informed the On2 board of directors that Google had agreed to a limited standstill agreement. Representatives of Covington then reviewed the financial terms of Google's revised written offer. Following this discussion, the On2 board of directors authorized management to negotiate and execute a letter of intent with Google including the financial and other material terms discussed, an exclusivity agreement with an exclusivity period terminable by On2 after July 9, 2009 and a standstill agreement, which letter and agreements were executed on June 8, 2009. The On2 board of directors further authorized management to provide Google with due diligence information in response to Google's requests and to begin to negotiate a merger agreement with Google, with final terms subject to approval by the On2 board of directors. At that meeting, the On2 board of directors also authorized management to engage a second financial advisor, whose fee was not tied to, or contingent upon, consummation of a transaction with Google, to provide the On2 board of directors with an opinion as to the fairness, from a financial point of view, of the consideration to be received by the holders of On2 Common Stock in a transaction with Google. For a description of the material terms of On2's engagement of Duff & Phelps, see the section captioned "Opinion of Duff & Phelps, LLC" beginning on page 63.

During the period beginning June 8, 2009 and ending the week of July 26, 2009, Google and its advisors reviewed due diligence materials relating to On2 that were made available to Google primarily in an electronic, internet-based data room, requested and reviewed additional materials relating to On2 and engaged in due diligence discussions with representatives of On2 and its advisors, and On2 and its advisors also reviewed due diligence materials related to Google.

On June 12, 2009, On2 and Google executed a revised mutual confidentiality and nondisclosure agreement that, among other things, expanded the non-solicitation provision to include additional key employees of On2.

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On June 12, 2009, Wilson Sonsini Goodrich & Rosati, Professional Corporation, referred to herein as Wilson Sonsini, counsel to Google, delivered an initial draft of the merger agreement to On2 and Hogan & Hartson.

Between June 12 and June 18, 2009, representatives of Hogan & Hartson reviewed the terms of the initial draft of the merger agreement with management of On2, including, among other things, the non-solicitation provision, the omission of the ability of On2 to terminate the merger agreement with Google to accept a superior proposal and Google's initial request for a termination fee of \$5 million, or approximately 5.0% of the equity value of the transaction.

On June 18, 2009, Hogan & Hartson delivered proposed revisions to the draft merger agreement to Google and Wilson Sonsini.

On June 19, 2009, the Executive Committee of the On2 board of directors met to discuss, among other things, the potential business combination with Google. Mr. Frost reviewed the status of discussions with Google, including the principal terms of the draft merger agreement under negotiation.

On June 24, 2009, Messrs. Frost and Reusing and representatives from Hogan & Hartson met with representatives of Google and Wilson Sonsini. At this meeting, the participants reviewed the key terms of the most recent draft of the merger agreement. Between June 24 and July 31, 2009, Google and On2, along with their respective legal advisors, negotiated the terms of the merger agreement. Between June 24 and July 14, 2009, Messrs. Frost and Reusing kept the members of the On2 board of directors apprised of the status of negotiations with Google.

On June 27, 2009, Wilson Sonsini delivered a revised draft of the merger agreement to On2 and Hogan & Hartson.

In late June 2009, an On2 engineer received an inquiry from a small to mid-cap sized publicly traded company in the semiconductor industry seeking a meeting to learn more about the video codec marketplace and to determine whether any synergies might exist with its chip business and whether this was a space in which that party might want to make an acquisition but also noting that this was still a speculative concept. In light of the exclusivity agreement with Google, On2 was constrained in its ability to respond and instructed its employees to defer any meeting. Subsequent to the execution of the merger agreement, On2 inquired whether this company was interested in exploring a transaction with respect to Hantro. The company ultimately said that it was not interested in exploring such a transaction.

From June 29 through July 7, 2009, representatives of On2 and Hogan & Hartson reviewed and negotiated the terms of the most recent draft of the merger agreement with representatives of Google and Wilson Sonsini. On July 7, 2009, Hogan & Hartson delivered a revised draft of the merger agreement to Google and Wilson Sonsini.

On July 14, 2009, the On2 board of directors met to discuss, among other things, the potential business combination with Google. Representatives of Hogan & Hartson reviewed key terms of the most recent draft of the merger agreement, including the calculation of the exchange ratio, the representations and warranties, the closing conditions, the non-solicitation provision, the matching right provision, the ability of the On2 board of directors to change its recommendation in favor of the proposed business combination and the termination and termination fee provisions. The On2 board of directors also discussed certain provisions excluded from the draft that On2 had sought to include, including a go shop provision that would have permitted On2 to actively solicit other potential parties interested in pursuing a strategic transaction and a provision allowing On2 to terminate the merger agreement with Google to accept a superior proposal. The On2 board of directors and its advisors determined that in the negotiations with Google, On2 would insist on a process that would permit a superior proposal from a third party to be made after the signing of the merger agreement with Google and to continue to insist that the On2 board of directors be able to consider and accept such a superior proposal and to terminate the

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merger agreement with Google. The On2 board of directors also determined that the amount of any termination fee must not unreasonably inhibit a third party from making a superior proposal. The On2 board of directors also emphasized the importance of obtaining reasonable certainty of closing with respect to the proposed business combination with Google in the event a merger agreement was entered into. The On2 board of directors then discussed the importance of ensuring that, in the event that a merger agreement was entered into, all employees of On2 be properly incented to remain as employees of On2 during the period between the announcement of the business combination transaction with Google and its closing in light of anticipated employee concerns about whether Google intended to retain On2's employees. In connection with the employee-retention matters, Mr. Meyer, Chairman of the Compensation Committee of the On2 board of directors, reviewed the retention and bonus plan being developed by the Compensation Committee, under which retention bonuses would be paid at the closing of the business combination transaction with Google to certain employees of On2 that the On2 board of directors believed would have to expend significant efforts to consummate the transaction, and severance payments would be paid to certain employees of On2 in the event their employment was terminated within a specified period following consummation of a business combination transaction with Google.

On July 22, 2009, Wilson Sonsini delivered a revised draft of the merger agreement to On2 and Hogan & Hartson.

On July 24, 2009, representatives of On2 and Hogan & Hartson met with representatives of Google and Wilson Sonsini to review and negotiate outstanding issues in the most recent draft of the merger agreement and the key terms of the most recent draft of On2's retention and bonus plan.

During the week of July 27, 2009, Google made offers of employment to three key On2 employees, referred to herein as the merger key employees, and offers of employment to Messrs. Frost and Reusing for a 12-month term, each to be effective upon closing of the proposed merger. The three merger key employees entered into agreements with Google on or prior to August 4, 2009, each to be effective upon closing of the proposed merger. Messrs. Frost and Reusing entered into agreements with Google subsequent to August 4, 2009, each to be effective upon closing of the proposed merger. For a description of the material terms of such agreements, see the section captioned "The Merger - On2 Executive Officers and Directors Have Financial Interests in the Merger" beginning on page 73.

On July 31, 2009, the On2 board of directors met to discuss the potential business combination with Google. Mr. Frost reviewed the discussions with representatives of Google that had taken place since the previous meeting of the On2 board of directors. Representatives of Hogan & Hartson and Richards Layton then reviewed the terms of the most recent draft of the merger agreement, including the outcome of negotiations of material terms, including the deal protection, fiduciary out and termination fee issues. Among other things, representatives of Hogan & Hartson and Richards Layton informed the On2 board of directors that, while Google agreed to a non-solicitation provision containing exceptions that would permit a superior proposal from a third party to be made after the signing of the merger agreement, Google would not agree to a provision that would permit the On2 board of directors to terminate the merger agreement with Google to accept a superior proposal. The On2 board of directors would, however, be permitted to change its recommendation to On2 stockholders in favor of the merger with Google in certain circumstances, including following receipt of a superior proposal. In exchange for acceptance of Google's position on this termination right issue, Google indicated that it would be willing to reduce the termination fee to \$2 million. This termination fee compromise followed negotiation over the preceding weeks from Google's initial proposal of \$5 million, which was countered by a proposal of \$1.75 million from On2, followed by a revised proposal of \$3 million from Google, followed by a revised proposal of \$2 million from On2 and followed by a response of \$3 million from Google before this latest proposed agreement on \$2 million. Representatives of Hogan & Hartson and Richards Layton further reviewed the impact of the outcome of these negotiations on the On2 board of directors' fiduciary duties. After a discussion of such duties, the overall package of deal protection provisions and Google's position that it would not enter into a merger agreement that included an On2 termination right to accept a superior proposal, the On2 board of directors agreed to accept Google's compromise. The On2 board of directors also discussed provisions

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impacting deal certainty and was not willing to accept a closing condition Google sought precluding any of the three merger key engineering employees who received offers from Google from rescinding their acceptance of those offers. After discussion, the On2 board of directors authorized management to continue negotiations with representatives of Google, to indicate that the On2 board of directors was unwilling to accept the merger key employee closing condition as drafted and to attempt to make progress on remaining provisions.

On August 2, 2009, the On2 board of directors met to discuss the potential business combination with Google. Mr. Frost reviewed the discussions with representatives of Google that had taken place since the previous meeting of the On2 board of directors. Mr. Frost and representatives of Hogan & Hartson then reviewed the terms of the most recent draft of the merger agreement, including the merger key employee closing condition that was under negotiation. After discussion, the On2 board of directors authorized management to continue negotiations with representatives of Google and to indicate that the On2 board of directors was unwilling to accept the merger key employee closing condition as drafted.

On August 3, 2009, representatives of On2 and Hogan & Hartson met with representatives of Google and Wilson Sonsini to review the remaining provisions of the merger agreement and resolved the merger key employee closing condition by revising it so that the condition would be satisfied if no more than one of the merger key employees rescinded or terminated his offer of employment from Google.

On August 4, 2009, the On2 board of directors held a meeting at which the proposed business combination with Google was further discussed and the merger agreement was considered for final approval. At this meeting, Mr. Frost and representatives of Hogan & Hartson and Richards Layton reviewed with the On2 board of directors the outcome of further discussions with Google, and representatives of Hogan & Hartson and Richards Layton reviewed the terms of the merger agreement and the fiduciary duties of the On2 board of directors in the context of the potential business combination transaction. Representatives of Covington presented to the On2 board of directors its financial analysis of the proposed business combination transaction and delivered to the On2 board of directors its oral opinion, subsequently confirmed in writing as of August 4, 2009, that, as of such date, and subject to various assumptions, limitations and qualifications, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of On2 Common Stock. Representatives of Duff & Phelps, On2's financial advisor, then presented to the On2 board of directors its financial analysis of the proposed business combination transaction and delivered to the On2 board of directors its oral opinion, subsequently confirmed in writing as of August 4, 2009, that, as of such date, and subject to various assumptions, limitations and qualifications, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of On2 Common Stock. The full text of the written opinions of Covington and Duff & Phelps, each dated August 4, 2009, each of which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Covington and Duff & Phelps, respectively, in rendering its opinion, are attached hereto as Appendices B and C, respectively. Following the presentations, and after further review and discussion, the On2 board of directors unanimously voted (other than Ms. Naimollah, who abstained) to approve the merger, the merger agreement and related matters and resolved to recommend that On2 stockholders adopt the merger agreement. The Compensation Committee also approved and adopted the retention and bonus plan, as more fully described in the section entitled "The Merger On2 Directors and Officers Have Financial Interests in the Merger *On2 Technologies, Inc. Retention and Severance Plan*" on page 77.

Following adjournment of the On2 board of directors' meeting on August 4, 2009, the parties signed the merger agreement, which was subsequently filed with the SEC as an exhibit to On2's Current Report on Form 8-K filed on August 6, 2009. The signing of the merger agreement was publicly announced on August 5, 2009, prior to the opening of trading on the NYSE Amex.

Reasons for the Merger; Recommendation of the On2 Board of Directors

In reaching its decision to approve the merger, adopt the merger agreement and recommend that On2 stockholders vote FOR adoption of the merger agreement, the On2 board of directors consulted with senior

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management, legal counsel and its financial advisors. The On2 board of directors also consulted with outside legal counsel regarding its fiduciary duties, legal due diligence matters and the terms of the merger agreement. The following discussion includes the material reasons and factors considered by the On2 board of directors in making its recommendation, but is not, and is not intended to be, exhaustive:

Merger Consideration. The On2 board of directors considered the following with respect to the merger consideration to be received by the On2 stockholders:

that On2's stockholders will receive merger consideration of \$0.60 per share in Google Class A Common Stock (and cash in lieu of fractional shares) upon the completion of the merger, as compared to the uncertain long-term future value to On2's stockholders that might be realized if On2 remained independent;

the premiums represented by the \$0.60 per share merger consideration for On2 Common Stock in the merger, including that \$0.60 per share represents a significant premium of approximately 57% over the closing price of On2 Common Stock on the NYSE Amex on August 4, 2009 (the trading day on which the On2 board of directors approved the merger) and approximately 70% over the average closing price of On2 Common Stock on the NYSE Amex over the 12-month period ending on August 4, 2009 (the trading day on which the On2 board of directors approved the merger), and the levels of certain premiums as compared to the premiums in other comparable merger transactions;

the then-current financial market conditions and the recent and historical market prices of On2 Common Stock, including the market price performance of On2 Common Stock relative to those of other industry participants. For information about On2 Common Stock prices over the past three years, see the section captioned "Comparative Market Prices and Dividends" beginning on page 110;

the quality and liquidity of the market for Google Class A Common Stock to be received by On2 stockholders in the merger; and

the formulation of the exchange ratio in the merger agreement, including the timing of its calculation, the lack of "collars" or similar provisions and the implications of fluctuations in the trading price of Google Class A Common Stock in light of such formulation.

Tax-free Merger. The On2 board of directors considered the fact that the merger is generally expected to be tax-free to On2 stockholders for U.S. federal income tax purposes, except to the extent that On2 stockholders recognize gain on cash received for any fractional shares, as more fully described in the section captioned "Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 100.

Review of Prospects in Remaining Independent. The On2 board of directors considered the possibility of continuing to operate On2 as an independent public company, including its business, operations, financial condition and prospects. In considering those matters, the On2 board of directors also considered the perceived risks and uncertainties of remaining an independent public company, the range of possible values to its stockholders arising from remaining independent and the timing and uncertainty of successfully accomplishing meaningful growth by continuing to operate On2 as an independent public company. The On2 board of directors' assessment was that pursuit of a growth strategy as an independent company was not reasonably likely to create greater value for the On2 stockholders than the value created by the merger, after discounting for the elapse of time and considering the factors reviewed below. In considering the alternative of pursuing growth as an independent company, the On2 board of directors considered the following factors:

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On2's recent performance, including recent completion of a successful quarter relative to past performance;

On2's strengths, including its technology, which On2 believes to be superior to other video compression technology on the market, including it being the only advanced video compression

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technology solution of significance besides H.264, a competing video compression technology; its newest product, VP8; its reputation for superior customer support; its strong customer relationships; the protection of significant barriers to entry facing would-be developers of competing video compression technologies and the rapidity with which it can potentially innovate and develop new generations of its technology;

On2's weaknesses, including its micro-cap status with limited access to capital; its limited cash position and other resources and the impact of those limited resources on its research, development, sales and marketing activities and thus on its ability to grow the business notwithstanding its superior technology; its dependence on a small group of key codec engineers; its challenges in retaining key employees and management; and its challenges in monetizing its technology;

On2's opportunities, including the potential to gain market share as the only viable alternative to H.264; the potential impact of the expansion of broadband and the increasing quantity and quality of content available; potential increases to pricing by MPEG-LA, the licensing body that administers the licensing of the H.264 codec; On2's ability to offer pricing flexibility that is not available from MPEG-LA; and the potential for On2's VPx products to become the de facto codec standard for service providers, content owners and device manufacturers; and

On2's challenges, including, in addition to its weaknesses, increased competition, especially from competitors with greater name recognition and more resources, financial and otherwise, including the potential impact of Google developing or acquiring competing products; the possibility that new entrants and competing technologies will marginalize On2's core VPx products; potential decreases to competitors' pricing; cost declines in bandwidth potentially obviating the advantages of higher quality codecs; increased adoption of the competing H.264 standard; issues in On2's Hantro products business, including an inability to fund potential capital requirements; and the significant costs of maintaining public company status.

Participation in future growth. The On2 board of directors considered the fact that On2 stockholders will participate in the future growth of an organization with considerably greater scale and breadth than On2 alone and, while On2 may only be a small part of Google, that stockholders may benefit from participating in a company that both includes On2 and can derive benefits from the use of On2's technology.

Economic Conditions. The On2 board of directors considered challenges in the current United States economy in general. This climate and uncertainty could adversely affect the demand for On2's products and services. In addition, because On2's sales are primarily to corporate customers, On2's business depends on favorable general economic and business conditions.

Opinion of Covington Associates, LLC. The On2 board of directors considered the presentation of Covington and the opinion of Covington, dated August 4, 2009, that, as of the date of such opinion, and subject to and based upon the assumptions, limitations, qualifications and other conditions set forth in such opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to the holders of On2 Common Stock, as more fully described in the section entitled "The Merger" Opinion of Covington Associates, LLC on page 55.

