Akamai Technologies, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
March 31, 2014

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America (GAAP), Akamai provides additional financial metrics that are not prepared in accordance with GAAP (non-GAAP). Management uses non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate Akamai's financial performance.

Management believes that these non-GAAP financial measures reflect Akamai's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in its business, as they exclude expenses and gains that may be infrequent, unusual in nature and not reflective of Akamai's ongoing operating results. Management also believes that these non-GAAP financial measures provide useful information to investors in understanding and evaluating Akamai's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

The non-GAAP financial measures do not replace the presentation of Akamai's GAAP financial results and should only be used as a supplement to, not as a substitute for, Akamai's financial results presented in accordance with GAAP. Akamai has provided a reconciliation of each non-GAAP financial measure used in its financial reporting to the most directly comparable GAAP financial measure. This reconciliation captioned "Reconciliation of GAAP to Non-GAAP Financial Measures" can be found on the Investor Relations section of Akamai's website.

Akamai's definitions of its non-GAAP financial measures are outlined below:

Adjusted EBITDA – GAAP net income excluding the following items: interest income; income taxes; depreciation and amortization of tangible and intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; restructuring charges; acquisition-related costs; certain gains and losses on investments; gains and other activity related to divestiture of a business; foreign exchange gains and losses; loss on early extinguishment of debt; amortization of debt discount and issuance costs; amortization of capitalized interest expense; gains and losses on legal settlements and other non-recurring or unusual items that may arise from time to time.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Net income	$ 72,800	$ 80,349	$ 71,487
Interest income	(1,639)	(1,534)	(1,608)
Provision for income taxes	46,864	36,546	31,177
Depreciation and amortization	44,740	43,108	34,414
Amortization of capitalized stock-based compensation	1,928	1,974	1,901
Amortization of acquired intangible assets	6,848	4,894	6,060
Stock-based compensation	25,114	23,673	22,931
Restructuring charges	735	952	431
Acquisition-related costs	3,392	1,266	337
Gain from divestiture of a business	—	—	(1,188)
Amortization of debt discount and issuance costs	1,941	—	—
Other expense, net	881	395	132
Adjusted EBITDA	$ 203,604	$ 191,623	$ 166,074

Adjusted EBITDA margin – Adjusted EBITDA stated as a percentage of revenue.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Revenue	$ 453,502	$ 435,980	$ 368,046
Adjusted EBITDA	203,604	191,623	166,074
Adjusted EBITDA margin	45%	44%	45%

Non-GAAP net income – GAAP net income adjusted for the following tax-effected items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; restructuring charges; acquisition-related costs; certain gains and losses on investments; gains and other activity related to divestiture of a business; loss on early extinguishment of debt; amortization of debt discount and issuance costs; amortization of capitalized interest expense; gains and losses on legal settlements and other non-recurring or unusual items that may arise from time to time.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Net income	$ 72,800	$ 80,349	$ 71,487
Amortization of acquired intangible assets	6,848	4,894	6,060
Stock-based compensation	25,114	23,673	22,931
Amortization of capitalized stock-based compensation	1,928	1,974	1,901
Restructuring charges	735	952	431
Acquisition-related costs	3,392	1,266	337
Gain from divestiture of a business	—	—	(1,188)
Amortization of debt discount and issuance costs	1,941	—	—
Income tax-effect of above non-GAAP adjustments and certain discrete tax items	(7,841)	(13,233)	(8,726)
Non-GAAP net income	$ 104,917	$ 99,875	$ 93,233

Non-GAAP net income per share (Non-GAAP EPS) – Non-GAAP net income divided by basic weighted average or diluted common shares outstanding. Basic weighted average shares outstanding are those used in GAAP net income per share calculations. Diluted weighted average shares outstanding are adjusted in non-GAAP per share calculations for the shares that would be delivered to Akamai pursuant to the note hedge transaction entered into in connection with the issuance of $690.0 million of convertible senior notes due 2019. Under GAAP, shares delivered under hedge transactions are not considered offsetting shares in the fully diluted share calculation until they are delivered. However, Akamai would receive a benefit from the note hedge transaction and would not allow the dilution to occur, so management believes that adjusting for this benefit provides a meaningful view of net income per share.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Non-GAAP net income	$ 104,917	$ 99,875	$ 93,233
Non-GAAP net income per share:			
Basic	$ 0.59	$ 0.56	$ 0.52
Diluted	$ 0.58	$ 0.55	$ 0.51
Shares used in per share calculations (GAAP and non-GAAP):			
Basic	178,705	178,758	177,899
Diluted	182,038	182,258	181,562

Cash operating expenses (cash opex) – GAAP operating expenses (consisting of research and development, sales and marketing, general and administrative, amortization of acquired intangible assets and restructuring charges), excluding stock-based compensation, amortization of acquired intangible assets, depreciation and amortization, restructuring charges, acquisition-related costs and gains and other activity related to divestiture of a business.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP operating expenses	$ 193,043	$ 186,273	$ 146,466
Less:			
Stock-based compensation	22,319	21,036	20,304
Amortization of acquired intangible assets	6,848	4,894	6,060
Depreciation and amortization	8,173	8,133	5,576
Restructuring charges	735	952	431
Acquisition-related costs	3,392	1,266	337
Gain from divestiture of a business	—	—	(1,188)
Cash operating expenses	$ 151,576	$ 149,992	$ 114,946

