SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

FOR ANNUAL AND TRANSITION REPORTS

PURSUANT TO SECTIONS 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2002

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File number 0-27275

Akamai Technologies, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware *(State or other Jurisdiction of Incorporation or Organization)*	**04-3432319** *(I.R.S. Employer Identification No.)*
8 Cambridge Center, Cambridge, MA *(Address of Principal Executive Offices)*	**02142** *(Zip Code)*

Registrant's Telephone Number, including area code (617) 444-3000

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered Pursuant to Section 12(g) of the Act: Common Stock, $.01 par value

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☑ No o

As of June 30, 2002, the aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was approximately $133,509,507 based on the last reported sale price of the common stock on the Nasdaq consolidated transaction reporting system on June 28, 2002.

The number of shares outstanding of the registrant's common stock as of March 24, 2003: 117,936,403 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission relative to the registrant's 2003 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12 and 13 of Part III of this annual report on Form 10-K.

TABLE OF CONTENTS

Table of Contents

AKAMAI TECHNOLOGIES, INC.

ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 2002

TABLE OF CONTENTS

PART I

Item 1. *Business*

We believe that this report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management based on information currently available to our management. Use of words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "likely" or similar expressions, indicate a forward-looking statement. Forward-looking statements involve risks, uncertainties and assumptions. Certain of the information contained in this annual report on Form 10-K consists of forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, those set forth under the heading "Factors Affecting Future Operating Results."

Overview

Akamai Technologies, Inc. provides services and software that enable the world's leading enterprises and government agencies to extend and control their e-business infrastructure. Akamai's services are designed to enable enterprises and government agencies to extend the reach of their e-business infrastructures by ensuring the highest levels of availability, reliability and performance for all their business processes. Through the world's largest distributed computing platform, Akamai offers its customers seamless information flow and robust, confident control of information, enabling the secure delivery of networked information and applications. Our services are built upon our globally distributed platform for content, streaming media, and application delivery, which is comprised of more than 13,000 servers within over 1,100 networks in 66 countries.

We began selling our content delivery services in 1999 under the trade name FreeFlow. Later that year, we added streaming media delivery services to our portfolio and introduced traffic management services that allow customers to monitor traffic patterns on their websites both on a continual basis and for specific events. In 2000, we began offering a software solution that identifies the geographic location and network origin from which end users access our customer's websites, enabling content providers to customize content without compromising user privacy. In 2001, we commenced commercial sales of our EdgeSuite offering, a suite of services that allows for high-performance and dynamic delivery of web content and applications to end users, wherever they are located globally. These services include content and application delivery, content targeting and personalization, business intelligence and streaming media.

Our services are easy to implement and are highly scalable. Historically, our FreeFlow customers selected bandwidth-intensive content, typically media-rich non-text objects such as photographs, banner advertisements and graphics, for delivery over our platform. With the introduction of our EdgeSuite service, customers may dynamically deliver a broader range of content and applications — such as customer relationship management tools, pay-per-view video, software updates and entire websites — over our platform. The technology underlying our EdgeSuite service enables us to locate applications and content geographically closer to end users. Using the proprietary algorithms we have developed that continuously monitor and load-balance our network in real-time, we determine the most efficient methods and routes available for delivering the applications and content to our customers' end users.

We were incorporated in Delaware in 1998 and have our corporate headquarters at 8 Cambridge Center, Cambridge, Massachusetts. Our Internet website address is www.akamai.com. We are not including the information contained on our website as part of, or incorporating it by reference into, this annual report on Form 10-K.

We are registered as a reporting company under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. Accordingly, we file with the Securities and Exchange Commission, or the Commission, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K as required by the Exchange Act and the rules and regulations of the Commission. We refer to these reports as Periodic Reports. The public may read and copy any Periodic Reports or other materials we file with the

Commission at the Commission's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Information on the operation of the Public Reference Room is available by calling 1-800-SEC-0330. In addition, the Commission maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, such as Akamai, that file electronically with the Commission. The address of this website is http://www.sec.gov.

We make available, free of charge, on or through our Internet website our Periodic Reports and amendments to those Periodic Reports as soon as reasonably practicable after we electronically file them with the Commission.

Industry Background

The end of the 20th century witnessed the explosive growth of the Internet and the emergence of e-business. E-business is the use of the Internet to streamline processes, improve productivity and increase efficiencies, enabling enterprises to easily communicate with customers, vendors and partners, connect back-end data systems and transact commerce in a secure manner. The Internet, however, is a complex system of networks that was not originally created to accommodate the volume or sophistication of today's business communication demands. As a result, information is frequently delayed or lost on its way through the Internet as a result of many potential bottlenecks, including:

- bandwidth constraints between an end user and the end user's network provider, such as an Internet Service Provider, or ISP, cable provider or digital subscriber line provider;
- Internet traffic exceeding the capacity of routing equipment;
- inefficient or nonfunctioning peering points, or points of connection, between ISPs; and
- traffic bottlenecks at data centers.

Driven by competition, globalization and cost-containment strategies, e-business is becoming a critical component for corporate enterprises. These trends require enterprises to rely on an agile e-business infrastructure to meet their real-time strategic and business objectives. We expect enterprises to favor more decentralized information technology architecture to support their goals of disaster recovery, high availability, denial-of-service mitigation and back up. We also anticipate that enterprises will continue to expand their use of technologies that allow an enterprise to conduct business over the Internet, which are referred to at Internet Protocol, or IP, technologies.