Opinion of Duff & Phelps, LLC. The On2 board of directors considered the presentation of Duff & Phelps and the opinion of Duff & Phelps, dated August 4, 2009, that, as of the date of such opinion, and subject to and based upon the assumptions, limitations, qualifications and other conditions set forth in such opinion, the exchange ratio provided for in the merger was fair, from a financial point of view, to the holders of On2 Common Stock, as more fully described in the section entitled "The Merger" Opinion of Duff & Phelps, LLC on page 63.

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Likelihood and Timing of Closing. The On2 board of directors considered the likelihood that the proposed business combination transaction would be completed on a timely basis, in light of:

the nature of the closing conditions included in the merger agreement, including the lack of a financing condition;

the likelihood that the merger would be cleared by the relevant regulatory authorities; and

the fact that the merger does not need to be approved by Google's stockholders and the representation that Google made in the merger agreement to that effect.

Terms of the Merger Agreement. The On2 board of directors considered the terms and conditions of the merger agreement and the course of negotiations thereof, including:

the limited conditions to Google's obligation to complete the merger, including the absence of a financing condition or vote of Google's stockholders, and limited ability of Google to terminate the merger agreement under clearly defined circumstances;

the structure of the business combination transaction as a merger, requiring approval by On2's stockholders, which would result in detailed public disclosure and a period of time prior to completion of the merger during which an unsolicited superior proposal to acquire On2, if any, could be brought forth by third parties;

the ability of the On2 board of directors, under certain circumstances, to furnish information to and conduct negotiations with a third party, if the On2 board of directors determines in good faith (after consultation with its financial advisor and its outside legal counsel) that (A) the third party has made an acquisition proposal that either constitutes or is reasonably likely to lead to a superior proposal and (B) the failure to take such action is reasonably likely to result in a breach of its fiduciary duties to the On2 stockholders;

the ability of the On2 board of directors, under certain circumstances, to change its recommendation that the On2 stockholders adopt the merger agreement if the On2 board of directors determines in good faith (after consultation with its outside counsel) that the failure to change its recommendation is reasonably likely to be a breach of its fiduciary duties to the On2 stockholders; and

the belief of the On2 board of directors that the \$2 million termination fee payable to Google under clearly defined circumstances is not a significant deterrent to possible competing offers for On2.

Google's Reputation. The On2 board of directors considered the business reputation of Google and its management and the substantial financial resources of Google, which the On2 board of directors believed supported the conclusion that the merger could be completed relatively quickly and in an orderly manner.

In the course of its deliberations, the On2 board of directors also considered a variety of risks and factors weighing against the merger, including:

Risks of Announcement and Completion. The On2 board of directors considered:

the risks and contingencies related to the announcement of the merger, including On2's ability to retain key employees and maintain its relationships with customers, commercial partners and third parties;

the risks and contingencies related to the regulatory clearances and approval by the stockholders of On2 required in connection with the merger, and the risk that there can be no assurance that all conditions to the parties' obligations to complete the merger will be satisfied; and as a result, it is possible that, for reasons beyond the control of On2, the merger may not be completed or may be unduly delayed, even if approved by On2's stockholders;

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the risks and contingencies related to the conditions to Google's obligation to complete the merger and the right of Google to terminate the merger agreement under certain circumstances; and

the risks and costs to On2 if the merger is not completed, including the diversion of management and employee attention, potential employee attrition, the potential impact on On2's sales, operating results and stock price, potential reductions in On2's perceived acquisition value, substantial depletion of On2's limited resources and the effect on On2's relationships with customers and other business or commercial relationships.

Limitations on On2's Business. The On2 board of directors considered the potential limitations on On2's pursuit of business opportunities due to pre-closing covenants in the merger agreement under which On2 agreed, among other things, that it will carry on its business in the ordinary course of business consistent with past practice and, subject to specified exceptions, will not take certain actions related to the conduct of its business without the prior written consent of Google, which may delay or prevent On2 from undertaking business opportunities that may arise pending completion of the merger.

Absence of Pre-Signing Solicitation; No Shop. The On2 board of directors considered that On2 did not contact other companies or otherwise solicit interest from other potential buyers that might be likely candidates for a strategic transaction with On2 prior to the execution and delivery of the merger agreement, as well as the restriction on On2's ability to solicit and respond to proposals for alternative transactions.

Stockholder Vote. The On2 board of directors considered the requirement that, notwithstanding the receipt of a superior proposal, On2 must submit the merger agreement for adoption by On2's stockholders even if the On2 board of directors withdraws its recommendation in favor of the merger.

Termination Fee and Other Alternative Proposals. The On2 board of directors considered the possibility that the \$2 million termination fee payable to Google under clearly defined circumstances might discourage a competing proposal to enter into a business combination transaction with On2 or reduce the price of any such proposal, although the On2 board of directors did not believe that such fee would be a significant deterrent to possible competing offers for On2.

Interests of Directors and Officers. The On2 board of directors considered the interests that certain of its directors and executive officers have with respect to the merger in addition to their interests as On2 stockholders generally, as described in "The Merger On2 Executive Officers and Directors Have Financial Interests in the Merger" on page 73.

The preceding discussion of the information and factors considered by the On2 board of directors is intended to be illustrative and not exhaustive. In light of the variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the On2 board of directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the various factors considered in reaching its determination, and individual directors may have given different weight to different factors. In addition, the On2 board of directors did not reach any specific conclusion with respect to any of the factors or reasons considered. Instead, the On2 board of directors conducted an overall analysis of the factors and reasons described above and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the merger, adopting the merger agreement and recommending that On2 stockholders vote FOR the adoption of the merger agreement.

Opinion of Covington Associates, LLC

On2 retained Covington to act as its financial advisor in connection with the proposed merger and to render an opinion to the On2 board of directors as to the fairness of the exchange ratio provided for in the merger, from a financial point of view, to the holders of On2 Common Stock. On August 4, 2009, Covington delivered to the On2 board of directors its oral opinion, confirmed by its written opinion dated August 4, 2009, that, as of such date and based upon and subject to the assumptions, limitations, qualifications and other conditions set forth in

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its written opinion, the exchange ratio provided for in the merger is fair, from a financial point of view, to the holders of On2 Common Stock.

The full text of Covington's written opinion, dated August 4, 2009, is attached as Appendix B to this proxy statement/prospectus and is incorporated herein by reference. Holders of On2 Common Stock are encouraged to read the full text of the written opinion carefully and in its entirety for a description of the assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in arriving at the opinion. This summary is qualified in its entirety by reference to the full text of the written opinion.

Covington's opinion is addressed to, and is for the use and benefit of, the On2 board of directors, and relates only to the fairness of the exchange ratio provided for in the merger, from a financial point of view, to the holders of On2 Common Stock, and does not address any other aspect of the merger. Covington's opinion also does not address the relative merits of the merger or the other business strategies that the On2 board of directors has considered, nor does it address the decision of the On2 board of directors to proceed with the merger. Covington's opinion does not constitute a recommendation as to how any holder of shares of On2 Common Stock should vote, or take any action, with respect to the merger or any other matter.

In arriving at its opinion, Covington, among other things:

reviewed certain publicly available financial statements and other business and financial information concerning On2;

reviewed certain internal financial analyses and forecasts prepared by the management of On2 relating to its business and approved for Covington's use by On2;

held discussions with the management of On2 concerning the business and prospects of On2, as well as the financial terms of the merger;

visited certain facilities and business offices of On2;

reviewed the financial terms and conditions set forth in the draft dated August 3, 2009 of the merger agreement;

reviewed the reported price and trading activity for On2 Common Stock;

compared certain financial and stock market information for On2 with publicly available information concerning certain other publicly traded companies Covington deemed relevant;

compared the proposed financial terms of the transaction with publicly available financial terms of certain transactions involving companies Covington deemed relevant;

participated in discussions and negotiations among representatives of On2 and Google; and

performed such other studies and analyses, and considered such other factors, as Covington deemed appropriate, including Covington's assessment of Google's business, future business prospects and current valuation.

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In rendering its opinion, Covington assumed and relied upon, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it. Covington did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities), of On2 or Google or any of their respective subsidiaries, nor did it evaluate the solvency or fair value of On2 under any state or federal law relating to bankruptcy, insolvency or similar matters. Covington assumed, with On2's consent, that the financial forecasts and projections (and the assumptions and bases therefor) of On2 were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of On2's management. Covington does not express any opinion as to the reasonableness of such forecasts and

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projections (and the assumptions and bases therefor). In addition, Covington assumed that the historical financial statements of On2 were prepared in accordance with United States generally accepted accounting principles consistently applied and that they fairly present the financial position of On2 as of the date thereof.

The opinion does not address the fairness of the merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of On2, nor does it address the fairness of the contemplated benefits of the merger. Furthermore, Covington does not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of On2's officers, directors or employees, or any class of such persons, in connection with the merger, whether relative to the exchange ratio pursuant to the merger agreement or otherwise. Covington does not express any opinion as to the price at which shares of On2 Common Stock would trade at any time.

Covington's opinion was necessarily based on the economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion, and Covington assumes no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Covington assumed that the merger will be consummated in accordance with its terms, without any waiver, delay, modification or amendment of any term, condition or agreement. Covington also assumed that all governmental, regulatory or other approvals and consents required in connection with the consummation of the merger will be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no restrictions will be imposed. Covington's opinion does not address any legal, regulatory, tax or accounting matters.

In connection with rendering its opinion, Covington performed certain financial, comparative and other analyses as summarized below. The following summary does not purport to be an exhaustive description of the analyses performed by Covington, nor does the order of analyses described represent relative importance or weight given to those analyses by Covington. In arriving at its opinion, Covington did not attribute any particular weight to any analysis, methodology or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. **Accordingly, Covington believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying its analyses and opinion. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Covington, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses.** Each analysis performed by Covington is a common methodology utilized in determining valuations. Although other valuation techniques may exist, Covington believes that the analyses described below, when taken as a whole, provide the most appropriate analyses for Covington to arrive at its opinion.

Selected Publicly Traded Companies Analysis

Selected publicly traded company analysis is a method of valuing an entity relative to publicly traded companies with similar products or services, with similar operating or financial characteristics, or servicing similar customers. Using publicly available information, Covington reviewed and compared selected financial data of On2 with similar data for 10 publicly traded companies deemed relevant by Covington. The companies included in Covington's selected publicly traded company analysis were: Adobe Systems, Inc., ARM Holdings plc, CEVA, Inc., Cyberlink Corp., DivX, Inc., Dolby Laboratories, Inc., DTS Inc., MIPS Technologies Inc., OpenTV Corp. and SRS Labs Inc.

No company utilized in the selected publicly traded company analysis is identical to On2. Covington made judgments and assumptions with regard to industry performance; general business, economic, market and financial conditions and other matters, many of which are beyond the control of On2. Mathematical analysis of

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selected publicly traded companies (such as determining means and medians) in isolation from other analyses is not an effective method of evaluating transactions.

For each of the selected publicly traded companies, Covington calculated that company's total enterprise value as that company's equity market value, plus total debt, less cash. For purposes of this calculation, equity market values were calculated as of the close of market trading on August 4, 2009, and cash and debt values were calculated based on reported levels as of March 31, 2009 for CyberLink Corp., DTS Inc., MIPS Technologies Inc., OpenTV Corp. and SRS Labs Inc.; May 29, 2009 for Adobe Systems, Inc.; June 26, 2009 for Dolby Laboratories Inc.; and June 30, 2009 for ARM Holdings plc, CEVA Inc. and DivX, Inc. Covington then calculated the multiple implied by the relation between the total enterprise value of each of these companies and (i) that company's revenue for the 12-month period ended March 31, 2009 for CyberLink Corp., DTS Inc., MIPS Technologies Inc., OpenTV Corp. and SRS Labs Inc.; May 29, 2009 for Adobe Systems, Inc.; June 26, 2009 for Dolby Laboratories Inc.; and June 30, 2009 for ARM Holdings plc, CEVA Inc., and DivX, Inc. as reflected in periodic reports filed with the SEC; (ii) that company's estimated revenue for the year ending December 31, 2009, as indicated in consensus Wall Street analyst estimate reports; (iii) that company's EBITDA for the 12-month period ended March 31, 2009 for CyberLink Corp., DTS Inc., MIPS Technologies Inc., OpenTV Corp. and SRS Labs Inc.; May 29, 2009 for Adobe Systems, Inc.; June 26, 2009 for Dolby Laboratories Inc.; and June 30, 2009 for ARM Holdings plc, CEVA Inc. and DivX, Inc., as reflected in periodic reports filed with the SEC; and (iv) that company's estimated EBITDA for the year ending December 31, 2009, as indicated in consensus Wall Street analyst estimate reports. Covington then calculated the minimum, median, mean and maximum multiples for each revenue and EBITDA case. Covington excluded DivX, Inc. from the mean and median calculations for the total enterprise value to estimated EBITDA for the year ending December 31, 2009 case, since the figure is not meaningful and would otherwise bias the mean and median results.

Covington next calculated, for reference purposes only, On2's and Google's total enterprise value and equity value and the corresponding multiples for On2 and Google on the same basis, using (i) the net debt position as of March 31, 2009 for On2, and June 30, 2009 for Google, as reflected in each company's respective periodic reports filed with the SEC; (ii) the revenue and EBITDA for the 12-month period ended March 31, 2009 for On2, and June 30, 2009 for Google, as reflected in each company's respective periodic reports filed with the SEC; and (iii) management's financial projections for revenues and EBITDA for On2 and consensus Wall Street analyst estimate reports for Google, for the year ending December 31, 2009.

The resulting multiples are set forth in the table below:

Selected Publicly Traded Companies	Total Enterprise Value / Last 12-Month Period Revenue	Total Enterprise Value / Projected 2009 Revenue	Total Enterprise Value / Last 12-Month Period EBITDA	Total Enterprise Value / Projected 2009 EBITDA
Adobe Systems, Inc.	4.6x	5.2x	12.8x	12.5x
ARM Holdings plc	5.1x	5.2x	21.3x	19.0x
CEVA Inc.	1.9x	2.0x	19.7x	15.2x
CyberLink Corp	2.7x	NA	10.9x	NA
DivX, Inc.	1.0x	1.3x	5.5x	229.3x
Dolby Laboratories Inc.	5.8x	6.3x	11.3x	14.1x
DTS Inc.	6.5x	6.1x	22.2x	23.9x
MIPS Technologies Inc.	1.6x	2.3x	13.6x	9.7x
OpenTV Corp.	0.8x	0.7x	7.2x	3.5x
SRS Labs Inc.	3.6x	2.9x	NM	15.8x
Minimum	0.8x	0.7x	5.5x	3.5x
Median	3.1x	2.9x	12.8x	14.6x
Mean	3.4x	3.6x	13.8x	14.2x
Maximum	6.5x	6.3x	22.2x	229.3x
On2 Technologies, Inc.	4.2x	3.7x	NM	58.5x
Google Inc.	5.6x	5.4x	14.1x	11.7x

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Covington noted that on the basis of the selected publicly traded companies analysis, the merger consideration of \$0.60 per share was above the range of implied values per share of \$0.29 to \$0.32, or an enterprise value range of \$50.8 to \$56.1 million, calculated using the selected publicly traded companies' mean last 12-month revenue multiple as of March 31, 2009 for CyberLink Corp., DTS Inc., MIPS Technologies Inc., OpenTV Corp., and SRS Labs Inc.; May 29, 2009 for Adobe Systems Inc.; June 26, 2009 for Dolby Laboratories Inc.; and June 30, 2009 for ARM Holdings PLC, CEVA Inc., and DivX, Inc. and On2's last 12-month revenue ending March 31, 2009, and the merger consideration of \$0.60 per share was above the range of implied values per share of \$0.35 to \$0.39, or an enterprise value range of \$61.3 to \$67.7 million, calculated using the selected publicly traded companies' mean projected December 31, 2009 revenue multiple (based on consensus Wall Street estimates) and On2 management's projected revenues for On2 for the year ending December 31, 2009. With respect to the foregoing analysis: a) enterprise value represents equity value plus net debt, minority interest (at book value unless otherwise noted) and preferred stock; b) equity value is based on shares outstanding as of August 4, 2009 plus exercised in-the-money options and warrants; and c) net debt represents interest bearing debt, net of cash and cash equivalents and proceeds from the exercise of in-the-money options and warrants.

