

## Akamai Technologies Inc.

### Reconciliation of non-GAAP to GAAP financial measures

September 30, 2003

The company has historically provided financial metrics, some of which are based on GAAP and others that are not prepared in accordance with GAAP (non-GAAP). Recent legislative and regulatory changes encourage the use of GAAP financial metrics and require companies to explain why non-GAAP financial metrics are relevant to management and investors.

**Adjusted EBITDA** - defined as net loss before interest, taxes, depreciation, amortization, equity-related compensation, restructuring charges and benefits, and certain gains and losses on equity investments

	Three months ended		
	September 30, 2003	June 30, 2003	September 30, 2002
Net loss	\$ (3,909)	\$ (14,646)	\$ (47,533)
Interest expense, net	4,343	4,268	3,950
Provision for income taxes	82	123	123
Depreciation	10,757	13,385	20,735
Amortization of intangible assets	12	12	2,231
Amortization of CNN advertising	-	-	1,771
Restructuring charges	-	1,299	6,138
Equity-related compensation	2,056	3,268	4,616
(Gain) loss on investments, net	(1,637)	-	1,311
Adjusted-EBITDA	<u>\$ 11,704</u>	<u>\$ 7,709</u>	<u>\$ (6,658)</u>

**Normalized net loss** – defined as net loss before amortization, equity-related compensation, restructuring charges and benefits and certain gains and losses on equity investments

	Three months ended		
	September 30, 2003	June 30, 2003	September 30, 2002
Net loss	\$ (3,909)	\$ (14,646)	\$ (47,533)
Amortization of intangible assets	12	12	2,231
Amortization of CNN advertising	-	-	1,771
Restructuring charges	-	1,299	6,138
Equity-related compensation	2,056	3,268	4,616
(Gain) loss on investments, net	(1,637)	-	1,311
Normalized net loss	<u>\$ (3,478)</u>	<u>\$ (10,067)</u>	<u>\$ (31,466)</u>

**Normalized net loss per share** – defined as normalized net loss divided by the weighted average common shares outstanding

	Three months ended
	September 30, 2003
Normalized net loss	\$ (3,478)
Weighted-average common shares outstanding	<u>118,596</u>

Normalized net loss per share \$ (0.03)

**Free cash flow, free cash or net cash consumption** - defined as the net change in cash and cash equivalents and marketable securities quarter over quarter

	<u>Three months ended</u>	
	September 30, 2003	
Change in cash and cash equivalents per the consolidated statement of cash flows	\$	(6,823)
Change in marketable securities		<u>9,443</u>
Free cash flow or net cash consumption	\$	<u>2,620</u>

**Network costs excluding depreciation and equity related compensation** - defined as cost of revenue less depreciation and equity-related compensation

	<u>Three months ended</u>		
	September 30, 2003	June 30, 2003	September 30, 2002
Cost of revenue	\$ 14,275	\$ 15,832	\$ 21,609
Less: Depreciation and impairment of network-related equipment and internal-use software	7,487	9,146	11,865
Less: Equity-related compensation for employees who operate the network	<u>51</u>	<u>135</u>	<u>164</u>
Network costs, excluding depreciation and equity-related compensation	<u>\$ 6,737</u>	<u>\$ 6,551</u>	<u>\$ 9,580</u>

**Capex or Capital expenditures** - defined as purchases of property and equipment and capitalization of internal-use software development costs

	<u>Three months ended</u>	
	September 30, 2003	June 30, 2003
Purchases of property and equipment and capitalization of internal-use software	\$ 2,110	<u>\$ 1,857</u>

**Cash operating expenses** - defined as the sum of Research and Development, Sales and Marketing, and General and Administrative expenses, excluding depreciation and amortization and equity-related compensation

	<u>Three months ended</u>		
	September 30, 2003	June 30, 2003	September 30, 2002
Operating expenses:			
Research and development	\$ 3,007	\$ 2,227	\$ 4,820
Sales and marketing	11,025	11,382	13,861
General and administrative	<u>9,294</u>	<u>9,890</u>	<u>13,772</u>
Cash operating expenses	<u>\$ 23,326</u>	<u>\$ 23,499</u>	<u>\$ 32,453</u>
Cash gross profit	\$ 35,030	\$ 31,208	\$ 25,795
Less: Cash operating expenses	<u>23,326</u>	<u>23,499</u>	<u>32,453</u>

Adjusted-EBITDA	\$ 11,704	\$ 7,709	\$ (6,658)
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**Cash gross profit** - defined as gross profit before network-related depreciation and equity-related compensation

	<u>Three months ended</u>		
	September 30, 2003	June 30, 2003	September 30, 2002
Revenue	\$ 41,767	\$ 37,759	\$ 35,375
Less: Network costs, excluding depreciation and equity-related compensation	6,737	6,551	9,580
Cash gross profit	<u>\$ 35,030</u>	<u>\$ 31,208</u>	<u>\$ 25,795</u>

**Cash gross margin** - defined as the percent of cash gross profit over revenue

	<u>Three months ended</u>		
	September 30, 2003	June 30, 2003	September 30, 2002
Revenue	\$ 41,767	\$ 37,759	\$ 35,375
Cash gross profit	35,030	31,208	25,795
Cash gross margin	<u>84%</u>	<u>83%</u>	<u>73%</u>

**Fully diluted share count** - defined as issued common shares and unexercised stock options, deferred stock units and warrants

	<u>September 30, 2003</u>
Common shares issued	119,424
Unexercised stock options, deferred stock units and warrants	17,633
Fully diluted share count	<u>137,057</u>