Our Solutions

Akamai offers a broad range of secure e-business infrastructure solutions and software that enable customers to reduce the complexity and cost of deploying and operating a uniform IP infrastructure while ensuring superior performance, reliability, scalability and manageability. Forming the core of these solutions is our EdgeSuite offering, a suite of services that allows enterprises to maximize performance and minimize cost while distributing their Internet-related content and applications using IP technology.

By moving electronic content and applications closer to our customers' end users, our EdgeSuite service allows enterprises to improve the end-user experience, boost reliability and scalability and reduce the cost of their e-business infrastructure. We believe that our EdgeSuite offering is the only service available in the industry capable of providing the benefits of distributed performance to an enterprise's entire website and all aspects of its applications. Our EdgeSuite service reduces the amount of IP infrastructure required to maintain a global Internet presence. Site owners maintain a control copy of their applications and content, and our EdgeSuite service provides global delivery, load balancing and storage, thereby enabling businesses to focus valuable resources on strategic matters, rather than tactical infrastructure issues.

Customers of our EdgeSuite service have access to the following service and software features:

- ***Secure Content***

  Enterprises are increasingly aware that having the ability to transmit content securely over the Internet is a crucial component of their e-business program. Our services offer support for the distribution of secure Internet-related content. Using Secure Sockets Layer, or SSL, transport, our EdgeSuite offering ensures that content is distributed privately and reliably between two communicating applications.

- ***Tiered Distribution***

  As their websites and interactions become more complex, enterprises are seeking tools to manage their Internet presence. Tiered distribution is a hierarchical content distribution method that we use on behalf of participating customers. With this approach, a set of well-connected "core" server regions are available to store given content and, thus, to alleviate the load on the customer's origin servers. Akamai's edge servers can obtain content from these core server regions in lieu of going to the customer's origin servers under certain conditions. As a result, we are able to efficiently distribute our customers' content based on unique characteristics and patterns so that our customers can significantly reduce the load on their IP infrastructure and protect their online business from unexpected spikes in demand.

- ***Site Fail Over***

  It is essential that e-businesses maintain constant availability of their websites. Our EdgeSuite service guarantees delivery of default content in the event that the primary, or source, version of the website of an enterprise customer becomes unavailable. Our EdgeSuite offering's default content capabilities provide a solution for:

  - *Site mirroring* — we provide an economical way to mirror a website without the expense of investing in additional data centers to achieve redundancy.

  - *Disaster recovery* — we provide a backup if an unforeseen event causes a website to crash.

  - *Site maintenance* — we deliver fail-over service so that a website remains available to end users during updates and maintenance.

- ***Net Storage***

  For an enterprise to most effectively utilize the Internet, efficient content storage solutions are essential. Our EdgeSuite service provides a complete solution for digital storage needs for all content types. Our EdgeSuite Net Storage feature uses multiple terabytes of storage capacity, geographical replication, a scalable architecture and proprietary mapping and routing technology to ensure that content is consistently available.

- ***Global Traffic Management***

  Our EdgeSuite service substantially reduces the amount of Internet infrastructure required to maintain a global Internet presence by providing geographically distributed IP infrastructures that reduce reliance on an origin site for presentation and application processing and enable site owners to maintain a minimal source copy of the website. Enterprises with geographically distributed IP infrastructures can use EdgeSuite Global Traffic Management to improve the availability, responsiveness and reliability of a multi-location website. When we need to access a customer's origin site that has been mirrored elsewhere, we rely on our Global Traffic Management feature to choose the optimal mirrored site. Global Traffic Management frees enterprises from managing complex hardware and allows them to concentrate on their core business. Global Traffic Management reduces the need for enterprises to purchase, maintain or house hardware that can rapidly become obsolete and provides continuous monitoring and support from our Network Operations Command Center, which we call the NOCC.

- ***Content Targeting***

  Content Targeting allows our customers to customize content by accurately identifying the visiting user's geographic location, connection speed, device type or other specified information so that content can be targeted for each visitor in real time and at the network's edge. Content Targeting enables content providers to deliver localized content, customized store-fronts, targeted advertising, adaptive marketing and a rich user experience.

- ***Digitized Downloads***

  Digitized downloads consist of software applications and documents that may be downloaded onto the computers of permitted recipients. Our EdgeSuite service provides a solution for digital file distribution that offers our customers the ability to leverage the Internet as a distribution channel, resulting in expanded customer reach, significant cost efficiencies and time-to-market advantage. The unique, globally distributed network architecture on which the Akamai platform is based enhances the security and reliability of downloads while reducing infrastructure and bandwidth requirements at the origin site.

- ***Business Intelligence***

  EdgeSuite Business Intelligence applications and services provide detailed real-time and historical information on site visitors, their behavior and the effectiveness of a website's content. It also provides IP infrastructure information with details on website performance, site visitors' access points, traffic patterns and automated delivery of logs containing information about website traffic and usage in industry-standard formats. Companies use Business Intelligence's comprehensive tools to evaluate their strategic investments in website functionality.

- ***Streaming Services***

  Our streaming services provide for the delivery of streaming audio and video content to Internet users. We offer streaming services in all major formats. We principally focus on enterprise streaming applications such as video broadcasting of large events over IP networks, and video archives of corporate events or public news events. We believe that we have demonstrated superior streaming network performance and quality, particularly for broadband users.

- ***Edge Assembly***

  Edge Side Includes (ESI) accelerates dynamic web-based applications by identifying cacheable and non-cacheable website page components that can be aggregated, assembled and delivered at the network edge. EdgeSuite Dynamic Content Assembly gives enterprises the ability to deliver rich, dynamically-rendered pages delivered without any performance penalty. EdgeSuite Dynamic Content Assembly allows companies to assemble and customize website pages at an optimal location within the Akamai's global network of servers. Customized content is delivered quickly and reliably to each user without forcing interaction with a centralized application server.