Benchmarking Analysis

Benchmarking analysis is a method of ranking a company against its peers according to specific financial metrics. Covington benchmarked On2 against the set of selected publicly traded companies, as listed above, ranking it based on size, growth and operational margins. The benchmarking analysis is summarized in the tables below:

Size & Growth:

Revenues		Market Capitalization		2-Year Revenue Compound Annual Growth Rate	
Adobe Systems, Inc.	3,294	Adobe Systems, Inc.	17,325	Dolby Laboratories Inc.	26%
Dolby Laboratories Inc.	719	Dolby Laboratories Inc.	4,737	DTS Inc.	22%
ARM Holdings plc	511	ARM Holdings plc	2,780	CyberLink Corp.	21%
CyberLink Corp.	137	CyberLink Corp.	501	MIPS Technologies Inc.	16%
OpenTV Corp.	112	DTS Inc.	483	DivX, Inc.	16%
MIPS Technologies Inc.	104	DivX, Inc.	211	On2 Technologies, Inc.	12%
DivX, Inc.	88	OpenTV Corp.	203	Adobe Systems, Inc.	11%
DTS Inc.	62	MIPS Technologies Inc.	168	CEVA Inc.	10%
CEVA Inc.	39	CEVA Inc.	162	OpenTV Corp.	8%
SRS Labs Inc.	19	SRS Labs Inc.	107	ARM Holdings plc	8%
On2 Technologies, Inc.	16	On2 Technologies, Inc.	67	SRS Labs Inc.	(0)%

Margins:

Gross Margins		EBITDA Margins		EBIT Margins	
CyberLink Corp.	100%	Dolby Laboratories Inc	52%	Dolby Laboratories Inc.	48%
SRS Labs Inc.	99%	Adobe Systems, Inc.	36%	Adobe Systems, Inc.	28%
DTS Inc.	98%	DTS Inc.	29%	DTS Inc.	25%
DivX, Inc.	93%	CyberLink Corp.	25%	CyberLink Corp.	24%
ARM Holdings plc	90%	ARM Holdings plc	24%	ARM Holdings plc	19%
Adobe Systems, Inc.	89%	DivX, Inc.	19%	DivX, Inc.	13%
Dolby Laboratories Inc.	88%	MIPS Technologies Inc.	12%	CEVA Inc.	8%
CEVA Inc.	88%	OpenTV Corp.	11%	OpenTV Corp.	5%
On2 Technologies, Inc.	79%	CEVA Inc.	10%	MIPS Technologies Inc.	2%
MIPS Technologies Inc.	73%	SRS Labs Inc.	(2)%	SRS Labs Inc.	(5)%
OpenTV Corp.	61%	On2 Technologies, Inc.	(83)%	On2 Technologies, Inc.	(101)%

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SG&A as a % of Revenue		R&D as a % of Revenue		Working Capital as a % of Revenue	
OpenTV Corp.	25%	Dolby Laboratories Inc.	9%	CEVA Inc.	203%
Dolby Laboratories Inc.	31%	DTS Inc.	12%	SRS Labs Inc.	198%
CEVA Inc.	34%	CyberLink Corp.	15%	DivX, Inc.	136%
ARM Holdings plc	39%	Adobe Systems, Inc.	19%	DTS Inc.	129%
Adobe Systems, Inc.	41%	SRS Labs Inc.	21%	OpenTV Corp.	89%
MIPS Technologies Inc.	42%	DivX, Inc.	22%	Dolby Laboratories Inc.	82%
DivX, Inc.	58%	MIPS Technologies Inc.	29%	Adobe Systems, Inc.	75%
CyberLink Corp.	61%	OpenTV Corp.	30%	CyberLink Corp.	66%
DTS Inc.	61%	ARM Holdings plc	32%	ARM Holdings plc	30%
SRS Labs Inc.	83%	CEVA Inc.	46%	MIPS Technologies Inc.	3%
On2 Technologies, Inc.	114%	On2 Technologies, Inc.	67%	On2 Technologies, Inc.	(24)%

Market capitalization is calculated as of August 4, 2009. Operating figures are calculated using data from the 12-month period ended March 31, 2009 for CyberLink Corp., DTS Inc., MIPS Technologies Inc., OpenTV Corp. and SRS Labs Inc.; May 29, 2009 for Adobe Systems, Inc.; June 26, 2009 for Dolby Laboratories Inc.; and June 30, 2009 for ARM Holdings plc, CEVA Inc. and DivX, Inc. as reflected in periodic reports filed with the SEC. The two-year revenue compound annual growth rate figure for On2 excludes the acquisition of Hantro Products Oy, to more accurately reflect On2's core organic growth rate.

Selected M&A Transactions Analysis

Covington analyzed publicly available financial information for the following 26 selected merger and acquisition transactions completed since February 2006 that involved video and audio technology and licensing companies:

Date Announced	Target	Acquiror
Jul-09	Packetvideo Corp.	NTT DoCoMo Inc.
Jun-09	Imagination Technologies Group	Intel Capital
Feb-09	Digital Fountain, Inc.	QUALCOMM, Inc.
Dec-08	Scopus Video Networks Ltd.	Harmonic Inc.
Dec-08	Logipard AB (nka: ARM Sweden AB)	ARM Holdings plc
Nov-08	W&W Communications Inc.	Cavium Networks, Inc.
Oct-08	SightSpeed, Inc.	Logitech International SA
Oct-08	InterObject Ltd.	GlobalLogic, Inc.
Oct-08	Mobilygen Corporation	Maxim Integrated Products Inc.
Aug-08	Varo Vision Co. Ltd.	Hyosung ITX Co. Ltd.
Jun-08	Kasenna, Inc.	Espial Group, Inc.
Mar-08	OpenMedia Labs	Dialogic Corporation
Dec-07	Genesis Microchip Inc.	STMicroelectronics NV
Dec-07	Gemstar TV Guide International Inc.	Macrovision Solutions Corp.
Nov-07	Coding Technologies AB	Dolby Laboratories Inc.
Nov-07	MainConcept GmbH	DivX, Inc.
Jul-07	Rhozet Corporation	Harmonic Inc.
Jul-07	Servecast Ltd.	Level 3 Communications, Inc.
Mar-07	Princeton Server Group, Inc.	Telvue Corp.
Feb-07	BrightSide Technologies, Inc.	Dolby Laboratories Inc.
Feb-07	Tandberg Television ASA	LM Ericsson Telephone Co.
Oct-06	VitalStream Holdings, Inc.	Internap Network Services Corp.
Jun-06	Enerdyne Technologies Inc.	ViaSat Inc.
May-06	Aastra Technologies, Ltd.	Harris Corp.
Mar-06	Sypixx Networks Inc.	Cisco Systems, Inc.
Feb-06	UB Video Inc.	Scientific-Atlanta Inc.

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Covington considered certain financial data relating to the transactions, including the target company's actual revenue and EBITDA for the most recent fiscal last 12-month period prior to the announcement of each transaction and the target company's total enterprise value. Total enterprise value is defined as price paid for the equity, plus total assumed debt, less cash, where such data was available. For each comparable transaction, Covington then calculated total enterprise value as a multiple of that target company's revenue and EBITDA for the most recent fiscal last 12-month period prior to the announcement of the transaction, where such data was available. Covington then calculated the minimum, median, mean and maximum multiples for each case. Covington excluded Harmonic Inc.'s acquisition of Scopus Video Networks Ltd. from the mean and median calculations for the total enterprise value to last 12-month period revenue case, since the figure is not meaningful and would otherwise bias the mean and median results.

The resulting multiples are set forth in the table below:

Selected M&A Transactions	Total Enterprise Value / Last 12-Month Period Revenue	Total Enterprise Value / Last 12-Month Period EBITDA
Minimum	0.7x	6x
Median	4.3x	16x
Mean	5.4x	18x
Maximum	12.3x	80x

The transactions utilized in the selected M&A transactions analysis are not identical to the merger. In evaluating the selected M&A transactions, Covington made judgments and assumptions with regard to industry performance; general business, economic, market and financial conditions and other matters, many of which are beyond the control of On2. Mathematical analysis of selected M&A transactions (such as determining means and medians) in isolation from other analyses is not an effective method of evaluating transactions.

Covington noted that on the basis of the selected M&A transactions analysis, the merger consideration of \$0.60 per share was above the range of implied values per share of \$0.46 to \$0.51, or an enterprise value range of \$81.2 to \$89.7 million, calculated using the selected M&A transactions analysis' mean last 12-month revenue multiple and On2's last 12-month revenue ended March 31, 2009. With respect to the foregoing analysis: a) enterprise value represents equity value plus net debt, minority interest (at book value unless otherwise noted) and preferred stock; b) equity value is based on shares outstanding as of August 4, 2009 plus exercised in-the-money options and warrants; and c) net debt represents interest bearing debt, net of cash and cash equivalents and proceeds from the exercise of in-the-money options and warrants.

Discounted Cash Flow Analysis

Covington performed a discounted cash flow analysis of On2 using estimates of after-tax free cash flows for the fiscal years 2009 to 2014 based on projections and assumptions provided by On2 management for such period and historical operations. The purpose of the discounted cash flow analysis was to establish a range for the potential equity value of On2 by determining a range for the net present value of On2's projected future cash flows.

Covington calculated indications of net present value of On2's projected, after-tax free cash flows through December 31, 2014 using discount rates ranging from 19% to 23%. The range of discount rates was calculated using a weighted average cost of capital analysis that took into account the set of selected publicly traded companies discussed above. After-tax free cash flows were calculated as the after-tax operating earnings of On2 adjusted to add back non-cash expenses and public company expenses and to deduct uses of cash not reflected in the income statement. Covington then added to the present value of the after-tax free cash flows the terminal value of On2 at December 31, 2014, discounted back to the present using the same discount rates. The terminal value was computed by applying an EBITDA exit multiple of 13.0x to 15.0x. Covington then subtracted On2's net debt calculated as total debt less cash and the Covington-estimated net present value of On2's U.S. net

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operating losses based upon U.S. Internal Revenue Code § 382 assumed limitations. This analysis resulted in an illustrative range of equity values per share of On2 Common Stock of \$0.33 to \$0.39 based on a discounted cash flow analysis of On2's projections. The terminal value of On2 was also computed by discounting the projected, after-tax free cash flows through perpetuity, assuming perpetual growth rates ranging from 3.0% to 5.0% per year and using discount rates of 19% to 23%. This analysis resulted in an illustrative range of equity values per share of On2 Common Stock of \$0.22 to \$0.26 based on a discounted cash flow analysis of On2's projections.

Other Factors and Comparative Analyses

In rendering its opinion, Covington considered certain other factors and conducted certain other comparative analyses, including a review of the history of average closing prices for the shares of On2's Common Stock for the preceding five-trading-day, 20-trading-day, three-month, six-month and 12-month trading periods ending on August 4, 2009, the date of delivery of its written opinion. Based upon these average closing prices, Covington derived an implied value per share of On2 Common Stock for each trading period, both on an unadjusted basis and on a premium adjusted basis, utilizing the average median 33.3% premium derived from the screening of selected M&A transactions with a reported premium (one month prior) greater than zero based on the following criteria: (i) announced or initial filing date between January 1, 2006 and August 4, 2009; (ii) transaction status is announced, closed or effective; (iii) the primary geographic location of the target is in the U.S., or the target is listed on a U.S. exchange; (iv) the total transaction value is less than \$500 million; (v) the premium of the offer price to the target's stock price (one month prior) is less than 500%; and (vi) the transaction constitutes a change of control. A second screening was derived using, in addition to the criteria set forth above, a seventh criterion in which the primary sector of the target is information technology.

Conclusion

Based on the foregoing analyses, on August 4, 2009, Covington delivered to the On2 board of directors its oral opinion, confirmed by its written opinion dated August 4, 2009, that, as of such date and based upon and subject to the assumptions, limitations, qualifications and other conditions set forth in its written opinion, the exchange ratio provided for in the merger is fair, from a financial point of view, to the holders of On2 Common Stock.

In performing its analyses, Covington made numerous judgments and assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of On2. Any estimates contained in or underlying these analyses, including estimates of On2's future performance, are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those estimates. Additionally, analyses relating to the values of businesses or assets do not purport to be appraisals or necessarily reflect the prices at which businesses or assets may actually be sold or the prices at which any securities have traded or may trade at any time in the future. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Covington's opinion and its related analyses were only one of many factors considered by the On2 board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the On2 board of directors or management with respect to the exchange ratio or the merger.

The summary set forth above does not purport to be a complete description of the analyses performed by Covington in connection with the rendering of its opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analyses and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to summary description. Accordingly, Covington believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying its analyses and opinion. Covington did not attribute any specific weight to any factor or analysis considered by it. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that such analysis was given greater weight than any other analysis.

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Miscellaneous

The On2 board of directors selected Covington because Covington is a leading specialty investment banking firm that offers financial advisory services, particularly to companies in the middle market. Covington is regularly engaged in the valuation of businesses and securities in the preparation of fairness opinions in connection with mergers, acquisitions and other strategic transactions.

Fees and Expenses

On2 will pay Covington a fee of approximately \$800,000, of which \$50,000 has been paid with respect to financial advisory services for On2's Finnish subsidiary as described below, and of which \$750,000 is contingent upon consummation of the merger as compensation for its services in connection therewith. In addition, On2 has agreed to reimburse Covington for its reasonable out-of-pocket expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify Covington and related persons against certain liabilities relating to or arising out of services performed by Covington as financial advisor to On2. The terms of the fee arrangement with Covington, which On2 and Covington believe are customary in transactions of this nature, were negotiated at arm's length between On2 and Covington, and the On2 board of directors is aware of these fee arrangements.

Covington has, from time to time, provided certain investment banking and other financial services to On2 or its affiliates and has received compensation for such services. During the two years preceding the date of the fairness opinion, these services consisted of serving as financial advisor to On2 in connection with a potential sale of On2's Finnish subsidiary, On2 Technologies Finland Oy. In the foregoing capacity, Covington has received an aggregate of \$50,000 in compensation (excluding out-of-pocket expense reimbursement) from On2. Other than with respect to the foregoing and this engagement, Covington has not had any material relationship with any party to the merger for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated.

In the ordinary course of its business, Covington may trade in the securities and other instruments and obligations of On2 and Google for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities, instruments and obligations.

The full text of Covington's written opinion, dated August 4, 2009, to the On2 board of directors is attached hereto as Appendix B and is incorporated by reference herein.

Opinion of Duff & Phelps, LLC

On2 retained Duff & Phelps, to provide an opinion to the On2 board of directors as to the fairness, from a financial point of view, to the holders of On2 Common Stock of the exchange ratio provided for in the merger. On August 4, 2009, Duff & Phelps rendered to the On2 board of directors its oral opinion, confirmed by its written opinion dated August 4, 2009, that, as of such date and based upon and subject to the assumptions, limitations, qualifications and other conditions set forth therein, the exchange ratio provided for in the merger is fair, from a financial point of view, to the holders of On2 Common Stock (without giving effect to any impact of the merger on any particular stockholder other than in its capacity as a stockholder).

The full text of Duff & Phelps' written opinion, dated August 4, 2009, is attached to this proxy statement/prospectus as Appendix C and is incorporated herein by reference. Holders of On2 Common Stock are encouraged to read the full text of the written opinion carefully and in its entirety for a description of the assumptions made, procedures followed, matters considered and qualifications and limitations of the review undertaken in arriving at the opinion. This summary is qualified in its entirety by reference to the full text of the written opinion.

The opinion of Duff & Phelps is addressed to, and for the use and benefit of, the On2 board of directors, and relates only to the fairness of the exchange ratio provided for in the merger, from a financial point of view, to the holders of On2 Common Stock, and does not address any other aspect of the merger. Duff & Phelps' opinion also

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does not address the merits of the underlying business decision to enter into the merger versus any alternative strategy or transaction and is not a recommendation as to how the On2 board of directors or any holder of On2 Common Stock should vote or act with respect to any matters relating to the merger, or whether to proceed with the merger or any related transaction.

In connection with its opinion, Duff & Phelps made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Duff & Phelps also took into account its assessment of general economic, market and financial conditions, as well as its experience in securities and business valuation in general, and with respect to similar transactions in particular. Duff & Phelps' procedures, investigations and financial analysis with respect to the preparation of its opinion included, but were not limited to, the items summarized below:

discussed the operations, financial condition, future prospects and projected operations and performance of On2, as well as the financial terms of the merger, with the management of On2;

reviewed certain publicly available financial statements and other business and financial information of On2;

reviewed certain internal financial statements and other financial and operating data concerning On2, which On2 had identified as being the most current financial statements available;

reviewed certain financial forecasts relating to On2 prepared by the management of On2;

reviewed the merger agreement;

reviewed the historical trading price and trading volume of On2 Common Stock, Google Class A Common Stock, and the publicly traded securities of certain other publicly traded companies that Duff & Phelps deemed relevant;

compared the financial performance of On2 and the prices and trading activity of On2 Common Stock with those of certain other publicly traded companies that Duff & Phelps deemed relevant;

held discussions with senior management of, and outside advisors to, On2 regarding the process leading to the merger;

compared certain financial terms of the merger to financial terms, to the extent publicly available, of certain other business combination transactions that Duff & Phelps deemed relevant; and

conducted such other analyses and considered such other factors as Duff & Phelps deemed appropriate.

In performing its analyses and rendering its opinion with respect to the merger, Duff & Phelps, with the On2 board of directors' consent:

relied upon the accuracy, completeness and fair presentation of all information, data, advice, opinions and representations obtained from public sources or provided to Duff & Phelps from private sources, including the management of On2, and did not independently verify such information;

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assumed that any estimates, evaluations, forecasts and projections furnished to Duff & Phelps were reasonably prepared and based upon the best currently available information and good faith judgment of the management of On2;

assumed that the final versions of all documents reviewed by Duff & Phelps in draft form conform in all material respects to the drafts reviewed;

assumed that information supplied to Duff & Phelps and representations and warranties made in the merger agreement (as qualified in the merger agreement) are substantially accurate;

assumed, based on information provided by the management of On2, that the net operating loss of On2 is available, subject to Internal Revenue Code Section 382 limitations, to provide future tax benefits to On2 by offsetting taxable income through carryforwards of the net operating loss of On2;

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assumed that all of the conditions required to implement the merger will be satisfied and that the merger will be completed in accordance with the merger agreement without any amendments thereto or any waivers of any terms or conditions thereof;

relied upon the fact that the On2 board of directors and On2 have been advised by counsel as to all legal matters with respect to the merger, including whether all procedures required by law to be taken in connection with the merger have been duly, validly and timely taken; and

assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on On2 or the contemplated benefits expected to be derived in the merger.