Cash cost of revenue – GAAP cost of revenue, excluding stock-based compensation and depreciation and amortization.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
GAAP cost of revenue	$ 139,612	$ 133,951	$ 120,392
Less:			
Stock-based compensation	2,795	2,637	2,627
Depreciation and amortization	38,495	36,949	30,739
Cash cost of revenue	$ 98,322	$ 94,365	$ 87,026

Cash gross profit – Revenue less cash cost of revenue.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Revenue	$ 453,502	$ 435,980	$ 368,046
Cash cost of revenue	98,322	94,365	87,026
Cash gross profit	$ 355,180	$ 341,615	$ 281,020

Cash gross margin – Revenue less GAAP cost of revenue, excluding stock-based compensation and depreciation and amortization, as a percentage of revenue.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Revenue	$ 453,502	$ 435,980	$ 368,046
Cash gross profit	355,180	341,615	281,020
Cash gross margin	78%	78%	76%

Capital expenditures (capex) – Purchases of property and equipment, capitalization of internal-use software development costs, capitalization of stock-based compensation and capitalization of interest expense.

	Three Months Ended		
	March 31, 2014	December 31, 2013	March 31, 2013
Purchases of property and equipment	$ 59,283	$ 42,751	$ 46,478
Capitalization of internal-use software development costs	24,701	20,118	16,998
Capitalization of stock-based compensation	3,784	3,073	2,938
Capitalization of interest expense	237	—	—
Capital expenditure	$ 88,005	$ 65,942	$ 66,414

Capex margin – Capital expenditures, or capex, as a percentage of revenue.

Non-GAAP Tax Rate – GAAP tax rate excluding the tax effect of non-GAAP adjustments and certain discrete tax items.

Impact of Foreign Currency Exchange Rates on Revenue – Revenue from Akamai's international operations has historically represented a significant portion of its total revenue. Consequently, Akamai's revenue results have been impacted, and management expects it will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, when the local currencies of Akamai's foreign subsidiaries weaken, its consolidated results stated in U.S. dollars are negatively impacted.

Because exchange rates are an important factor in understanding period-to-period comparisons, management believes the presentation of the impact of foreign currency exchanges rates on revenue enhances the understanding of Akamai's revenue results and evaluation of its performance in comparison to prior periods. The information presented is calculated by translating current period results using the same foreign currency exchange rates per month from the comparative period.

The non-GAAP adjustments, and Akamai's basis for excluding them from non-GAAP financial measures, are outlined below:

Amortization of acquired intangible assets – Akamai has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions Akamai has made. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization can vary significantly and are unique to each acquisition; therefore, Akamai excludes amortization of acquired intangible assets to provide investors with a consistent basis for comparing pre- and post-acquisition operating results.

Stock-based compensation and amortization of capitalized stock-based compensation – Although stock-based compensation is an important aspect of the compensation to Akamai's employees and executives, the expense varies with changes in the stock price and market conditions at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award types. This makes the comparison of Akamai's current financial results to previous and future periods difficult to interpret; therefore, Akamai believes it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation in order to better understand the performance of Akamai's core business performance and to be consistent with the way the investors evaluate its performance and comparison of its operating results to peer companies.

Restructuring charges – Akamai has incurred restructuring charges that are included in its GAAP financial statements, primarily related to workforce reductions and estimated costs of exiting facility lease commitments. Akamai excludes these items from non-GAAP financial measures when evaluating its continuing business performance as such items are not consistently recurring and do not reflect expected future operating expense, nor provide meaningful insight into the fundamentals of current and past operations of its business.

Acquisition-related costs – Acquisition-related costs include transaction fees, due diligence costs and other one-time direct costs associated with strategic activities. In addition, subsequent adjustments to Akamai's initial estimated amount of contingent consideration associated with specific acquisitions are included within acquisition-related costs. These amounts are impacted by the timing and size of the acquisitions. Akamai excludes acquisition-related costs from non-GAAP financial measures to provide a useful comparison of Akamai's operating results to prior periods and to its peer companies because such amounts vary significantly based on the magnitude of its acquisition transactions.

Gains and other activity related to divestiture of a business – Akamai recognized a gain and other activity related to the divestiture of Advertising Decision Solutions business. Akamai excludes gains and other activity related to divestiture of a business from non-GAAP financial measures because transactions of this nature occur infrequently and are not considered part of Akamai's core business operations.

Amortization of debt discount and issuance costs and amortization of capitalized interest expense – Akamai issued $690.0 million of convertible senior notes due 2019 with a coupon interest rate of 0%. The imputed interest rate of the convertible senior notes was approximately 3.2%. This is a result of the debt discount recorded for the conversion feature that is required to be separately accounted for as equity, thereby reducing the carrying value of the convertible debt instrument. The debt discount is amortized as interest expense together with the issuance costs of the debt which are recorded as an asset in the consolidated balance sheet. All of Akamai's interest expense is comprised of these non-cash components and is excluded from management's assessment of the company's operating performance because management believes the non-cash expense is not indicative of ongoing operating performance.

Legal settlements, gains and losses on investments and losses on early extinguishment of debt – Akamai has incurred gains and losses associated with the resolution of certain legal actions, the impairment of certain investments and with the early extinguishment of convertible debt. Akamai believes excluding these amounts from non-GAAP financial measures is useful to investors as these actions occur infrequently, are not representative of Akamai's core business operations or meaningful in evaluating Akamai's business results.

Income tax-effect of non-GAAP adjustments and certain discrete tax items – The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments is the difference between GAAP and non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes certain discrete tax items (such as recording or release of valuation allowances), if any. Akamai believes that applying the non-GAAP adjustments and their related income tax effect allows Akamai to more properly reflect the income attributable to its core operations.