- ***Edge Computing***

  Edge computing allows enterprises to extend more of their applications into the network, closer to end users, including customers, partners, suppliers, and employees. By adding application server capabilities and support for application and development frameworks, such as Java (J2EE) and Microsoft .NET, Akamai is striving to become a pervasive, distributed, and standards-based high performance deployment platform for enterprise applications, Internet-based services and website content of all kinds. For example, we will be launching EdgeComputing for Java, a new service for distributed application delivery. Additionally, as part of a broader technology partnership with IBM, we will be integrating IBM's WebSphere application server with the Akamai platform.

Business Segments and Geographic Information

We operate in one business segment: providing e-business infrastructure services and software. For the year ended December 31, 2002, approximately 13% of revenue was derived from our operations outside the United States. For all other periods, less than 10% of revenue was derived from sources outside of the United States. For more information on our segments and geographic areas, see Note 20 to our consolidated financial statements appearing elsewhere in this annual report on Form 10-K.

The Akamai Platform

The Akamai platform is the collection of Akamai's core technologies and global network footprint. Comprising intelligent core technologies such as advanced routing, load balancing, data collection and monitoring, the Akamai platform is designed to ensure the highest levels of availability, reliability and performance of information flow between our customers and the Internet.

Our platform consists of a global network of over 13,000 computer servers and the complex proprietary software that resides on them. Our servers are deployed in over 1,100 networks including Tier 1 providers, medium and small ISPs, cable modem and satellite providers, universities and other networks. We also deploy our servers at smaller and medium-sized domestic and international ISPs through our Akamai Accelerated Network Program. Under this program, we offer use of our servers to ISPs. In exchange, we typically do not pay for rack space to house our servers or bandwidth to deliver content from our servers to Internet users. By hosting our servers, ISPs obtain access to popular content from the Internet that is served from our platform. As a result, when this content is requested by a user, the ISP does not need to pay for the bandwidth otherwise necessary to retrieve the content from the originating website.

We monitor our platform through the NOCC, located at our corporate headquarters, with a back-up facility on the West Coast. Expert network operations personnel staff the NOCC 24 hour per day, seven days a week. We perform real-time monitoring of our own servers and of the Internet to make certain that content is delivered to users with the best possible performance and reliability. A key design principle of our system is the use of a distributed network of servers with no single point of failure. As a result, if any computer, data center or portion of the Internet fails, our services will continue operating. We constantly monitor the performance of connections between various locations around the Internet and our regions using numerous types of network information to determine the performance of these connections. The result is a "map" of the optimal Akamai region for each location at that point in time. We rebuild this map periodically to reflect changing conditions.

Our technology is designed so that our servers maintain redundancy with other servers in our network to ensure the highest level of performance and reliability for our customers. This is increasingly important for reliably delivering the mission-critical content and applications of an enterprise over IP networks that, on their own, are often unreliable.

Customers

Our customer base is centered on enterprises. As of December 31, 2002, customers who have adopted our services include many of the world's leading enterprises, including American Suzuki Motor Corporation, Apple Computer, Inc., Barnes & Noble, Best Buy.com, Inc., Canon Japan, FedEx Corporation, General Motors Corporation, L.L. Bean, Inc., Microsoft Corporation, Molex Incorporated, NASDAQ, Sony Music Entertainment Japan, Staples, Inc., VeriSign, Inc. and VERITAS Software Corporation. We have also begun to address the needs of the government market and, as of December 31, 2002, had customers such as the Centers for Disease Control and Prevention, the U.S. Geological Survey's Earthquake Hazards Program and the U.S. Government Printing Office. For the year ended December 31, 2000, Apple Computer represented 12% of total revenue. No customer accounted for 10% or more of total revenue for the years ended December 31, 2001 or December 31, 2002.

Sales, Service and Marketing

Our sales and service professionals are located in eleven offices in the United States with additional locations in Europe and Japan. We market and sell our services and software domestically and internationally through our direct sales and services organization and through more than 20 active resellers including Digex, Inc., Electronic Data Systems Corporation, or EDS, International Business Machines Corporation, or IBM, InterNap Network Services Corporation, Telefonica Group and others. Our sales and support organization includes employees in direct and channel sales, professional services, account management and technical consulting. As of December 31, 2002, we had approximately 167 employees in our sales and support organization, including 62 direct sales representatives whose performance is measured on the basis of achievement of quota objectives. Our ability to achieve significant revenue growth in the future will depend in large part on how successfully we recruit, train and retain sufficient direct sales, technical and global services personnel, and how well we establish and maintain relationships with our strategic partners. We believe that the complexity of our services will require a number of highly trained global sales and services personnel.

To support our sales efforts and promote the Akamai name, we conduct comprehensive marketing programs. Our marketing strategies include an active public relations campaign, print advertisements, online advertisements, trade shows, strategic partnerships and on-going customer communication programs. As of December 31, 2002, we had 29 employees in our global marketing organization.

Research and Development

Our research and development organization is continuously enhancing and improving our existing services, strengthening our network and creating new services in response to our customers' needs and market demand, as described in "Our Solutions" and "The Akamai Platform" above. As of December 31, 2002, we had approximately 152 employees in our research and development organization, many of whom hold advanced degrees in their field. Our research and development expenses were $21.8 million, $44.8 million and $38.2 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Competition

The market for our services remains relatively new, intensely competitive and characterized by rapidly changing technology, evolving industry standards and frequent new product and service installations. We expect competition for our services to increase both from existing competitors and new market entrants. We compete primarily on the basis of:

- performance of services and software;
- reduced infrastructure complexity;
- ease of implementation and use of service;
- scalability;
- customer support; and
- return on investment in terms of cost savings and new revenue opportunities for our customers.