In its analysis and in connection with the preparation of its opinion, Duff & Phelps has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of any party involved in the proposed transaction. To the extent that any of the foregoing assumptions or any of the facts on which its opinion are based prove to be untrue in any material respect, Duff & Phelps' opinion cannot and should not be relied upon.

Duff & Phelps did not make any independent evaluation, appraisal or physical inspection of On2's solvency or of any specific assets or liabilities (contingent or otherwise). Duff & Phelps' opinion should not be construed as a valuation opinion, credit rating, solvency opinion, an analysis of On2's credit worthiness, as tax advice or as accounting advice. Duff & Phelps has not been requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger, the assets, businesses or operations of On2 or any alternatives to the merger, (b) negotiate the terms of the merger and therefore, Duff & Phelps has assumed that such terms are the most beneficial terms, from On2's perspective, that could, under the circumstances, be negotiated among the parties to the merger agreement and merger, or (c) advise the On2 board of directors or any other party with respect to alternatives to the merger. In addition, the opinion does not address the prices at which shares of Google Class A Common Stock would trade following consummation of the merger and does not indicate that the consideration received is the best possibly attainable under any circumstances.

Although developments following the date of the Duff & Phelps opinion may affect the opinion, Duff & Phelps assumes no obligation to update, revise or reaffirm its opinion. The Duff & Phelps opinion is necessarily based upon market, economic and other conditions that were in effect on, and information made available to Duff & Phelps as of, the date of the opinion. You should understand that developments subsequent to August 4, 2009 may affect the conclusion expressed in the Duff & Phelps opinion, and that Duff & Phelps disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion. The Duff & Phelps opinion is limited to the fairness as of August 4, 2009, from a financial point of view, of the exchange ratio provided for in the merger to the holders of On2 Common Stock (without giving effect to any impact of the merger on any particular stockholder other than in its capacity as a stockholder).

This summary is qualified in its entirety by reference to the full text of the written opinion, attached to this proxy/prospectus as Appendix C. While this summary describes the analysis and factors that Duff & Phelps deemed material in its presentation to the On2 board of directors, it is not a comprehensive description of all analyses and factors considered by Duff & Phelps. The preparation of a fairness opinion is a complex process that involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or a summary description. In arriving at its opinion, Duff & Phelps did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. **Accordingly, Duff & Phelps believes that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all analyses and factors, could create a misleading or incomplete view of the evaluation process underlying its opinion.** The conclusion reached by Duff & Phelps was based on all analyses and factors taken as a whole, and also on the application of Duff & Phelps' own experience and judgment.

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Summary of Financial Analyses by Duff & Phelps

Set forth below is a summary of the material financial analyses performed by Duff & Phelps in connection with providing its opinion to the On2 board of directors. **Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Duff & Phelps, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses.** Rather, the analyses listed in the tables and described below must be considered as a whole; considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Duff & Phelps' opinion.

Discounted Cash Flow Analysis

Duff & Phelps performed a discounted cash flow analysis of the projected free cash flows of On2, with free cash flow defined as cash that is available either to reinvest or to distribute to security holders. The discounted cash flow analysis determined the net present value of future free cash flows utilizing a weighted average cost of capital for the discount rate. The projected free cash flows were based on financial projections and assumptions provided by On2 management for 2009 through 2014. Duff & Phelps excluded the costs associated with On2 being a publicly listed company from On2 management's financial projections because most potential acquirers of On2 would have the ability to eliminate virtually all of these costs.

Duff & Phelps estimated the present value of all cash flows after 2014, referred to herein as the terminal value, of On2 by applying a multiple ranging from 4.0x to 4.5x to projected 2014 revenue. Duff & Phelps believes that the levels of such multiples are supported by trading multiples of publicly traded companies and implied valuation multiples in merger and acquisition transactions that Duff & Phelps selected for purposes of its analysis. Duff & Phelps assumed an 18.0% to 22.0% weighted average cost of capital to discount the projected free cash flows and terminal value. Duff & Phelps believes that the discount rate is equivalent to the rate of return that security holders could expect to realize on alternative investment opportunities with similar risk profiles.

As a result of these assumptions, Duff & Phelps' discounted cash flow analysis indicated an estimated enterprise value for On2 of \$50.0 million to \$65.0 million and a range of value of On2 Common Stock, on a per share basis, of \$0.30 to \$0.40.

Selected Publicly Traded Companies Analysis

Duff & Phelps compared certain financial information of On2 to corresponding data and ratios from similar digital media companies. For purposes of its analysis, Duff & Phelps used certain publicly available historical financial data and consensus equity analyst estimates for the selected publicly traded companies. This analysis produced valuation multiples of selected financial metrics which Duff & Phelps utilized to estimate the enterprise value of On2. The 13 companies included in the selected publicly traded companies analysis were:

Adobe Systems, Inc.

ARM Holdings plc

CEVA, Inc.

Cyberlink Corp.

DivX, Inc.

Dolby Laboratories, Inc.

DTS, Inc.

MIPS Technologies, Inc.

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Nextwave Wireless, Inc.

OpenTV Corp.

SRS Labs, Inc.

Techno Mathematical Co. Ltd.

Varo Vision Co. Ltd.

Duff & Phelps selected these companies for its selected publicly traded companies analysis based on its familiarity with companies in the digital media industry and their relative similarity, primarily in terms of business model, to that of On2.

The table below reflects the observed trading multiples and the historical and projected financial performance, on an aggregate basis, of the peer group.

	EV / 2009E EBITDA	EV / LTM Revenue	EV / 2009E Revenue	Revenue Growth		2009E	EBITDA Margin	
				3-yr CAGR	LTM		2009E	2010E
Minimum	3.0x	0.58x	0.64x	-4.4%	-7.0%	-34.8%	0.6%	8.4%
Maximum	24.1x	6.60x	6.33x	125.0%	51.6%	44.6%	45.4%	51.1%
Mean	13.8x	3.21x	3.42x	23.9%	9.9%	0.4%	24.8%	29.5%
Median	13.9x	3.21x	2.95x	14.8%	4.6%	0.6%	24.7%	28.2%

LTM = Latest 12 Months

CAGR = Compounded Annual Growth Rate

Enterprise Value = (Market Capitalization) + (Debt + Preferred Stock + Minority Interest) (Cash & Cash Equivalents)

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization

Note: Financial data as of July 31, 2009

Source: Bloomberg, Capital IQ, SEC Filings

Duff & Phelps used the data above, in conjunction with data from its selected M&A transactions analysis described below to reach certain valuation conclusions described below.

The companies utilized for comparative purposes in Duff & Phelps analysis were not identical to On2. As a result, a complete valuation analysis cannot be limited to a quantitative review of the selected publicly traded companies, but also requires complex considerations and judgments concerning differences in financial and operating characteristics of such companies, as well as other factors that could affect their value relative to that of On2.

Table of Contents**Selected M&A Transactions Analysis**

Duff & Phelps compared On2 to target companies involved in merger and acquisition transactions. Duff & Phelps selected 27 precedent transactions for purposes of its analysis, as shown in the table below. The selected M&A transactions indicated enterprise value to revenue multiples for the latest 12 months ranging from 0.69x to 25.65x with a median of 2.06x.

Date Announced	Acquirer Name	Target Name
2/19/2009	IC Plus Corp.	Conwise Technology Corp.
12/22/2008	Harmonic, Inc.	Scopus Video Networks Ltd.
12/16/2008	ARM Holdings plc	Logipard AB
11/19/2008	Cavium Networks, Inc.	W&W Communications, Inc.
10/28/2008	Logitech International SA	SightSpeed, Inc.
10/20/2008	GlobalLogic, Inc.	InterObject Ltd.
10/14/2008	Maxim Integrated Products, Inc.	Mobilygen Corporation
4/4/2008	Reliance BIG Entertainment	DTS Digital Images
3/4/2008	Dialogic Corporation	OpenMediaLabs
2/29/2008	Sonic Software Company Ltd.	uMedia Digital Technology
11/8/2007	Dolby Laboratories, Inc.	Coding Technologies AB
11/7/2007	DivX, Inc.	MainConcept GmbH
8/22/2007	DivX, Inc.	Veatros, L.L.C.
5/21/2007	On2 Technologies, Inc.	Hantro Products Oy
4/12/2007	Akamai Technologies, Inc.	Red Swoosh, Inc.
4/6/2007	Nextwave Wireless, Inc.	IPWireless, Inc.
3/7/2007	TelVue Corp.	Princeton Server Group, Inc.
3/6/2007	Onstream Media Corp.	AuctionVideo, Inc.
2/27/2007	Dolby Laboratories, Inc.	BrightSide Technologies, Inc.
1/2/2007	Silicon Image, Inc.	sci-worx GmbH
12/26/2006	China Security & Surveillance Tech.	Wuhan HiEasy Electronic Tech. Dev.
9/12/2006	RealNetworks, Inc.	RealNetworks Asia Pacific Co
8/28/2006	Corel Corporation	InterVideo, Inc.
8/9/2006	MTV Networks Company	Atom Entertainment, Inc.
5/23/2006	Harris Corp.	Aastra Technologies (Digital Video Unit)
2/25/2006	VeriSign, Inc.	Kontiki, Inc.

Source: Capital IQ, SEC filings and company press releases

Summary of Selected Publicly Traded Companies / M&A Transactions Analyses

In order to estimate a range of enterprise values for On2, Duff & Phelps selected and applied valuation multiples of LTM revenue ranging from 3.0x to 4.5x based on the historical and projected financial performance of On2 as compared to the selected publicly traded companies and the target companies in the selected M&A transactions. As a result of these selected valuation multiples, the selected publicly traded companies / M&A transactions analyses indicated an estimated enterprise value for On2 of \$45.0 million to \$70.0 million and a range of value of On2 Common Stock, on a per share basis, of \$0.29 to \$0.41.

Summary of Premiums Paid Analysis

Duff & Phelps analyzed the premium over the public market trading price paid by an acquirer in change of control merger and acquisition transactions. The subset of transactions analyzed by Duff & Phelps included transactions announced after July 2007 involving target companies in the information technology industry with enterprise values between \$25 million and \$500 million. The median premiums, as a percent above the stock

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price one-day, one-week and one-month prior to the announcement of the transaction were 31%, 36% and 37%, respectively. Duff & Phelps noted that the On2 merger implies a 58% premium above the closing price of \$0.38 per share of On2 Common Stock on August 4, 2009, the last trading day immediately prior to the announcement of the merger.

Financial Analysis of Google Inc.

Because the merger consideration consists primarily of Google Class A Common Stock, Duff & Phelps prepared a financial analysis of Google. Duff & Phelps analyzed the historical trading volumes and prices and equity research analyst price targets for Google Class A Common Stock. In addition, Duff & Phelps compared certain financial information of Google to corresponding data and ratios from the following six publicly traded internet companies:

Amazon.com, Inc.

Baidu, Inc.

eBay, Inc.

IAC/InterActiveCorp.

Priceline.com, Inc.

Yahoo!, Inc.

Duff & Phelps also analyzed the following seven publicly traded leading technology companies:

Apple, Inc.

Cisco Systems, Inc.

Dell, Inc.

Intel Corporation

International Business Machines Corp.

Microsoft Corporation.

Duff & Phelps noted that, as of July 31, 2009, Google's superior historical and projected financial performance relative to these peer groups was commensurate with its enterprise value multiples, which were above the median multiples of the peer groups. Duff & Phelps also noted that the median price target of the equity analysts who cover Google was approximately \$495 per share, above the closing price of Google Class A

Common Stock as of July 31, 2009 of \$443.05.

Summary of Analyses

The range of enterprise values for On2 that Duff & Phelps derived from its discounted cash flow analysis was \$50.0 million to \$65.0 million, and the range of enterprise values that Duff & Phelps derived from its selected publicly traded companies / M&A transactions analysis was \$45.0 million to \$70.0 million. Duff & Phelps placed equal weight on each of these enterprise value ranges, which resulted in a concluded enterprise value range of \$47.5 million to \$67.5 million.

Based on the concluded enterprise value, Duff & Phelps estimated the range of common equity value of On2 to be \$50.3 million to \$71.8 million by:

subtracting debt as of March 31, 2009;

adding cash as of March 31, 2009;

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adding the estimated present value of the future tax benefits related to On2's net operating loss of approximately \$4.5 million to \$6.0 million;

subtracting non-operating liabilities including accrued restructuring charges of approximately \$1.2 million;

subtracting an anticipated legal settlement payment of approximately \$0.5 million related to the Islandia, L.P. matter in which On2 is involved; and

subtracting the intrinsic value of management options.

Based on the foregoing analysis, Duff & Phelps estimated the value per share of On2 Common Stock to range from \$0.29 to \$0.41. Duff & Phelps noted that the \$0.60 value per share of On2 Common Stock implied by the merger was above the range of the per share value indicated by its analysis.

Duff & Phelps' opinion and financial analyses were only one of the many factors considered by the On2 board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the On2 board of directors.

Miscellaneous

The On2 board of directors selected Duff & Phelps because Duff & Phelps is a leading independent financial advisory firm, offering a broad range of valuation and investment banking services, including fairness and solvency opinions, mergers and acquisitions advisory, mergers and acquisitions due diligence services, financial reporting and tax valuation, fixed asset and real estate consulting, ESOP and ERISA advisory services, legal business solutions and dispute consulting. Duff & Phelps is regularly engaged in the valuation of businesses and securities in the preparation of fairness opinions in connection with mergers, acquisitions and other strategic transactions.

Fees and Expenses

As compensation for its services in connection with the merger, On2 has agreed to pay Duff & Phelps \$150,000 due and payable as follows: \$15,000 in cash upon execution of the engagement letter to serve as financial advisor to the On2 board of directors in its review of the merger; and the remaining \$135,000 in cash upon Duff & Phelps' delivery of its opinion. No portion of Duff & Phelps' fee is contingent upon either the conclusion expressed in the opinion or whether the merger is successfully consummated. Furthermore, Duff & Phelps is entitled to be paid additional fees at Duff & Phelps' standard hourly rates for any time incurred should Duff & Phelps be called upon to support its findings subsequent to the delivery of the fairness opinion. On2 has also agreed to reimburse Duff & Phelps up to \$20,000 for its reasonable out-of-pocket expenses and reasonable fees and expenses of counsel, consultants and advisors retained by Duff & Phelps, incurred in connection with the engagement. On2 has agreed to indemnify and hold harmless Duff & Phelps and its affiliates and any other person, director, employee or agent of Duff & Phelps or any of its affiliates, or any person controlling Duff & Phelps or its affiliates, for certain losses, claims, damages, expenses and liabilities relating to or arising out of services provided by Duff & Phelps as financial advisor to the On2 board of directors. The terms of the fee arrangement with Duff & Phelps, which On2 and Duff & Phelps believe are customary in transactions of this nature, were negotiated at arm's length between On2 and Duff & Phelps, and the On2 board of directors is aware of these fee arrangements.

Other than this engagement, and a valuation of the intangible assets of Hantro Products Oy in connection with its acquisition by On2, during the two years preceding the date of the fairness opinion, Duff & Phelps has not had any material relationship with any party to the merger for which compensation has been received or is intended to be received, nor is any such material relationship or related compensation mutually understood to be contemplated.

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The full text of Duff & Phelps' written opinion, dated August 4, 2009, to the board of directors of On2 is attached hereto as Appendix C and is incorporated by reference herein.

Financial Projections

On2 does not as a matter of course publicly disclose financial projections. However, On2 provided each of Covington and Duff & Phelps with financial projections prepared by On2's management that were used by such financial advisors for the purpose of preparing the discounted cash flow analysis used in rendering such advisors' respective fairness opinions, as described in this proxy statement/prospectus under "The Merger Opinion of Covington Associates, LLC" beginning on page 55 and "The Merger Opinion of Duff & Phelps, LLC" beginning on page 63. These projections are included in this proxy statement/prospectus solely because such projections were made available to Covington and Duff & Phelps as described in the preceding sentence.

Financial Projections Provided by On2 to its Financial Advisors

(all amounts in thousands and all are approximations)

	2009	2010	2011	2012	2013	2014
Revenue	\$ 18,145	\$ 21,950	\$ 23,169	\$ 24,126	\$ 26,049	\$ 30,911
Operating Expenses	19,545	21,072	21,704	22,461	23,591	26,422
EBITDA (defined as projected income from operations before interest, taxes, depreciation and amortization)	(1,401)	877	1,465	1,665	2,458	4,489
Adjustments						
R&D Cost Reimbursement (other income)	(821)	(400)				
Public Company Costs	(1,729)	(1,815)	(1,906)	(2,002)	(2,102)	(2,207)
Total Adjustments	(2,550)	(2,215)	(1,906)	(2,002)	(2,102)	(2,207)
Adjusted EBITDA	1,149	3,093	3,371	3,666	4,560	6,695

At the time the financial projections set forth above were prepared, the projections represented the best estimates and judgments of On2's management and, to the best of On2 management's knowledge and belief, the future financial performance of On2. While the financial projections set forth above were prepared in good faith, no assurance can be given regarding future events. The financial projections are subjective in many respects and are thus susceptible to interpretation and periodic revision based on actual experience and recent developments. Accordingly, the financial projections set forth above cannot be considered a reliable predictor of future operating results. The financial projections were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information or published guidelines of the SEC regarding forward-looking statements. Although presented with numeric specificity, the financial projections reflect numerous estimates and assumptions that may not be realized and are subject to significant uncertainties and contingencies, many of which are beyond the control of On2. In light of the foregoing, as well as the uncertainties inherent in any financial projections, On2 stockholders are cautioned not to unduly rely on these financial projections as a predictor of future operating results or otherwise.