We compete primarily with companies offering products and services that address Internet performance problems, including companies that provide Internet content delivery and hosting services, streaming content delivery services and equipment-based solutions to Internet performance problems, such as load balancers and server switches. Some of these companies resell our services. We also compete with companies that host online conferences using proprietary conferencing applications. We do not believe that any other company currently offers the range of solutions that we offer through our EdgeSuite service.

Proprietary Rights and Licensing

Our success and ability to compete are dependent on our ability to develop and maintain the proprietary aspects of our technology and operate without infringing on the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright laws and contractual restrictions to protect the proprietary aspects of our technology. We currently have numerous issued United States patents covering our content delivery technology, and we have numerous additional patent applications pending. In October 1998, we entered into a license agreement with the Massachusetts Institute of Technology, or MIT, under which we were granted a royalty-free, worldwide right to use and sublicense the intellectual property rights of MIT under various patent applications and copyrights relating to Internet content delivery technology. Two of these patent applications have now issued. We seek to limit disclosure of our intellectual property by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements with us and by restricting access to our source code.

To enforce our intellectual property rights, we have filed a number of lawsuits against certain of our competitors. Additional litigation may be necessary in the future to protect our rights. In addition, we aggressively defend our technology and business against claims of infringement or invalidity brought by others. For a further discussion of this litigation, see Note 10 to our consolidated financial statements appearing elsewhere in this annual report on Form 10-K. There can be no assurance that our means of protecting our proprietary rights will be adequate or that our competitors will not independently develop similar technology. Any failure by us to meaningfully protect our property could have a material adverse effect on our business, operating results and financial condition. See “Factors Affecting Future Operating Results.”

Employees

As of December 31, 2002, we had a total of 567 full-time and part-time employees. Our future success will depend in part on our ability to attract, retain and motivate highly qualified technical and management personnel for whom competition is intense. Our employees are not represented by any collective bargaining unit. We believe our relations with our employees are good.

Factors Affecting Future Operating Results

The following important factors, among other things, could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this annual report on Form 10-K or presented elsewhere by management from time to time.

Failure to increase our revenue and keep our expenses consistent with revenues could prevent us from achieving and maintaining profitability or cause us to miss debt payments.

We have never been profitable. We have incurred significant losses since inception and expect to continue to incur losses in the future. We have large fixed expenses, and we expect to continue to incur significant bandwidth, sales and marketing, product development, administrative, interest and other expenses. Therefore, we will need to generate significantly higher revenue to achieve and maintain profitability. There are numerous factors that could impede our ability to increase revenue and moderate expenses, including:

- any lack of market acceptance of our services due to continuing concerns about commercial use of the Internet, including security, reliability, speed, cost, ease of access, quality of service and regulatory initiatives;
- any failure of our current and planned services and software to operate as expected;
- a failure by us to respond rapidly to technological changes in our industry which could cause our services to become obsolete;
- a continuation of adverse economic conditions worldwide that have contributed to slowdowns in capital expenditures by businesses, particularly capital spending in the IT market;
- failure of a significant number of customers to pay our fees on a timely basis or at all or to continue to purchase our services in accordance with their contractual commitments; and
- inability to attract high-quality customers to purchase and implement our current and planned services and software.

Our failure to significantly increase our revenue would seriously harm our business and operating results and could cause us to fail to make interest or principal payments on our outstanding indebtedness.

We have significant long-term debt, and we may not be able to make interest or principal payments when due.

As of December 31, 2002, our total long-term debt was approximately $301.0 million and our stockholders’ deficit was $168.1 million. Our 5 1/2% convertible subordinated notes due 2007, which we refer to as our 5 1/2% notes, do not restrict our ability or our subsidiaries’ ability to incur additional indebtedness, including debt that ranks senior to the 5 1/2% notes. Our ability to satisfy our obligations will depend upon our future performance, which is subject to many factors, including factors beyond our control. The conversion price for the 5 1/2% notes is $115.47 per share. The current market price for shares of our common stock is significantly below the conversion price of our convertible subordinated notes. If the market price for our common stock does not exceed the conversion price, the holders of the notes are unlikely to convert their securities into common stock.

Historically, we have had negative cash flow from operations. For the year ended December 31, 2002, net cash used in operating activities was approximately $65.8 million. Annual interest payments on our debentures, assuming no securities are converted or redeemed, is approximately $16.5 million. Unless we are able to generate sufficient operating cash flow to service the notes, we will be required to raise additional funds or default on our obligations under the debentures and notes.

If we are required to seek additional funding, such funding may not be available on acceptable terms or at all.

If our revenue grows more slowly than we anticipate or if our operating expenses increase more than we expect or cannot be reduced in the event of lower revenue, we may need to obtain funding from outside sources. If we are unable to obtain this funding, our business would be materially and adversely affected. In addition, even if we were to find outside funding sources, we might be required to issue securities with greater rights than the securities we have outstanding today. We might also be required to take other actions that could lessen the value of our common stock, including borrowing money on terms that are not favorable to us.

The markets in which we operate are highly competitive and we may be unable to compete successfully against new entrants and established companies with greater resources.