The financial projections of On2 included in this proxy statement/prospectus have been prepared by, and are the responsibility of, the management of On2. Neither On2's independent registered public accounting firm nor any other independent accounting firm has examined, compiled or performed any procedures with respect to these financial projections and, accordingly, no opinion or any other form of assurance on such information or its achievability is expressed with respect thereto.

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On2's financial projections were prepared using primarily the same methodologies, to the extent applicable, as those used to prepare its historical financial statements. Significant assumptions underlying On2's financial projections included the following:

Revenue projections are not materially and negatively affected by changes in competition, market conditions, costs to obtain sales or by On2's ability to attract and retain employees in multiple geographic regions.

On2's ability to increase revenue while leveraging current operating expense levels and headcount levels with limited incremental investment and limited increase in costs and headcount.

No additional goodwill and intangible impairment.

No additional restructuring expenses and no requirement to materially decrease staffing levels.

Employee related costs, such as salaries, benefits, hiring and retaining costs do not materially increase per employee and are comparable to current levels of cost per employee.

The incurrence of minimal one-time or non-recurring costs in the future periods.

The current office and IT infrastructures requirements and related costs will not change materially and capital expenditures will be less than \$250,000 per year.

Research and development expense percentage growth will be slower than revenue percentage growth and will decrease as a percentage of revenue in the future periods by leveraging current research and development investment levels.

Sales and marketing expense percentage growth will be faster than revenue percentage growth and will increase as a percentage of revenue in the future period in order to increase marketing for targeted markets and geographies as well as expected increase in costs for sales staff and sales agents to support increased revenue.

General and administrative expense percentage growth will be slower than revenue percentage growth and will decrease as a percentage of revenue in the future period by leveraging current general and administrative investment levels.

Working capital will increase to support operations and repay outstanding indebtedness.

VP8 support in an existing customer's ubiquitous multimedia player in late 2009, with 12 months to broad acceptance (late 2010), driving growth of embedded sales in 2011 and beyond.

One customer reports \$3 million in royalties in 2013 and two customers do so in 2014.

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VP8 support in one of the top two browser-based ubiquitous multimedia players, driving growth of embedded sales in 2013 and beyond.

Flix Encoder business increases slightly in 2010 due to VP8 support in the existing customer's ubiquitous multimedia player.

Release of VP8 register transfer level (RTL) design in late 2010, driving RTL license revenue in 2011 and forward, with receipt of royalties beginning in 2014.

The estimates and assumptions underlying these financial projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions. In any event, these estimates and assumptions may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, all of which are difficult to predict and many of which are beyond the control of On2. In addition, these financial projections represent On2's evaluation of its future financial performance on a stand-alone basis, and without reference to the proposed merger or transaction-related costs or benefits. Accordingly, there can be no assurance that the projected results would be

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realized or that actual results would not differ materially from those presented in the financial projections. The inclusion of these financial projections should not be interpreted as an indication that On2 considers this information a reliable prediction of future results, and this information should not be unduly relied on for that purpose.

THESE FINANCIAL PROJECTIONS ARE CONSIDERED FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (SEE CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS ON PAGE 18, RISK FACTORS ON PAGE 19 AND OTHER RISK FACTORS AS DISCLOSED IN ON2'S FILINGS WITH THE SEC WHICH ARE INCORPORATED BY REFERENCE HEREIN). ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE ASSUMPTIONS MADE IN PREPARING THE ON2 PROJECTIONS WILL PROVE ACCURATE, AND ACTUAL RESULTS MAY BE MATERIALLY DIFFERENT THAN THOSE CONTAINED IN THE ON2 PROJECTIONS. EXCEPT TO THE EXTENT REQUIRED UNDER THE FEDERAL SECURITIES LAWS, ON2 DOES NOT INTEND TO DISCLOSE PUBLICLY ANY UPDATE OR OTHER REVISION TO THESE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS OR CHANGES IN GENERAL ECONOMIC OR INDUSTRY CONDITIONS.

On2 Executive Officers and Directors Have Financial Interests in the Merger

In considering the recommendation of the On2 board of directors that you vote to approve the merger proposal, you should be aware that certain On2 executive officers and directors have financial interests in the merger that are different from, or in addition to, those of On2's stockholders generally and that are described below. The members of On2's board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement, and in recommending to the stockholders that the merger agreement be approved.

Employment of On2 Executive Officers and Merger Key Employees by Google after the Merger

Certain executives and the merger key employees described below have been given offers by Google for employment after the merger. All of these agreements and the payments made pursuant to the agreements are contingent upon consummation of the merger.

James Bankoski, who is currently On2's Senior Vice President of Core Technologies and Chief Technology Officer, will serve as an Engineering Manager at Google. The employment offer with Google supersedes and replaces Mr. Bankoski's existing employment agreement with On2, dated July 30, 2007. The employment offer with Google provides that Mr. Bankoski will receive an annual salary of \$165,000 and will be eligible to participate in Google's bonus program. Pursuant to the offer, Mr. Bankoski will also be eligible to receive a special retention bonus in the amount of \$1 million, which will be payable as follows: \$300,000 on the one-year anniversary of the effective time, \$300,000 on the two-year anniversary of the effective time and \$400,000 on the three-year anniversary of the effective time, provided that he continues to be employed by Google on each anniversary date. Further and pursuant to the offer, Mr. Bankoski will receive a one-time grant of 2,500 Google Restricted Stock Units that will vest at a rate of 30% on the one-year anniversary of the effective time, 30% on the two-year anniversary of the effective time and 40% on the three-year anniversary of the effective time, subject to his continued employment with Google through each applicable date. In addition, the offer provides that upon approval by Google's board of directors, Mr. Bankoski will be granted 500 Google Restricted Stock Units as a new hire grant that will vest in four equal annual installments beginning on the date one year after the effective time, subject to his continued employment with Google through each applicable date.

Paul Wilkins, who is currently On2's Senior Vice President of Research and Development and Chief Technology Officer, will be employed as a member of Google's technical staff. The employment offer with Google supersedes and replaces all previous letters of engagement, agreements and arrangements related to

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employment matters between Mr. Wilkins and On2. The employment offer with Google provides that Mr. Wilkins will receive a gross annual salary of £100,000 GBP. Pursuant to the offer, Mr. Wilkins will also be eligible to receive a special retention bonus in the amount of £600,000 GBP, which will be payable as follows: £180,000 GBP on the one-year anniversary of the effective time, £180,000 GBP on the two-year anniversary of the effective time and £240,000 GBP on the three-year anniversary of the effective time, provided that he continues to be employed by Google on each anniversary date. Further and pursuant to the offer, Mr. Wilkins will receive a one-time grant of 2,500 Google Restricted Stock Units that will vest at a rate of 30% on the one-year anniversary of the effective time, 30% on the two-year anniversary of the effective time and 40% on the three-year anniversary of the effective time, subject to his continued employment with Google through each applicable date. In addition, the offer provides that upon approval by Google's board of directors, Mr. Wilkins will be granted 400 Google Restricted Stock Units as a new hire grant that will vest in four equal annual installments beginning on the date one year after the effective time, subject to his continued employment with Google through each applicable date. Also, in order to terminate his employment, Google must provide Mr. Wilkins with three months written notice; provided that Google may pay the relevant net salary in lieu of notice. Relevant net salary is three months gross salary, which is £25,000 GBP, minus applicable withholdings, including tax and national insurance.

Yaowu Xu, who is currently On2's Vice President Codec Development, will be employed as a member of Google's technical staff. The employment offer with Google supersedes and replaces all previous letters of engagement, agreements and arrangements related to employment matters between Mr. Xu and On2. The employment offer with Google provides that Mr. Xu will receive an annual salary equal to \$150,000 and will be eligible to participate in Google's bonus program. Pursuant to the offer, Mr. Xu will also be eligible to receive a special retention bonus in the amount of \$840,000, which will be payable as follows: \$252,000 on the one-year anniversary of the effective time, \$252,000 on the two-year anniversary of the effective time and \$336,000 on the three-year anniversary of the effective time, provided that he continues to be employed by Google on each anniversary date. Further and pursuant to the offer, Mr. Xu will receive a one-time grant of 2,100 Google Restricted Stock Units that will vest at a rate of 30% on the one-year anniversary of the effective time, 30% on the two-year anniversary of the effective time and 40% on the three-year anniversary of the effective time, subject to his continued employment with Google through each applicable date. In addition, the offer provides that upon approval by Google's board of directors, Mr. Xu will be granted 330 Google Restricted Stock Units as a new hire grant that will vest in four equal annual installments beginning on the date one year after the effective time, subject to his continued employment with Google through each applicable date.

Matthew Frost, who is currently On2's Interim Chief Executive Officer and Chief Operating Officer, will be employed in the position of Senior Advisor, Business and Legal Affairs for a 12-month period after the effective time. The offer of fixed-term employment with Google supersedes and replaces Mr. Frost's existing employment agreement with On2, dated October 16, 2008. The offer of fixed-term employment with Google provides that he will receive an annual salary of \$250,000 and that he will be entitled to a completion and non-competition bonus in the amount of \$500,000, payable as follows: \$150,000 six months from the effective time, \$150,000 nine months from the effective time and \$200,000 12 months from the effective time, provided that he is employed in good standing at each applicable date. Mr. Frost's offer of fixed-term employment further provides that if he is terminated without cause prior to the end of his 12-month employment with Google, he will receive the full \$500,000 completion and non-competition bonus. Additionally, the offer of fixed-term employment provides that when Mr. Frost's employment is terminated or if he resigns for good reason, he will receive severance payments equal to 12 months base salary, which is \$250,000, plus 12 months of benefits coverage, which has an estimated value of \$14,217.

Timothy Reusing, who is currently On2's General Counsel, Executive Vice President, Corporate and Business Development and Secretary, will be employed in the position of Senior Legal and Business Advisor for a 12-month period after the effective time. The offer of fixed-term employment with Google supersedes and replaces Mr. Reusing's existing employment agreement with On2, dated September 15, 2008. The offer of fixed-term employment with Google provides that he will receive an annual salary of \$230,000 and that he will be

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entitled to a completion and non-competition bonus in the amount of \$460,000, payable as follows: \$138,000 six months from the effective time, \$138,000 nine months from the effective time and \$184,000 12 months from the effective time, provided that he is employed in good standing at each applicable date. Mr. Reusing's offer of fixed-term employment further provides that if he is terminated without cause prior to the end of his 12-month employment with Google, he will receive the full \$460,000 completion and non-competition bonus. Additionally, the offer of fixed-term employment provides that when Mr. Reusing's employment is terminated or if he resigns for good reason, he will receive severance payments equal to 12 months base salary, which is \$230,000, plus 12 months of benefits coverage, which has an estimated value of \$14,181.

For purposes of Messrs. Frost's and Reusing's offers of fixed-term employment with Google, good reason means the occurrence of any of the following: (i) a material diminution in base compensation, authority, duties or responsibilities; (ii) a material diminution in the authority, duties or responsibilities of the person or committee to whom the executive reports; (iii) a material change in the geographic location at which the executive must perform services or (iv) any other action or inaction that constitutes a material breach by Google of the agreement.

For purposes of Messrs. Frost's and Reusing's offers of fixed-term employment with Google, cause is defined as (i) willful and continued failure to perform the executive's primary job responsibilities; (ii) conviction of, or a plea of guilty or nolo contendere to any felony or crime involving dishonesty or fraud; (iii) intentional breach of any of Google's material policies; (iv) willful conduct by the executive that is demonstrably and materially injurious to Google, monetarily or otherwise; or (v) a material breach of the executive's obligations under the agreement.

For purposes of Messrs. Frost's and Reusing's offers of fixed-term employment with Google, good standing is defined as performing at a level reasonably determined by Google to meet reasonable expectations or better.

Acceleration of Vesting of Equity Compensation

On2 Options

Subject to the terms and conditions of the merger agreement, each On2 Option that is outstanding immediately prior to the effective time of the merger, including those held by certain On2 directors and executive officers, will become fully vested and, to the extent unexercised, each holder of an On2 Option with an exercise price that is less than \$0.60 will be entitled to receive a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the quotient of (i) \$0.60 multiplied by the aggregate number of shares of On2 Common Stock underlying the On2 Option less the sum of the aggregate exercise price of the On2 Option and any income or withholding tax required under applicable law, and (ii) the trading price, as more fully described in the section entitled "The Merger Agreement Treatment of On2 Stock Options and Other Equity-Based Awards *On2 Stock Options*". If the preceding formula results in the holder of an On2 Option receiving a fractional share, the holder of such option will receive a cash payment equal to the product of such fractional share and the trading price, without interest. Each On2 Option with an exercise price that is \$0.60 or greater will be cancelled at the effective time of the merger, and the holder of such option will receive no consideration for such cancellation.

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As of September 9, 2009, On2 executive officers and directors held the following number of On2 Options with an exercise price of less than \$0.60:

Name	Number of Fully Vested On2 Options Held (1)	Number of Unvested On2 Options Vesting in Connection with the Merger	Value of Accelerated Vesting of Unvested On2 Options (2)
<i>Executive Officers</i>			
Matthew Frost	386,667	193,333	\$ 38,667
Tim Reusing	166,666	83,334	\$ 15,000
James Bankoski	34,333	68,667	\$ 13,733
Wayne Boomer	0	0	0
Paul Wilkins	34,333	68,667	\$ 13,733
Yaowu Xu	20,000	140,000	\$ 36,000
<i>Directors</i>			
J. Allen Kosowsky	205,000	0	0
Thomas Weigman	365,000	0	0
Mike Kopetski	75,000	0	0
Mike Alfant	75,000	0	0
Afsaneh Naimollah	75,000	0	0
James Meyer	90,000	0	0

- (1) Indicates the number of On2 Options held by each executive officer and director that have previously become vested and exercisable in accordance with their terms and not as a result of the merger agreement. Numbers presented above include 46,667 On2 Options held by Mr. Frost, 83,333 On2 Options held by Mr. Reusing, 34,333 On2 Options held by Mr. Bankoski, 34,333 On2 Options held by Mr. Wilkins and 20,000 On2 Options held by Mr. Xu that will vest in accordance with their terms on September 25, 2009, which is prior to the effective time of the merger.
- (2) Value determined by multiplying the number of unvested On2 Options by the difference between \$0.60 and the exercise price of the On2 Options. Does not include a deduction for any income or withholding taxes. Number and value of shares of Google Class A Common Stock received will vary depending on the trading price of Google Class A Common Stock.

As of September 9, 2009, On2 executive officers and directors held the following number of On2 Options with an exercise price of \$0.60 or greater, which On2 Options will be cancelled at the effective time of the merger for no consideration: Matthew Frost (285,000), James Bankoski (100,000), Paul Wilkins (162,500), Yaowu Xu (64,000), J. Allen Kosowsky (305,000), Thomas Weigman (75,000), Mike Kopetski (215,000), Mike Alfant (125,000), Afsaneh Naimollah (75,000) and James Meyer (90,000).

On2 Restricted Stock

Each grant of On2 restricted stock will become vested as of the effective time of the merger, and each holder of such On2 restricted stock, including On2 directors and executive officers, will be entitled to a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the quotient of (i) \$0.60 multiplied by the number of shares of On2 restricted stock less any income or withholding tax required under applicable law, and (ii) the trading price, as more fully described in the section entitled *The Merger Agreement Treatment of On2 Stock Options and Other Equity-Based Awards On2 Restricted Stock*. If the preceding formula results in the holder of On2 restricted stock receiving a fractional share, the holder of such On2 restricted stock will receive a cash payment equal to the product of such fractional share and the trading price.

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As of September 9, 2009, On2 executive officers and directors held the following number of shares of On2 restricted stock:

Name	Number of Shares of On2 Restricted Stock Held (1)	Value of Accelerated Vesting of On2 Restricted Stock (2)
<i>Executive Officers</i>		
Matthew Frost	330,000	\$ 198,000
Tim Reusing	195,000	\$ 117,000
James Bankoski	211,666	\$ 127,000
Wayne Boomer	242,000	\$ 145,200
Paul Wilkins	0	0
Yaowu Xu	98,333	\$59,000
<i>Directors</i>		
J. Allen Kosowsky	374,194	\$ 224,516
Thomas Weigman	129,032	\$77,419
Mike Kopetski	193,548	\$ 116,129
Mike Alfant	179,743	\$ 107,846
Afsaneh Naimollah	129,032	\$77,419
James Meyer	161,290	\$96,774

- (1) Numbers presented above do not include 125,000 shares of On2 restricted stock held by Mr. Frost which will vest in accordance with their terms on September 25, 2009 and 25,000 shares of On2 restricted stock held by Mr. Reusing which will vest in accordance with their terms on September 18, 2009.
- (2) Value determined by multiplying the number of shares of On2 restricted stock held by \$0.60. Does not include a deduction for any income or withholding taxes. Number and value of shares of Google Class A Common Stock received will vary depending on the trading price of Google Class A Common Stock.