We compete in markets that are new, intensely competitive, highly fragmented and rapidly changing. We have experienced and expect to continue to experience increased competition. Many of our current competitors, as well as a number of our potential competitors, have longer operating histories, greater name recognition, broader customer relationships and industry alliances and substantially greater financial, technical and marketing resources than we do. Our competitors may be able to respond more quickly than we can to new or emerging technologies and changes in customer requirements. Some of our current or potential competitors may bundle their services with other services, software or hardware in a manner that may discourage website owners from purchasing any service we offer or ISPs from installing our servers. Increased competition could result in price and revenue reductions, loss of customers and loss of market share, which could materially and adversely affect our business, financial condition and results of operations.

If the prices we charge for our services decline over time, our business and financial results are likely to suffer.

We expect that the prices we charge for our services may decline over time as a result of, among other things, existing and new competition in the markets we address. Consequently, our historical revenue rates may not be indicative of future revenue based on comparable traffic volumes. If we are unable to sell our services at acceptable prices relative to our costs, our revenue and gross margins will decrease, and our business and financial results will suffer.

Any unplanned interruption in our network or services could lead to significant costs and disruptions that could reduce our revenue and harm our business, financial results and reputation.

Our business is dependent on providing our customers with fast, efficient and reliable Internet distribution application and content delivery services. For our core services, we currently provide a guarantee that our networks will deliver Internet content 24 hours a day, seven days a week, 365 days a year. If we do not meet this standard, our customer does not pay for all or a part of its services on that day. Our network or services could be disrupted by numerous things, including, among other things, natural disasters, failure or refusal of our third party network providers to provide the capacity, power losses, and intentional disruptions of our services, such as disruptions caused by software viruses or attacks by hackers. Any widespread loss or interruption of our network or services would reduce our revenue and could harm our business, financial results and reputation.

We may have insufficient transmission capacity which could result in interruptions in our services and loss of revenues.

Our operations are dependent in part upon transmission capacity provided by third-party telecommunications network providers. We believe that we have access to adequate capacity to provide our services; however, there can be no assurance that we are adequately prepared for unexpected increases in bandwidth demands by our customers. In addition, the bandwidth we have contracted to purchase may become unavailable for a variety of reasons. For example, a number of these network providers have recently filed for protection under the federal bankruptcy laws. As a result, there is uncertainty about whether such providers or others that enter into bankruptcy will be able to continue to provide services to us. Any failure of these network providers to provide the capacity we require, due to financial or other reasons, may result in a reduction in, or interruption of, service to our customers. If we do not have access to third-party transmission capacity, we could lose customers. If we are unable to obtain transmission capacity on terms commercially acceptable to us, our business and financial results could suffer. In addition, our telecommunications and network providers typically provide rack space for our servers. Damage or destruction of, or other denial of access to, a facility where our servers are housed could result in a reduction in, or interruption of, service to our customers.

Because our services are complex and are deployed in complex environments, they may have errors or defects that could seriously harm our business.

Our services are highly complex and are designed to be deployed in and across numerous large and complex networks. From time to time, we have needed to correct errors and defects in our software. In the future, there may be additional errors and defects in our software that may adversely affect our services. If we are unable to efficiently fix errors or other problems that may be identified, we could experience loss of revenues and market share, damage to our reputation, increased expenses and legal actions by our customers.

If the estimates we make, and the assumptions on which we rely, in preparing our financial statements prove inaccurate, our actual results may vary from these reflected in our projections and accruals.

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges accrued by us, such as those made in connection with our restructurings, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. There can be no assurance, however, that our estimates, or the assumptions underlying them, will be correct. As a result, our actual results could vary from those reflected in our projections and accruals, which could adversely affect our stock price.

Our business involves numerous risks and uncertainties that affect the trading price of our common stock, which could result in litigation against us.

The price of our common stock has been and likely will continue to be subject to substantial fluctuations. The following factors may contribute to the instability of our stock price:

- variations in our quarterly operating results;
- the addition or departure of our key personnel;
- announcements by us or our competitors of significant contracts, litigation developments, or new or enhanced products or service offerings;
- changes in financial estimates by securities analysts;

- our sales of common stock or other securities in the future;
- changes in market valuations of networking, Internet and telecommunications companies;
- fluctuations in stock market prices and volumes; and
- changes in general economic conditions, including interest rate levels.

Class action litigation is often brought against companies following periods of volatility in the market price of their common stock. If such litigation were brought against us, it could be expensive and divert our management's attention and resources that could materially adversely affect our business and results of operations.

If our license agreement with MIT terminates, our business could be adversely affected.

We have licensed from MIT technology covered by various patent applications and copyrights relating to Internet content delivery technology. Some of our technology is based in part on the technology covered by these patent applications and copyrights. Our license is effective for the life of the patent and patent applications; however, under limited circumstances, such as a cessation of our operations due to our insolvency or our material breach of the terms of the license agreement, MIT has the right to terminate our license. A termination of our license agreement with MIT could have a material adverse effect on our business.

We could incur substantial costs defending our intellectual property from infringement or a claim of infringement.

Other companies or individuals, including our competitors, may obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our services. As a result, we may be found to infringe the proprietary rights of others. In the event of a successful claim of infringement against us and our failure or inability to license the infringed technology, our business and operating results would be significantly harmed. Companies in the Internet market are increasingly bringing suits alleging infringement of their proprietary rights, particularly patent rights. We have been named as a defendant in several lawsuits alleging that we have violated other companies' intellectual property rights. Any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources and require us to do one or more of the following:

- cease selling, incorporating or using products or services that incorporate the challenged intellectual property;
- obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; and
- redesign products or services.

If we are forced to take any of these actions, our business may be seriously harmed.

Our business will be adversely affected if we are unable to protect our intellectual property rights from third-party challenges.

We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. These legal protections afford only limited protection. Monitoring unauthorized use of our services is difficult and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the United States. Although we have licensed and proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. Furthermore, we cannot be certain that any pending or future patent applications will be granted, that any future patent will not be challenged, invalidated or circumvented, or that rights granted under any patent that may be issued will provide competitive advantages to us.

If we are unable to retain our key employees and hire qualified sales and technical personnel, our ability to compete could be harmed.

Our future success depends upon the continued services of our executive officers and other key technology, sales, marketing and support personnel who have critical industry experience and relationships that they rely on in implementing our business plan. None of our officers or key employees is bound by an employment agreement for any specific term. We have a "key person" life insurance policy covering only the life of F. Thomson Leighton. The loss of the services of any of our key employees could delay the development and introduction of and negatively impact our ability to sell our services.

We face risks associated with international operations that could harm our business.

We have expanded our international operations to Japan, Germany, England and France. In addition, we are part of a joint venture in Australia. We expect to continue to expand our sales and support organizations internationally. Therefore, we expect to commit significant resources to expand our international sales and marketing activities. We are increasingly subject to a number of risks associated with international business activities that may increase our costs, lengthen our sales cycle and require significant management attention. These risks include:

- lack of market acceptance of our products and services abroad;
- increased expenses associated with marketing services in foreign countries;
- general economic conditions in international markets;
- currency exchange rate fluctuations;
- unexpected changes in regulatory requirements resulting in unanticipated costs and delays;
- tariffs, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable; and
- potentially adverse tax consequences.

As part of our business strategy, we have entered into and may enter into or seek to enter into business combinations and acquisitions that may be difficult to integrate, disrupt our business, dilute stockholder value or divert management attention.

We have made acquisitions of other companies in the past and may enter into additional business combinations and acquisitions in the future. Acquisitions are typically accompanied by a number of risks, including the difficulty of integrating the operations and personnel of the acquired companies, the potential disruption of our ongoing business, the potential distraction of management, expenses related to the acquisition and potential unknown liabilities associated with acquired businesses. If we are not successful in completing acquisitions that we may pursue in the future, we may be required to reevaluate our business strategy, and we may have incurred substantial expenses and devoted significant management time and resources without a productive result. In addition, with future acquisitions, we could use substantial portions of our available cash or make dilutive issuances of securities. Future acquisitions or attempted acquisitions could have an adverse effect on our ability to become profitable.

Internet-related laws could adversely affect our business.

Laws and regulations that apply to communications and commerce over the Internet are becoming more prevalent. In particular, the growth and development of the market for online commerce has prompted calls for more stringent tax, consumer protection and privacy laws, both in the United States and abroad, that may impose additional burdens on companies conducting business online. This could negatively affect the businesses of our customers and reduce their demand for our services. We could also be negatively affected by tax laws that might apply to our servers which are located in many different jurisdictions. Internet-related laws, however, remain largely unsettled, even in areas where there has been some legislative action. The adoption or modification of laws or regulations relating to the Internet or our operations, or interpretations of existing law, could adversely affect our business.

Terrorist activities and resulting military and other actions could adversely affect our business.

Terrorist attacks in New York, Pennsylvania and Washington, D.C. in September 2001 disrupted commerce throughout the United States and other parts of the world. The continued threat of terrorism within the United States and abroad, and the potential for military action and heightened security measures in response to such threat, may cause significant disruption to commerce throughout the world. To the extent that such disruptions result in delays or cancellations of customer orders, a general decrease in corporate spending on information technology, or our inability to effectively market, sell or operate our services and software, our business and results of operations could be materially and adversely affected.

Provisions of our charter documents, our stockholder rights plan and Delaware law may have anti-takeover effects that could prevent a change in control even if the change in control would be beneficial to our stockholders.

Provisions of our amended and restated certificate of incorporation, by-laws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. In addition, in September 2002, our Board of Directors adopted a shareholder rights plans the provisions of which could make it more difficult for a potential acquirer of Akamai to consummate an acquisition transaction.

A class action lawsuit has been filed against us that may be costly to defend and the outcome of which is uncertain and may harm our business.

We are named as a defendant in a purported class action lawsuit filed in 2001 alleging that the underwriters of our initial public offering received undisclosed compensation in connection with our IPO in violation of the Securities Act of 1933 and the Securities Exchange Act of 1934. This litigation could be expensive and divert the attention of our management and other resources. We can provide no assurance as to the outcome of this action. Any conclusion of these matters in a manner adverse to us could have a material adverse affect on our financial position and results of operations.

We may become involved in other litigation that may adversely affect us.

In the ordinary course of business, we may become involved in litigation, administrative proceedings and governmental proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Furthermore, there can be no assurance that the results of any of these actions will not have a material adverse effect on our business, results of operations or financial condition.

Item 2. *Properties*

Our headquarters are located in approximately 89,000 square feet of leased office space in Cambridge, Massachusetts. Our primary west coast office is located in approximately 47,000 square feet of leased office space in San Mateo, California. We are attempting to sublease a substantial portion of our San Mateo facility. We maintain offices in several other locations in the United States, including in or near each of Los Angeles, California; Atlanta, Georgia; Chicago, Illinois; New York, New York; Fairfax, Virginia and Seattle, Washington. We also maintain offices in Europe and Asia including in or near Munich, Germany; Paris, France; London, England; and Tokyo, Japan. All of our facilities are leased.