On2 Restricted Stock Units (RSUs)

All 214,166 outstanding On2 RSUs, which are currently held by Paul Wilkins, will be fully vested as of the effective time of the merger. As a result, in connection with the merger, Mr. Wilkins will be entitled to receive \$0.60 multiplied by the aggregate number of shares of On2 Common Stock underlying such On2 RSUs, or \$128,500, less any income or employment tax withholding required under the Internal Revenue Code or federal, state, local or foreign law, paid entirely in cash.

On2 Technologies, Inc. Retention and Severance Plan

On August 4, 2009, the Compensation Committee of On2's board of directors adopted the On2 Technologies, Inc. Retention and Severance Plan (which is referred to herein as the Retention Plan) in connection with the proposed merger. Under the Retention Plan, upon the consummation of the merger, nine employees, including Messrs. Frost, Reusing and Boomer, will receive a retention bonus payment that is a percentage of his or her annual salary, so long as such employee is still employed by On2 as of the closing date of the merger. The percentage applicable to each eligible employee was determined by the On2 board of directors or the Compensation Committee. The retention bonus payments are payable in a lump sum within 30 days following the closing date of the merger. The amounts that Messrs. Frost, Reusing and Boomer are eligible to receive as retention bonus payments under the Retention Plan are \$250,000, \$172,500 and \$80,000, respectively.

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The Retention Plan also provides for severance benefits for all employees, which includes certain executive officers, of On2 or its subsidiaries (other than employees of On2 Technologies Finland Oy) not otherwise covered by existing severance agreements (whom we refer to as participants). These severance benefits will be paid to any participant under the following circumstances, as further described below:

The participant is terminated or is advised in writing that he or she will not be receiving an offer of employment, in each case for any reason on or before the 60th date after the closing date (except for cause, as defined in the Retention Plan);

The participant does not receive an offer of employment within 60 days after the closing date and his or her employment is terminated (by the participant, Google or On2); or

The participant declines an offer of employment made within 60 days after the closing date and his or her employment is then terminated (by the participant, Google or On2) within 45 days after such participant's receipt of the offer of employment.

Participants who meet the conditions set forth above will receive a severance payment equal to three months of such participant's base salary, to be paid in a lump sum within 30 days after signing a separation agreement and release if such participant is under 40 years old, or within 38 days after signing a separation agreement and release if such participant is 40 years old or older. Participants terminated by Google or On2 for any reason other than cause, as defined in the Retention Plan, before the completion of the 60-day period after the closing of the merger will also be paid their base salary and continue to receive standard benefits as if they had been employed during such 60-day period; provided that participants who voluntarily terminate employment prior to the 60-day period after the closing date and prior to receipt of an offer of employment or are terminated for cause will not be entitled to a severance payment. No participant may receive both severance under the Retention Plan and severance under alternative severance agreements or arrangements with On2, but may only receive the severance payments under whichever arrangement offers such participant the greatest amount of pay. The maximum aggregate amount that any of On2's executive officers would be eligible to receive as severance payments under the Retention Plan is \$40,000, payable to Wayne Boomer.

As noted above, participants may receive the greater of the payments that such participant is entitled to under the severance provisions of the Retention Plan or alternative severance agreements or arrangements. Although Messrs. Frost and Reusing would have been entitled to severance payments under their On2 employment agreements, in light of their offers of fixed-term employment from Google, such severance provisions and the severance payments under the Retention Plan are not applicable. However, as described above, Messrs. Frost and Reusing may be eligible for severance payments under their offers of fixed-term employment from Google. Although Messrs. Bankoski and Wilkins would have been entitled to severance payments under their On2 employment agreements, in light of their offer letters from Google, such severance provisions and the severance payments under the Retention Plan are not applicable. Mr. Wilkins is entitled to a three-month notice period upon termination of employment, and Google reserves the right to pay the relevant net salary in lieu of notice. Relevant net salary is three months gross salary, which is £25,000 GBP, minus applicable withholdings, which includes tax and national insurance. Mr. Xu is not entitled to severance.

Protection of On2 Directors and Officers Against Claims

The surviving entity has agreed to, and Google has agreed to cause the surviving entity of the merger to, honor and fulfill all rights existing as of August 4, 2009 to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger, in favor of the current or former directors or officers of On2 and its subsidiaries under their respective certificates of incorporation, bylaws and any indemnification or other agreements of On2 or its subsidiaries as in effect on August 4, 2009, and cause such rights to survive the merger and continue in full force and effect in accordance with their terms. Additionally, for a period of 6 years from and after the effective time of the merger, the surviving entity has agreed to, and Google has agreed to cause the surviving entity of the merger to, (i) cause the

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certificate of incorporation and bylaws of the surviving entity to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of current and former officers and directors of On2 and its subsidiaries than are set forth in the certificate of incorporation and bylaws of On2 and (ii) not amend, repeal or otherwise modify such provisions in any manner that would adversely affect any right of any person benefited by such provisions.

Google has also agreed to cause the surviving entity to provide directors' and officers' liability insurance from a reputable and financially sound carrier in respect of acts or omissions occurring at or prior to the effective time of the merger covering each current or former director or officer of On2 and its subsidiaries currently covered by On2's officers' and directors' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on August 4, 2009. Additionally, the surviving entity is not required to incur aggregate annual premium expenses in excess of 200% of the amount paid by On2 for coverage for its last fiscal year. Prior to the effective time of the merger, On2 may, and if directed by Google prior to the effective time of the merger is required to, also obtain a prepaid tail directors' and officers' liability insurance policy with a claims period of six years following the effective time of the merger.

Google's Reasons for the Merger

At a meeting held on July 7, 2009, Google's board of directors approved the merger agreement and determined that the merger agreement and the merger are in the best interests of Google and its stockholders. In reaching this decision, Google's board of directors considered the financial performance and condition, business operations and prospects of each of Google, On2 and the combined company, the terms and conditions of the merger agreement and the ancillary documents, the results of the due diligence investigation conducted by Google's employees and management, accountants and legal counsel and the analysis presented by Google's legal and financial advisors.

Google's board of directors also considered a number of potential benefits of the merger, including those listed below:

the benefits of acquiring versus building compression/decompression, or codec, technology expertise in order to drive next generation codec development and differentiation in quality;

the ability to provide better quality and more efficient video codec to users, publishers and advertisers, that would encourage application adoption and video publishing and advertising on the internet;

the potential bandwidth costs savings assuming successful integration and implementation of the newest On2 codec; and

the benefits of not being dependent on codecs licensed from third parties.

Google's board of directors also considered a number of potentially negative factors, including those listed below:

the risk that the value of On2's business could decline after the execution of the merger agreement;

the risk that the potential benefits of the merger would not be realized fully as a result of challenges Google might face in integrating and deploying On2's technology and personnel;

the risk that, if the merger is not completed, Google's management would have devoted significant time and resources to the merger at the expense of attending to and growing Google's business or seeking out other business opportunities;

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the possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of Google and/or On2;

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the risk that regulatory agencies may not approve the merger or may impose terms and conditions on their approvals that would either materially impair the business operations of the combined company or adversely impact the ability of the combined company to realize the synergies that are projected to occur in connection with the merger;

the potential for diversion of management and employee attention and for increased employee attrition during the period prior to the completion of the merger, and the potential effect of the merger on On2's business and relations with customers;

the risk that Google may assume liability for the activities of On2 before the completion of the acquisition, including patent and trademark infringement claims, claims from employees and customers, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and

the other risks described above under Risk Factors.

The foregoing list comprises the material factors considered by Google's board of directors in its consideration of the merger and intended to be a summary rather than an exhaustive list. In view of the variety and complexity of factors and information considered, Google's board of directors did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its decision. Rather, the decision was made after consideration of all of the factors as a whole. In addition, individual members of Google's board of directors may have given different weight to different factors.

Board of Directors and Management of Google Following Completion of the Merger

Upon completion of the merger, the current directors and officers of Google are expected to continue in their current positions. Information about the current Google directors and executive officers can be found in the documents listed under the heading "Google SEC Filings" in the section entitled "Where You Can Find More Information" beginning on page 115.

Public Trading Markets

Google Class A Common Stock trades on The Nasdaq Global Select Market under the symbol GOOG. On2's Common Stock trades on the NYSE Amex under the symbol ONT. Upon completion of the merger, On2 Common Stock will be delisted from its exchange and deregistered under the Exchange Act. The newly issued Google Class A Common Stock issuable pursuant to the merger agreement will be listed on The Nasdaq Global Select Market. The shares of Google Class A Common Stock to be issued in connection with the merger will be freely transferable under the Securities Act.

Google's Dividend Policy

Google has never declared or paid any cash dividend on its Class A Common Stock. Google does not expect to pay any dividends in the foreseeable future.

Regulatory Clearances Required for the Merger

Google and On2 have agreed to use reasonable best efforts to obtain as promptly as practicable all regulatory clearances that are required to complete the transactions contemplated in the merger agreement. This includes filing all required notices to governmental authorities, including the required filings with the Department of Justice, referred to herein as the DOJ, and the Federal Trade Commission, referred to herein as the FTC, pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to herein as the HSR Act. Google and On2 have completed, or will complete, the filing of the applications to obtain the

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applicable regulatory clearances. Google and On2 are not permitted to complete the merger until the applicable waiting periods under the HSR Act have expired or been terminated. The required notifications under the HSR Act were filed on August 21, 2009 by each of Google and On2.

Based upon an examination of information available relating to the businesses in which the companies are engaged, Google and On2 believe that the completion of the merger will not violate any U.S. antitrust laws. However, either the DOJ or FTC could open an investigation of the merger that could extend the statutory waiting period, and could also challenge or seek to block the merger under the antitrust laws, as it deems necessary or desirable in the public interest, before or after the statutory waiting period, and even after completion of the merger. State attorneys general in the various states in which Google and On2 operate may also open an investigation of the merger. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after completion of the merger. Google and On2 cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Google and On2 will prevail.

Litigation Related to the Merger

Since the proposed merger was announced on August 5, 2009, On2 has been served with five purported class action complaints, four filed in the Court of Chancery of the State of Delaware, which have been consolidated into a single action, and another filed in the Supreme Court of the State of New York, County of Queens. While the order consolidating the Delaware complaints requires a consolidated amended complaint that has not yet been filed, the prior complaints generally allege, among other things, that the members of the On2 board of directors breached their fiduciary duties to the stockholders of On2 in connection with negotiating and entering into the merger agreement and that Google and On2 aided and abetted in such alleged breaches of the directors' duties. The complaints seek, among other things, declaratory and injunctive relief (including enjoining the closing of the proposed merger) and two of the Delaware complaints also seek damages in an unspecified amount. The complaint filed in New York State Supreme Court asserts claims similar to those made in the Delaware actions and seeks similar relief. On2 and Google believe these claims are without merit and intend to contest such allegations vigorously.

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THE MERGER AGREEMENT

The following section describes the material terms of the merger agreement. This description of the merger agreement is qualified in its entirety by reference to the full text of the merger agreement, which is attached as Appendix A to this proxy statement/prospectus and is incorporated herein by reference. The merger agreement has been included to provide you with information regarding its terms. Google and On2 encourage you to read the entire merger agreement. The merger agreement is not intended to provide any other factual information about Google or On2. Such information can be found elsewhere in this proxy statement/prospectus and in the other public filings that each of Google and On2 makes with the SEC, which are available without charge at www.sec.gov.

The Merger

Each of the On2 board of directors and the Google board of directors has approved the merger agreement, which provides for the merger of Oxide Inc. with and into On2, with On2 continuing as a direct, wholly owned subsidiary of Google.

Per Share Merger Consideration

Each share of On2 Common Stock that is issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the following exchange ratio (rounded to the nearest fourth decimal point): \$0.60 divided by the trading price, which is the volume weighted average trading price of a share of Google Class A Common Stock based on the sales price of every share of Google Class A Common Stock traded during the 20 trading days immediately up to and including the second trading day prior to the date of the special meeting at which On2 stockholders will consider and vote on the merger agreement.

The exchange ratio will be adjusted appropriately to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into shares of Google Class A Common Stock or On2 Common Stock), reorganization, recapitalization, reclassification or other similar change with respect to Google Class A Common Stock or On2 Common Stock having a record date on or after the date of the merger agreement but before the completion of the merger.

No fractional shares of Google Class A Common Stock will be issued in connection with the merger. Instead, each On2 stockholder otherwise entitled to a fraction of a share of Google Class A Common Stock (after aggregating all fractional shares of Google Class A Common Stock issuable to such stockholder) will be entitled to receive an amount in cash (rounded to the nearest whole cent), without interest, determined by multiplying such fraction by the trading price.

Completion of the Merger

The merger agreement requires the parties to complete the merger after all of the conditions to the completion of the merger contained in the merger agreement are satisfied or waived, including the adoption of the merger agreement by the On2 stockholders. The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware, or at such later time as is agreed to by Google, Oxide and On2 and specified in the certificate of merger. Because the completion of the merger is subject to the receipt of governmental and regulatory clearances, the expiration of certain waiting periods and the satisfaction of other conditions, the exact timing of the completion of the merger cannot be predicted.

Conversion of Shares; Exchange of Certificates

The merger agreement provides that Google will select a bank or trust company, reasonably acceptable to On2, to act as the exchange agent. The merger agreement provides that (i) on or prior to the date of completion of

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the merger, Google will make available to the exchange agent a sufficient number of shares of Google Class A Common Stock in exchange for On2 capital stock and issuable with respect to in-the-money On2 Options and (ii) from time to time, Google will make available to the exchange agent a sufficient amount of cash to make payments in lieu of fractional shares. The exchange agent will be entitled to deduct and withhold from the consideration payable or deliverable to any On2 stockholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, such amounts will be treated for all purposes of the merger as having been paid to the stockholders from whom they were withheld.

The merger agreement contemplates that, promptly following the completion of the merger, the exchange agent will mail to each record holder of On2 capital stock or On2 Options immediately prior to the completion of the merger a letter of transmittal and instructions for surrendering and exchanging such record holder's On2 Common Stock certificates or written evidence of ownership of On2 Options. The merger agreement provides that, upon surrender of an On2 Common Stock certificate or written evidence of ownership of On2 Options for exchange to the exchange agent (or upon receipt of an appropriate agent's message in the case of book-entry shares), together with a duly signed and completed letter of transmittal and such other documents as the exchange agent or Google may reasonably require, the holder of the On2 Common Stock certificate or written evidence of ownership of On2 Options will be entitled to receive the following:

the number of shares of Google Class A Common Stock calculated based on the exchange ratio; and

cash in lieu of any fractional share of Google Class A Common Stock, without interest.

Delivery of shares of Google Class A Common Stock to be received in the merger may, at Google's election, be in book-entry form unless a physical stock certificate is requested or is otherwise required by applicable law.

After the completion of the merger, all holders of certificates representing shares of On2 Common Stock that were outstanding immediately prior to the completion of the merger will cease to have any rights as stockholders of On2, other than the right to receive the merger consideration and any rights to dividends or other distributions. In addition, no transfer of On2 Common Stock after the completion of the merger will be registered on the stock transfer books of On2.

If any On2 Common Stock certificate or written evidence of ownership of On2 Options has been lost, stolen or destroyed, the exchange agent will issue the merger consideration in exchange for such lost, stolen or destroyed On2 Common Stock certificate or written evidence of ownership of On2 Options upon the delivery of an affidavit by the owner of such On2 Common Stock certificate or written evidence of ownership of On2 Options certifying that such On2 Common Stock certificate or written evidence of ownership of On2 Options has been lost, stolen or destroyed. However, Google and/or the exchange agent may, in its discretion and as a condition to the payment of cash or the issuance of any shares of Google Class A Common Stock in exchange therefor, also require the owner of such lost, stolen or destroyed On2 Common Stock certificate or written evidence of ownership of On2 Options to deliver a bond as indemnity against any claim that may be made with respect to that On2 Common Stock certificate or written evidence of ownership of On2 Options against Google, the surviving entity or the exchange agent.

On2 Common Stock certificates or written evidence of ownership of On2 Options should not be surrendered for exchange by On2 stockholders before the completion of the merger and should be sent only pursuant to instructions set forth in the letter of transmittal, which the merger agreement provides will be mailed to On2 stockholders as promptly as practicable following the completion of the merger. In all cases, the shares of Google Class A Common Stock and cash in lieu of fractional shares will be delivered only in accordance with the procedures set forth in the letter of transmittal.

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Treatment of On2 Stock Options and Other Equity-Based Awards***On2 Stock Options***

No outstanding On2 Option to acquire On2 Common Stock granted under On2's stock incentive plans (whether vested or unvested) will be assumed by Google. Subject to the terms and conditions of the merger agreement, each On2 Option that is outstanding immediately prior to the effective time of the merger will become fully vested, and, to the extent unexercised, each holder of an On2 Option with an exercise price that is less than \$0.60 will be entitled to receive a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the following exchange ratio:

(a) \$0.60 multiplied by the aggregate number of shares of On2 Common Stock underlying such holder's option(s) less (b) the aggregate exercise price and any income or employment tax withholding required under federal, state, local or foreign law;

divided by

the trading price.