Item 3. *Legal Proceedings*

We are subject to legal proceedings, claims and litigation arising in the ordinary course of business. We do not expect the ultimate costs to resolve these matters to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Between July 2, 2001 and August 31, 2001, purported class action lawsuits seeking monetary damages were filed in the United States District Court for the Southern District of New York against us and several of our officers and directors as well as against the underwriters of our October 28, 1999 initial public offering of common stock. The complaints were filed allegedly on behalf of persons who purchased our common stock during different time periods, all beginning on October 28, 1999 and ending on various dates. The complaints are similar and allege violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 primarily based on the allegation that the underwriters received undisclosed compensation in connection with our initial public offering. On April 19, 2002, a single consolidated amended complaint was filed, reiterating in one pleading the allegations contained in the previously filed separate actions. The consolidated amended complaint defines the alleged class period as October 28, 1999 through December 6, 2000. On July 15, 2002, we joined in an omnibus motion to dismiss filed by all issuer defendants named in similar actions which challenges the legal sufficiency of the plaintiffs' claims, including those in the consolidated amended complaint. Plaintiffs opposed the motion, and the Court heard oral arguments on the motion in November 2002. On February 19, 2003, the Court ruled against us on this motion, and the case may now proceed to discovery. In addition, in October 2002, the plaintiffs dismissed without prejudice all of the individual defendants from the consolidated complaint. Although we believe that we have meritorious defenses to the claims made in the complaint, an adverse resolution of the action could have a material adverse effect on our financial condition and results of operations in the period in which the lawsuit is resolved. We are not presently able to estimate potential losses, if any, related to this lawsuit.

In June 2002, we filed suit against Speedera Networks, Inc., or Speedera, in California Superior Court alleging theft of Akamai trade secrets from an independent company that provides website performance testing services. In connection with this suit, in September 2002, the Court issued a preliminary injunction to restrain Speedera from continuing to access our confidential information from the independent company's database and from using any data obtained from such access. In October 2002, Speedera filed a cross-claim against us seeking monetary damages and injunctive relief and alleging that we engaged in various unfair trade practices, made false and misleading statements and engaged in unfair competition. We believe that we have meritorious defenses to the claims made in Speedera's cross-claim and intend to contest the allegations vigorously; however, there can be no assurance that we will be successful. We are not presently able to reasonably estimate potential losses, if any, related to this cross-claim.

In July 2002, Cable and Wireless Internet Services, or C&W, formerly known as Digital Island, filed suit against us in the United States District Court for the District of Massachusetts alleging that certain Akamai services infringe a C&W patent issued in that month. C&W is seeking a preliminary injunction restraining us from offering services that infringe such patent. Subsequently, in August 2002, C&W filed a suit against us in the United States District Court for the Northern District of California alleging that certain Akamai services infringe a second C&W patent. We believe that we have meritorious defenses to the claims made in the complaints and intend to contest the lawsuits vigorously; however, there can be no assurance that we will be successful. We are not presently able to reasonably estimate potential losses, if any, related to these lawsuits.

In September 2002, Teknowledge Corporation, or Teknowledge, filed suit in the United States District Court for the District of Delaware against Akamai, C&W and Inktomi Corporation alleging that certain services offered by each company infringe a Teknowledge patent relating to automatic retrieval of changed files by a network software agent. We believe that we have meritorious defenses to the claims made in the complaint and intend to contest the lawsuit vigorously; however, there can be no assurance that we will be successful. We are not presently able to reasonably estimate potential losses, if any, related to this lawsuit.

In November 2002, we filed suit against Speedera in federal court in Massachusetts for infringement of a patent held by Akamai. In January 2003, Speedera filed a counterclaim in this case alleging that Akamai has infringed a patent that was recently issued to Speedera. We believe that we have meritorious defenses to the claims made in the counterclaim and intend to contest them vigorously; however, there can be no assurance that we will be successful. We are not presently able to reasonably estimate potential losses, if any, related to this counterclaim.

Item 4. ***Submission of Matters to a Vote of Security Holders***

None.

PART II

Item 5. ***Market For Registrant's Common Equity and Related Stockholder Matters***

Our common stock trades under the symbol "AKAM." Our common stock has been listed on The NASDAQ SmallCap Market since September 3, 2002. From the time that public trading of our common stock commenced on October 29, 1999 until September 3, 2002, our common stock was listed on The NASDAQ National Market. Prior to October 29, 1999, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sale price per share of the common stock on The NASDAQ National Market and The NASDAQ SmallCap Market, as applicable:

	High	Low
Year Ended December 31, 2001:		
First Quarter	$37.44	$7.22
Second Quarter	$13.34	$5.50
Third Quarter	$ 9.33	$2.52
Fourth Quarter	$ 6.75	$2.62

	High	Low
Year Ended December 31, 2002:		
First Quarter	$6.34	$3.05
Second Quarter	$4.44	$0.76
Third Quarter	$1.55	$0.75
Fourth Quarter	$2.75	$0.56

As of March 24, 2003, there were 582 holders of record of our common stock.

We have never paid or declared any cash dividends on shares of our common stock or other securities and do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain all future earnings, if any, for use in the operation of our business.