If this formula produces a fractional share, the holder of the On2 Option will receive a cash payment equal to the product obtained by multiplying such fractional share by the trading price, without interest, less any income or employment tax withholding required under the Internal Revenue Code or federal, state, local or foreign law. Each On2 Option with an exercise price that is \$0.60 or greater will be cancelled at the effective time of the merger, and the holder of such an option will receive no consideration for such cancellation.

On2 Restricted Stock

No On2 restricted stock awards granted under On2's stock incentive plans (whether vested or unvested) and outstanding at the effective time of the merger will be assumed by Google. Instead, subject to the terms and conditions of the merger agreement, each such grant will become vested as of the effective time of the merger, and each holder of such restricted stock will be entitled to receive a fraction of a validly issued, fully paid and non-assessable share of Google Class A Common Stock equal to the following exchange ratio:

\$0.60 multiplied by the aggregate number of shares of On2 Common Stock underlying such grant(s) less any income or employment tax withholding required under federal, state, local or foreign law;

divided by

the trading price.

If this formula produces a fractional share, the holder of the restricted stock will receive a cash payment equal to the product obtained by multiplying such fractional share by the trading price, without interest, less any income or employment tax withholding required under the Internal Revenue Code or federal, state, local or foreign law.

On2 Restricted Stock Units (RSUs)

No On2 RSU granted under On2's stock incentive plans (whether vested or unvested) and outstanding at the effective time of the merger will be assumed by Google. Instead, subject to the terms and conditions of the merger agreement, each such On2 RSU will be fully vested as of the effective time of the merger. In connection with the merger, each grantee of an On2 RSU will be entitled to receive a cash payment equal to \$0.60 multiplied by the aggregate number of shares of On2 Common Stock underlying such grant(s) less any income or employment tax withholding required under the Internal Revenue Code or federal, state, local or foreign law.

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On2 Warrants

All outstanding warrants to purchase shares of On2's capital stock that do not provide pursuant to their terms for assumption in connection with a merger will be cancelled in connection with the merger to the extent not exercised prior to the effective time of the merger. Google will assume specified warrants to purchase shares of On2's capital stock that provide for assumption in connection with the merger.

Representations and Warranties

In the merger agreement, On2, Google and Oxide each made representations and warranties relating to, among other things:

organization and standing;

corporate power and authority to enter into and perform its obligations under, and enforceability of, the merger agreement;

the absence of conflicts with organizational documents, other contracts and applicable laws;

required regulatory filings and consents and approvals of governmental entities; and

documents filed with the SEC and other governmental authorities.

In the merger agreement, Google and Oxide also each made representations and warranties relating to:

the absence of a material adverse effect with respect to Google;

Google Class A Common Stock issuable in connection with the merger; and

the operations of Oxide.

In the merger agreement, On2 also made representations and warranties relating to:

subsidiaries;

capitalization;

financial statements and controls;

the absence of undisclosed liabilities;

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the absence of certain changes since a recent balance sheet date;

restrictions on business activities;

compliance with laws and orders;

permits;

material contracts;

tax matters;

employee benefits;

labor matters;

real property;

environmental matters;

assets and personal property;

intellectual property;

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insurance;

the absence of transactions with related parties;

litigation;

minute books of On2;

export control laws;

brokers and finders fees;

state anti-takeover statutes; and

receipt by the On2 board of directors of fairness opinions from Covington and Duff & Phelps.

Material Adverse Effect

Several of the representations, warranties and closing conditions in the merger agreement use the phrase material adverse effect. The merger agreement provides that material adverse effect means, with respect to either Google or On2, as the case may be, any state of facts, condition, change, development, event or effect that, individually or when taken together with any other state of facts, condition, change, development, event or effect that:

- i. is materially adverse to the business, assets (whether tangible or intangible), condition (financial or otherwise), operations or results of operations of Google or On2 and their respective subsidiaries, as applicable, taken as a whole; or
- ii. materially impedes the ability of Google or On2 and their respective subsidiaries, as applicable, to consummate the transactions contemplated by the merger agreement in accordance with its terms and applicable laws.

The merger agreement provides, however, that, with respect to clause (i) above, none of the following will be included when determining whether a material adverse effect on Google or On2, as applicable, has occurred:

changes or conditions affecting any of the industries in which Google or On2 and its subsidiaries, as applicable, operate generally, to the extent that they do not have a disproportionate impact on Google or On2 and its subsidiaries, taken as a whole (relative to other companies in the industries in which Google or On2 and its subsidiaries, as applicable, operate);

changes or conditions affecting the economy in the United States or any foreign markets where Google or On2 and its subsidiaries, as applicable, has material operations or sales generally, to the extent that they do not have a disproportionate impact on Google or On2 and its subsidiaries, taken as a whole (relative to other companies in the industries in which Google or On2 and its subsidiaries, as applicable, operate);

changes in GAAP or in accounting standards (or the interpretation of such principles or standards), applicable federal, state, provincial, local, municipal, foreign or other law or regulatory conditions (or the interpretation of such law or regulations), to the

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extent that they do not have a disproportionate impact on Google or On2 and its subsidiaries, taken as a whole (relative to other companies in the industries in which Google or On2 and its subsidiaries, as applicable, operate);

geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of August 4, 2009 or any earthquake, hurricane, tornado or other natural disaster, to the extent that they do not have a disproportionate impact on Google or On2 and its subsidiaries, taken as a whole (relative to other companies in the industries in which Google or On2 and its subsidiaries, as applicable, operate);

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any actions taken by Google or On2, or their respective subsidiaries, with the prior written consent of the other party;

the announcement of the merger agreement or pendency of the merger, including any loss of customers or revenues that directly results from such announcement or pendency; or

any failure, in and of itself, of Google or On2 to meet projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts, conditions, changes, developments, events or effects giving rise to or contributing to such failure may be taken into account in determining whether there has been a material adverse effect (except to the extent such facts, conditions, changes, developments, events or effect are excluded from being taken into account by any of the clauses above)).

Covenants; Conduct of Business Prior to the Merger

Interim Conduct of On2's Business

On2 has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. On2 agreed to carry on its business in the ordinary course consistent with its past practice, (i) as expressly contemplated or permitted by the merger agreement, (ii) as specifically set forth in On2's disclosure schedule that was delivered to Google at the time of signing the merger agreement, (iii) as required by applicable law or (iv) with Google's prior written consent. On2 also agreed to use its reasonable best efforts to (A) pay, and to cause its subsidiaries to pay, indebtedness for borrowed money and taxes of itself and its subsidiaries when due (subject to Google's right to review and approve certain tax returns), (B) pay or perform other material obligations when due and (C) to the extent consistent therewith, (I) preserve substantially intact its present business organizations, (II) keep available the services of the present directors, officers, employees, independent contractors and consultants of itself and its subsidiaries, (III) preserve substantially intact its assets and technology and (IV) preserve its relationships with customers, suppliers, distributors, licensors, licensees and others having business dealings with them.

On2 further agreed that, except (a) as expressly contemplated by the merger agreement, (b) as specifically set forth in On2's disclosure schedule that was delivered to Google at the time of signing the merger agreement, (c) as required by applicable law or (d) with Google's prior written consent, On2 will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions:

make any capital expenditure or enter into any capital commitment or capital transaction exceeding \$250,000 individually or \$500,000 in the aggregate;

(i) sell or license or transfer to any individual or entity any rights to any On2 intellectual property or technology or enter into any agreement with respect to On2 intellectual property or technology with any individual or entity or with respect to any intellectual property rights or technology of any individual or entity (other than pursuant to existing contracts on their current terms or non-exclusive licenses of the On2 products that have been entered into in the ordinary course of business consistent with past practice that do not contain any of the terms specifically set forth in On2's disclosure schedule), (ii) buy or license any intellectual property rights or enter into any agreement with respect to the intellectual property rights or technology of any third party (other than pursuant to existing contracts on their current terms or contracts that have been entered into in the ordinary course of business consistent with past practice that do not contain any of the terms specifically set forth in On2's disclosure schedule), (iii) enter into any agreement with respect to the development of any intellectual property rights or technology with a third party (other than development agreements in which On2 retains ownership of such intellectual property rights or technology entered into in the ordinary course of business consistent with past practice) or (iv) amend or modify any existing agreement to add terms that would be prohibited by clauses (i), (ii) and (iii) above;

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enter into, terminate or extend or materially amend, waive, modify or violate the terms of (i) any material contract (that is not otherwise included in the section of the merger agreement related to On2's conduct of business between signing and closing) and (ii) any contract that would have been required to have been disclosed in certain sections of On2's disclosure schedule had such contract been entered into prior to August 4, 2009 or (in each case, other than in the ordinary course of business consistent with past practice);

subject to certain exceptions, initiate any litigation or settle any litigation other than (i) litigation specifically reserved against on the consolidated balance sheet of On2 as of December 31, 2008 (for amounts not in excess of such reserves or, in any event, not in excess of \$250,000 in any individual case or \$500,000 in the aggregate) so long as such litigation is settled in cash only and paid by On2 in full prior to the closing of the merger or (ii) to enforce On2's rights under the merger agreement;

declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock or property) in respect of any On2 capital stock or any capital stock of any On2 subsidiary (other than dividends and distributions by a direct or indirect wholly owned On2 subsidiary to its parent), or split, combine or reclassify any On2 capital stock or any capital stock of any On2 subsidiary or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of On2 capital stock or shares of any capital stock of any On2 subsidiary, or repurchase, redeem or otherwise acquire, directly or indirectly, any shares of On2 capital stock or shares of any capital stock of any On2 subsidiary (or options, warrants or other rights exercisable therefor), except for the issuances of On2 capital stock pursuant to the exercise of currently outstanding On2 Options or warrants in accordance with their terms;

subject to certain exceptions, issue, grant, deliver, sell or purchase or authorize or propose the issuance, grant, delivery, purchase or sale of, any shares of On2 capital stock or shares of any capital stock of any On2 subsidiary or any securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments obligating any of them to issue or purchase any such shares or other convertible securities, other than issuances of On2 capital stock pursuant to exercises of On2 Options or warrants in accordance with their terms;

cause or permit any amendments to On2's certificate of incorporation or bylaws or the certificate of incorporation, bylaws or other organizational documents of its subsidiaries;

acquire or agree to acquire by merging or consolidating with, or by purchasing any assets or equity securities of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets that are material, individually or in the aggregate, to On2's business or any of its subsidiaries businesses, other than purchases of investment assets in the ordinary course of business consistent with past practice;

enter into any agreement to purchase or sell any interest in real property, grant any security interest in real property, enter into any lease, sublease, license or other occupancy agreement with respect to any real property or alter, amend, modify or terminate any of the terms of any lease agreements;

(i) incur any indebtedness or guarantee any indebtedness (other than indebtedness not in excess of \$2 million (which may include the factoring of receivables) or in connection with the financing of ordinary course trade payables consistent with past practice) or (ii) issue or sell any debt securities or guarantee any debt securities or other obligations of others or create a lien over any of its assets (other than certain permitted liens, a lien that is released (without material liability for such release) at or prior to closing of the merger or a lien resulting from the factoring of receivables as described in clause (i));

grant any loans to others, purchase debt securities of others or amend the terms of any outstanding loan agreement, other than (i) intercompany loans, (ii) accounts receivables extensions in the ordinary course of business consistent with past practice and (iii) advances of expenses to employees in the ordinary course of business consistent with past practice;

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subject to certain exceptions, grant any severance or termination pay (in cash or otherwise) to any current or former employee, director, consultant or independent contractor, including any officer, of On2 or any of its subsidiaries;

subject to certain exceptions, hire or offer to hire any current or former employee, director, consultant or independent contractor or terminate any of the same other than for cause without Google's prior written consent;

(i) adopt, amend or fail to maintain any On2 employee plan, enter into any employment contract (other than at-will offer letters for new hires made in accordance with the clause above and which do not provide for any severance, special bonus, special remuneration or acceleration of equity), (ii) subject to certain exceptions, pay or agree to pay any special bonus or special remuneration to any current or former employee, director, consultant or independent contractor of On2 or any of its subsidiaries or (iii) subject to certain exceptions, increase or agree to increase the salaries, wage rates or other compensation or benefits of current or former employees, directors, consultants or independent contractors of On2 or any of its subsidiaries;

make any representations or issue any communications to employees regarding offers of employment from Google without Google's prior written consent;

revalue any of its assets (whether tangible or intangible), including writing off notes or accounts receivable, settle, discount or compromise any accounts receivable or reverse any reserves, in each case, other than in the ordinary course of business consistent with past practice and in accordance with GAAP or as otherwise required by GAAP;

pay, discharge or satisfy, in an amount in excess of \$250,000 in any one case, or \$500,000 in the aggregate, any claim, liability, loan or obligation (whether absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business of liabilities specifically reflected on or specifically reserved against in On2's consolidated balance sheet as of December 31, 2008;

make or change any material tax election, adopt or change any tax accounting method, enter into any closing agreement or tax ruling, settle or compromise any material tax claim or assessment, consent to any extension or waiver of the limitation period applicable to any material tax claim or assessment or file any material tax return or any amended tax return unless such tax return has been provided to Google for review within a reasonable period prior to the due date for filing and Google has consented to such filing;

enter into any (i) joint venture or similar arrangement or (ii) joint marketing or any similar arrangement (other than pursuant to existing contracts on their current terms or contracts that are entered into in the ordinary course of business consistent with past practice, subject to the limitations specifically set forth in On2's disclosure schedule);

adopt or change On2's accounting policies or procedures, including with respect to reserves for excess or obsolete inventory, doubtful accounts or other reserves, depreciation or amortization policies or rates, billing and invoicing policies, or payment or collection policies or practices, in each case, except as required by GAAP; or

take, commit or agree in writing or otherwise to take, any of the actions described above.

Other Covenants

The merger agreement also contains covenants relating to the preparation of this proxy statement/prospectus and the holding of the special meeting, the granting of access to information, the coordination of public announcements with respect to the transactions contemplated by the merger agreement, and cooperation regarding regulatory filings and employee matters.

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Additionally, in the event that the aggregate amount of cash to be paid in lieu of fractional shares of Google Class A Common Stock would exceed 20% of the sum of such cash plus the aggregate value of the Google Class A Common Stock to be issued in the merger to On2 stockholders, calculated based on the closing price of one share of Google Class A Common Stock on the last business day immediately preceding the closing date, then immediately following the effective time of the merger, Google will cause On2 to merge with and into a Delaware limited liability company that is a direct, wholly owned subsidiary of Google, with the limited liability company continuing as a direct, wholly owned subsidiary of Google. If this second merger occurs, the two mergers are intended to be treated as one integrated transaction for U.S. federal income tax purposes, and references to the tax consequences of the merger in this proxy statement/prospectus are to the integrated transaction.

Limitation on the Solicitation, Negotiation and Discussion of Other Acquisition Proposals by On2

On2 agreed that both it and its subsidiaries will cease any and all existing activities, discussions or negotiations with respect to any acquisition proposal with any individual or entity conducted prior to August 4, 2009. Furthermore, On2 also agreed that neither it nor its subsidiaries will, and that they will not authorize or permit their respective directors, officers or other specified employees, controlled affiliates, advisors or other agents to, directly or indirectly:

solicit, initiate or knowingly encourage, knowingly facilitate or knowingly induce the making, submission or announcement of, an acquisition proposal (as defined below);

furnish to any individual or entity (other than Google, Oxide or any of their designees or representatives) in connection with, or in circumstances that would reasonably be likely to lead to an acquisition proposal, any non-public information relating to On2 or any of its subsidiaries, or afford access to the business, properties, assets, books or records of On2 or any of its subsidiaries to any person or entity (other than Google, Oxide or any of their designees or representatives) or as may be required by a governmental entity, or take any other action in a manner that is intended to assist or facilitate any inquiries or the making of any proposal that would be reasonably likely to lead to an acquisition proposal;

participate or engage in discussions or negotiations with any person or entity (other than Google, Oxide or any of their designees or representatives) with respect to an acquisition proposal (other than informing any such individual or entity of the existence of the provisions contained in the merger agreement);

approve, endorse or recommend an acquisition proposal;

enter into any letter of intent, memorandum of understanding or other agreement contemplating or otherwise relating to an acquisition transaction; or

terminate, amend, modify or waive any rights under any standstill or other similar agreement between On2 or any of its subsidiaries and any other individual or entity (other than Google).

As used in the merger agreement, an acquisition proposal is any offer or proposal contemplating or otherwise relating to an acquisition transaction (as defined below) other than an offer or proposal made or submitted by Google or Oxide.

As used in the merger agreement, an acquisition transaction is any transaction or series of related transactions (other than the merger proposal with Google or a transaction consisting exclusively of a sale or other disposition of On2 Technologies Finland Oy, as such entity is currently constituted) involving:

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any merger, exchange, consolidation, business combination, issuance of securities, acquisition of securities, reorganization, recapitalization, takeover offer, tender offer, exchange offer or other similar transaction, as applicable: (A) in which On2 or any of its subsidiaries is a constituent corporation and

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which would result in a third party beneficially owning 15% or more of any class of equity or voting securities of On2 or any of its subsidiaries; (B) in which an individual or entity or group (as defined in the Exchange Act and the rules promulgated thereunder) of individuals or entities directly or indirectly acquires beneficial or record ownership of securities representing more than 15% of the outstanding securities of any class of voting securities of On2 or any of its subsidiaries; or (C) in which On2 or any of its subsidiaries issues securities representing more than 15% of the outstanding securities of any class of voting securities of On2 or any of its subsidiaries;

any sale, lease, exchange, transfer, license (other than non-exclusive licenses of On2 products entered into in the ordinary course of business consistent with past practice), acquisition or disposition of any business or businesses or assets that constitute or account for 15% or more of the consolidated net revenues or consolidated assets of the On2 and its subsidiaries, taken as a whole; or

any liquidation or dissolution of On2 or any of its subsidiaries, the business of which constitutes or accounts for 15% or more of the consolidated net revenues or consolidated assets of On2 and its subsidiaries, taken as a whole.

Exception to the Limitation on the Negotiation and Discussion by On2 of Other Acquisition Proposals

Notwithstanding the foregoing restrictions and subject to the limitations set forth below, prior to obtaining approval of the merger proposal from its stockholders, On2's board of directors may, directly or indirectly, engage or participate in discussions and negotiations with any individual or entity that has made (and not withdrawn) a *bona fide* unsolicited, written acquisition proposal and furnish to such individual or entity any non-public information relating to On2 or its subsidiaries pursuant to a confidentiality agreement with the party making the acquisition proposal on terms no less favorable to On2 than those contained in On2's confidentiality agreement with Google if:

the On2 board of directors reasonably concludes, after consultation with its financial advisor and outside legal counsel, that the acquisition proposal either constitutes or is reasonably likely to lead to a superior proposal (as defined below);

the On2 board of directors reasonably determines (after consultation with outside legal counsel) that the failure to take such action would be reasonably likely to result in a breach of its fiduciary duties under Delaware law;

none of On2, any of its subsidiaries or any of their respective directors, officers or other employees, controlled affiliates, investment bankers, attorneys, other advisors or representatives (collectively referred to herein as representatives) have breached or violated in any material respect, with respect to such acquisition proposal or any other acquisition proposal, the restrictions on solicitations of other offers;

On2 has first entered into a confidentiality agreement with the party making the acquisition proposal on terms no less favorable to On2 than those contained in the On2's confidentiality agreement with Google;

On2 provides Google with at least 48 hours prior written notice of its intent to participate in discussions or furnish non-public information regarding On2 with respect to such acquisition proposal; and

On2 contemporaneously provides Google with any non-public information provided to the party making such acquisition proposal, to the extent that such information has not been previously furnished by On2 to Google.
On2 and its subsidiaries have also agreed:

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to notify Google promptly (but no later than 24 hours) after it receives any acquisition proposal, any request for information that would reasonably be expected to lead to an acquisition proposal (and, if the

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acquisition proposal is in written form, On2 is required to give Google a copy of it, along with any other written information delivered to On2 from such individual or entity or its advisors, agents or other intermediaries), or any inquiry with respect to, or which would reasonably be expected to lead to, an acquisition proposal, and in each such case, notify Google of the material terms and conditions of such acquisition proposal, request or inquiry, and the identity of the individual, entity or group making such acquisition proposal, request or inquiry;

to keep Google promptly informed of any changes in the status, details, terms and conditions (including amendments or proposed amendments) of any such acquisition proposal, request or inquiry; and

to provide Google with at least 48 hours prior written notice (or any shorter period of advance notice provided to members of On2's board of directors) of a meeting of its board of directors (or any committee thereof) at which the board of directors is reasonably expected to consider an acquisition proposal or an inquiry relating to a potential acquisition proposal.

Additionally, the foregoing restrictions against solicitations of other acquisition proposals do not prohibit On2 or any of its representatives from, or restrict On2's or any of its representative's ability to, (i) furnish to any individual or entity any non-public information relating exclusively to On2 Technologies Finland Oy or afford access to the business, properties assets, books or records of On2 Technologies Finland Oy to any individual or entity or (ii) participate or engage in discussions or negotiations with any individual or entity with respect to a sale or other disposition of On2 Technologies Finland Oy; provided, however, that neither On2 nor any its representatives solicits, initiates, knowingly encourages, knowingly facilitates or knowingly induces the making, submission or announcement of, an acquisition proposal in connection with, or as a result of, the activities set forth in clause (i) or (ii).

Reasonable Best Efforts of On2 to Obtain the Required Stockholder Vote

On2 has agreed to hold a meeting of its stockholders as promptly as practicable, for the purpose of obtaining stockholder approval of the merger proposal. On2 will use its reasonable best efforts to solicit proxies from its stockholders to obtain such approval. On2 has agreed to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends approval of the merger proposal.

On2 Board of Directors Recommendation of the Merger

Except as otherwise described in the merger agreement, On2's board of directors is required to recommend that On2's stockholders adopt the merger agreement at the special meeting in accordance with the applicable provisions of Delaware law. Moreover, except as described in the merger agreement and as set forth below under the subheadings *Board of Directors Recommendation Change for Superior Proposal* and *Board of Directors Recommendation Change in the Absence of a Superior Proposal*, On2's board of directors is not permitted to withhold, withdraw, amend or modify its recommendation in a manner adverse to Google or publicly propose to do so. We refer to any of the actions listed above as a board recommendation change. However, notwithstanding the foregoing, stop, look and listen communications by On2's board of directors to On2 stockholders pursuant to Rule 14d-9(f) of the Exchange Act will not be deemed to be a board recommendation change if such communications are accompanied with a statement by On2's board of directors that expressly and publicly reaffirms the board recommendation in connection with such statement or disclosure. Further, subject to the terms and conditions of the merger agreement, if On2's board of directors takes and discloses to On2 stockholders a position contemplated by Rule 14e-2(a) of the Exchange Act or complies with the provisions of Rule 14d-9 of the Exchange Act, such communications will not be deemed to be a board recommendation change if such communications are accompanied with a statement by On2's board of directors that expressly and publicly reaffirms the board recommendation in connection with such statement or disclosure.

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Board of Directors Recommendation Change for Superior Proposal

Notwithstanding the foregoing, prior to obtaining approval of the merger proposal from the On2 stockholders, On2's board of directors may effect a board recommendation change if all of the following conditions have been met:

On2's board of directors has received an unsolicited acquisition proposal that constitutes a superior proposal (as defined below);

neither On2 nor any of its subsidiaries has breached or violated in any material respect any of the non-solicitation provisions of the merger agreement in connection with such acquisition proposal (or in connection with any other acquisition proposal made by any other person) (as described in The Merger Agreement Limitation on the Solicitation, Negotiation and Discussion of Other Acquisition Proposals by On2);

On2's board of directors has reasonably determined (after consultation with its outside legal counsel and after considering in good faith any counter-offer or proposal made by Google as described below) that, in light of such superior proposal, the failure to effect the board recommendation change would be reasonably likely to result in a breach of On2's board of directors' fiduciary duties to On2's stockholders under Delaware law;

prior to effecting such board recommendation change, On2's board of directors has given Google (i) the most current version of any written agreement or proposal relating to the transaction that constitutes such superior proposal and (ii) at least five business days prior notice that On2's board of directors is prepared to effect a board recommendation change in response to such superior proposal, (iii) if requested by Google, an opportunity to meet with On2 and its outside legal counsel with the purpose and intent of enabling Google and On2 to discuss in good faith any modification of the terms and conditions of the merger agreement proposed by Google so that the transactions contemplated by the merger agreement may be effected without a board recommendation change; and

Google has not made, within five business days after receipt of On2's written notice of its intention to effect a board recommendation change, a counter-offer or proposal that On2's board of directors reasonably determines, after consultation with its outside legal counsel and financial advisor, is at least as favorable to On2's stockholders as the superior proposal.

As used in the merger agreement, the term "superior proposal" means any unsolicited written offer or proposal by a third party to acquire, directly or indirectly, at least 50% of the outstanding shares of On2 capital stock (whether through a tender or exchange offer, merger, consolidation, share exchange, business combination, recapitalization or otherwise) or all or substantially all of On2's assets on a consolidated basis that (i) if any cash consideration is involved, is not subject to any financing contingencies (and if financing is required, such financing is then fully committed to the third party making such offer or proposal), (ii) is reasonably likely to receive all requisite regulatory approvals, (iii) is reasonably likely to be consummated on the terms and conditions contemplated thereby and (iv) with respect to which On2's board of directors has reasonably determined in good faith (after consultation with its outside legal counsel and a financial advisor) to be more favorable to On2's stockholders than the merger proposal, in each case taking into account, in addition to any other factors determined by On2's board of directors to be relevant, any changes to the terms of the merger agreement proposed by Google in response to such offer or otherwise.

Board of Directors Recommendation Change in the Absence of a Superior Proposal

Prior to obtaining approval of the merger proposal from On2's stockholders, On2's board of directors may effect a board recommendation change if a fact, change, development, event, occurrence, action or effect, unknown to and not reasonably foreseeable by On2's board of directors as of August 4, 2009 (or, if known, the material consequences of which could not reasonably have been known to or understood by On2's board of directors as of August 4, 2009), referred to herein as an intervening event, becomes known to or by (or

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understood by) On2's board of directors prior to obtaining the approval of On2's stockholders and if all of the conditions set forth below have been satisfied:

On2's board of directors has reasonably determined (after consultation with its outside legal counsel and after considering in good faith any counter-offer or proposal made by Google as described below) that, in light of such intervening event, the failure to effect the board recommendation change would be reasonably likely to result in a breach of On2's board of directors' fiduciary duties to On2's stockholders under Delaware law;

prior to effecting such board recommendation change, On2's board of directors has given Google (i) information describing such intervening event in reasonable detail, (ii) at least five business days prior notice that On2's board of directors is prepared to effect a board recommendation change in response to such intervening event and (iii) if requested by Google, an opportunity to meet with On2 and its outside legal counsel with the purpose and intent of enabling Google and On2 to discuss in good faith any modification of the terms and conditions of the merger agreement proposed by Google so that the transactions contemplated by the merger agreement may be effected without a board recommendation change; and

Google has not made, within five business days after receipt of On2's written notice of its intention to effect a board recommendation change, a counter-offer or proposal that On2's board of directors reasonably determines, after consultation with its outside legal counsel and financial advisor, obviates the need for a board recommendation change as a result of such intervening event.

Notwithstanding the foregoing, a board recommendation change in compliance with the terms of the merger agreement does not (i) terminate the merger agreement, (ii) affect any other obligation of On2 under the merger agreement, (iii) limit On2's obligation to duly call, give notice of, convene and hold the special meeting regarding the merger proposal, (iv) relieve On2 of its obligation to solicit proxies for its special meeting and submit the merger proposal to a vote of On2 stockholders at such special meeting or (v) permit On2 to submit any matter other than the merger proposal for a vote of its stockholders at or prior to its special meeting.

Employee Matters

As of and for a period of 12 months following the date of the closing of the merger, Google will, or Google will cause On2, as the surviving corporation of the merger, and its subsidiaries to:

continue certain On2 employee plans as determined in Google's sole and absolute discretion;

permit employees of On2 who continue their employment with Google or On2 following the closing date of the merger and their eligible dependents, to participate in the employee benefit plans, programs or policies of Google on terms that are no less favorable in the aggregate to such continuing employees than those provided during such period to employees of Google who are similarly situated with such continuing employees; or

as determined in Google's sole and absolute discretion, a combination of the foregoing first and second bullet points.

Google has agreed, to the extent any On2 employee becomes eligible to participate in employee benefit plans of Google or any affiliate plans following the merger:

to recognize each employee's prior service with On2, for purposes of eligibility, vesting credits and determination of level of benefits except (i) for purposes of vesting any newly granted stock options and any newly granted equity awards, (ii) for the purposes of benefit accruals under any defined benefit pension plan or (iii) to the extent that such recognition would result in duplication of benefits;

to cause any exclusion for pre-existing conditions or eligibility waiting periods under any group health plans of Google to be waived, to the extent that the employee (and their eligible dependents) were not

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subject to such pre-existing conditions and eligibility waiting periods under comparable On2 plans before the completion of the merger; and

to provide each employee with credit for any deductibles paid under any On2 plan that provides for group health benefits in the plan year in effect as of the closing of the merger for purposes of satisfying any applicable deductible or out-of-pocket requirements under any group health plans of Google or its affiliates to the same extent that such expenses were recognized under the comparable On2 plan.

The merger agreement provides that, prior to the effective time of the merger, the On2 401(k) plan will be terminated unless Google provides prior notice that such plan will instead be continued and assumed by Google.

Indemnification and Insurance

The surviving entity has agreed to, and Google has agreed to cause the surviving entity of the merger to, honor and fulfill all rights existing as of August 4, 2009 to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger, in favor of the current or former directors or officers of On2 and its subsidiaries under their respective certificates of incorporation, bylaws and any indemnification or other agreements of On2 or its subsidiaries as in effect on August 4, 2009, and cause such rights to survive the merger and continue in full force and effect in accordance with their terms. Additionally, for a period of six years from and after the effective time of the merger, the surviving entity has agreed to, and Google has agreed to cause the surviving entity of the merger to (i) cause the certificate of incorporation and bylaws of the surviving entity to contain provisions no less favorable with respect to indemnification, advancement of expenses and exculpation of current and former officers and directors of On2 and its subsidiaries than are set forth in the certificate of incorporation and bylaws of On2 and (ii) not amend, repeal or otherwise modify such provisions in any manner that would adversely affect any right of any person benefited by such provisions.

Google has also agreed to cause the surviving entity to provide directors' and officers' liability insurance from a reputable and financially sound carrier in respect of acts or omissions occurring at or prior to the effective time of the merger covering each current or former director or officer of On2 and its subsidiaries currently covered by On2's directors' and officers' liability insurance policy on terms with respect to coverage and amount no less favorable than those of such policy in effect on August 4, 2009. However, the surviving entity is not required to incur aggregate annual premium expenses in excess of 200% of the amount paid by On2 for coverage for its last fiscal year. In accordance with the terms of the merger agreement, on July 16, 2009, at Google's request, On2 obtained a prepaid tail directors' and officers' liability insurance policy with a claims period of six years following the effective time of the merger.

Conditions to Complete the Merger

Conditions to the Obligations of Google and On2

The respective obligations of On2 and Google to complete the merger are subject to the satisfaction or waiver of certain conditions, including:

the effectiveness of the registration statement of which this proxy statement/prospectus is a part with respect to the Google Class A Common Stock to be issued in the merger under the Securities Act and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose;

the approval of the merger proposal by On2 stockholders;

the expiration or termination of all applicable waiting periods under the HSR Act;

receipt by Google of a tax opinion from its counsel that the merger qualifies as a reorganization within the meaning of the Internal Revenue Code;

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receipt by On2 of a tax opinion from its counsel that the merger qualifies as a reorganization within the meaning of the Internal Revenue Code; and

the absence of any statute, rule, regulation, executive order, decree or injunction or other legal restraint, by any court or other governmental entity that prohibits, makes illegal or prevents the completion of the transactions contemplated by the merger agreement.

Conditions to the Obligations of Google

The merger agreement provides that the obligations of Google and Oxide to complete the merger are subject to the satisfaction or waiver of each of the following conditions:

the accuracy in all respects, as of August 4, 2009, and the effective time of the merger, of certain representations and warranties made by On2 in the merger agreement, including those relating to corporate organization, authorization to enter into the merger agreement, brokers and finders fees and fairness opinion and inapplicability of state anti-takeover statutes;

the accuracy in all respects, as of August 4, 2009 and the effective time of the merger, of representations and warranties made by On2 in the merger agreement relating to On2's capitalization, other than inaccuracies in such representations and warranties that would not result in payment of an aggregate value of consideration in the merger that would exceed 101% of the aggregate value of consideration that otherwise would be payable by Google in the merger in the absence of such breach or inaccuracy;

the accuracy in all respects, as of August 4, 2009 and the effective time of the merger, of the remaining representations and warranties (disregarding all qualifications or limitations of materiality, material adverse effect and words of similar import), provided that inaccuracies in such representations and warranties will be disregarded to the extent that such inaccuracies, individually or in the aggregate, have not had, and would not reasonably be expected to have, a material adverse effect on On2;

On2's performance of, or compliance with, in all material respects, all of its agreements and covenants as set forth in the merger agreement that are required to be performed or complied with, by On2 at or prior to the effective time of the merger;

no material adverse effect with respect to On2 having occurred that is continuing;

no pending or overtly threatened legal proceedings brought by a governmental entity (i) challenging or seeking to make illegal, materially delay or otherwise, directly or indirectly, restrain or prohibit the merger, (ii) seeking to prohibit or impose any limitations on the ownership or operation by Google (or any of its subsidiaries) of all or any material portion of the business, assets (tangible or intangible) or products of On2 and its subsidiaries, or of all or any portion of the business, assets (tangible or intangible) or products of Google and its subsidiaries, or to compel Google, On2 or any of their respective subsidiaries to dispose of, license or hold separate all or any material portion of the business, assets (tangible or intangible) or products of On2 and its subsidiaries or all or any portion of the business, assets (tangible or intangible) or products of Google and its subsidiaries, (iii) seeking material damages or (iv) which, if adversely determined, otherwise would have or would reasonably be expected to have a material adverse effect on Google or On2; and

not more than one of the merger key employees (James Bankoski, Yaowu Xu and Paul Wilkins) taking any action to terminate, revoke, rescind or otherwise repudiate such merger key employee's offer letter.