Item 6. ***Selected Financial Data***

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial data included elsewhere in this annual report on Form 10-K. The statement of operations data and balance sheet data for all periods presented is derived from audited consolidated financial statements included elsewhere in this annual report on Form 10-K or on file with the Securities and Exchange Commission. We acquired several businesses in 2000 that were recorded under the purchase method of accounting. We allocated $3 billion of the cost of these acquisitions to goodwill and other intangible assets. As a result, loss from operations for the years ended December 31, 2001 and 2000 includes $256,000 and $676,000, respectively, for the amortization of goodwill and other intangible assets related to these acquisitions. In 2001, loss from operations includes a $1.9 billion impairment of goodwill. On January 1, 2002, in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," we discontinued the amortization of goodwill. Loss from continuing operations for the years ended December 31, 2002 and 2001 includes restructuring charges of $45.8 million and $40.5 million, respectively, for actual and estimated termination and modification costs related to non-cancelable facility leases and employee severance.

	For the Years Ended December 31,				Period from Inception (August 20, 1998) through December, 31
	2002	2001	2000	1999	1998
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Revenue	$ 144,976	$ 163,214	$ 89,766	$ 3,986	$ —
Total cost and operating expenses	327,512	2,577,112	989,348	60,424	900
Loss from continuing operations	(204,437)	(2,435,512)	(885,785)	(54,169)	(890)
Net loss	(204,437)	(2,435,512)	(885,785)	(57,559)	(890)
Net loss attributable to common stockholders	(204,437)	(2,435,512)	(885,785)	(59,800)	(890)
Basic and diluted net loss per share	$ (1.81)	$ (23.59)	$ (10.07)	$ (1.98)	$ (0.06)
Weighted average common shares outstanding	112,766	103,233	87,959	30,177	15,015

	As of December 31,				
	2002	2001	2000	1999	1998
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 111,765	$181,514	$ 373,300	$269,554	$6,805
Restricted marketable securities	13,405	28,997	13,634	—	—
Working capital	60,584	136,701	270,396	255,026	6,157
Total assets	229,863	421,478	2,790,777	300,815	8,866
Obligations under capital leases and equipment loans, net of current portion	1,006	113	421	733	25
Accrued restructuring, net of current portion	13,994	10,010	—	—	—
Other liabilities	1,854	2,823	1,009	—	—
Convertible subordinated notes	300,000	300,000	300,000	—	—
Convertible preferred stock	—	—	—	—	8,284
Total stockholders' (deficit) equity	$(168,090)	$ 17,234	$2,404,399	$281,445	$ (148)

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Overview

The following sets forth, as a percentage of revenue, consolidated statements of operations data for the years indicated:

	2002	2001	2000
Revenue	100%	100%	100%
Cost of revenue	59	66	80
Research and development	15	28	43
Sales and marketing	45	57	124
General and administrative	68	75	101
Amortization of other intangible assets	8	11	14
Amortization of goodwill	—	145	739
Restructuring charges	31	25	—
Impairment of goodwill	—	1,172	—
Acquired in-process research and development	—	—	1
Total cost and operating expenses	226	1,579	1,102
Loss from operations	(126)	(1,479)	(1,002)
Interest income	2	7	25
Interest expense	(13)	(11)	(10)
Other income	—	1	—
Loss on investments, net	(4)	(9)	—
Loss before provision for income taxes	(141)	(1,491)	(987)
Provision for income taxes	—	1	—
Net loss	(141)%	(1,492)%	(987)%

Since our inception, we have incurred significant costs to develop our technology, build our worldwide network, sell and market our services and software and support our operations. We have also incurred significant amortization expense and impairments of goodwill and other intangible assets from the acquisition of businesses. In recent years, we have incurred significant restructuring expenses related to employee severance payments and vacated facilities under long-term leases. Since our inception, we have incurred significant losses and negative cash flows from operations. We have not achieved profitability on a quarterly or annual basis, and we anticipate that we will continue to incur net losses over at least the next 12 to 18 months. As of December 31, 2002, we had $300 million of convertible notes outstanding, which become due in 2007. We ended the year with cash and marketable securities of $125.2 million, of which $13.4 million is subject to restrictions limiting our ability to withdraw or otherwise use such cash.

We believe that our success is dependent on increasing our net monthly recurring revenue, developing new services and software that leverage our proprietary technology and achieving and maintaining a proper alignment between our revenue and our cost structure. We consider net additions to monthly recurring revenue to be a critical success factor for our business. We define net monthly recurring revenue as new bookings of recurring revenue less lost recurring revenue due to customer cancellations, non-renewals or collections issues. A typical recurring revenue contract has a term of one to two years. As of December 31, 2002, our net monthly recurring revenue under contract was greater than such amount at December 31, 2001. We continue to sell our services and software into a depressed information technology market. We are also experiencing competitive pricing pressures on our service offerings. Due to these and other factors, our ability to predict our future revenue results is limited, and there is no guarantee that net monthly recurring revenue under contract will continue to increase.

Our ability to maintain gross margins that fall within our target range is also critical to our success. Accordingly, we are continuously managing our network costs by entering into competitively priced bandwidth and colocation contracts that are aligned with our revenue forecasts and our estimates as to the amount of traffic we expect to carry over our network. As a result, we have been successful in maintaining our gross margins despite pricing pressure on our service offerings.

We have taken steps to align our recurring operating expenses with our revenue and gross margins. Our recurring operating expenses include research and development, sales and marketing and general and administrative expenses. These expenses were $184.5 million for the year ended December 31, 2002 compared to $259.6 million for the year ended December 31, 2001 and $239.7 million for the year ended December 31, 2000. During the year ended December 31, 2002, we undertook actions to reduce our overall cost structure, including employee severances, while maintaining a high level of employee productivity and customer service. As a result, we expect the downward trend in these operating expenses to continue.

Our operating expenses also include restructuring charges. We incurred restructuring charges of $45.8 million and $40.5 million during the years ended December 31, 2002 and 2001, respectively. These expenses relate to actual and estimated termination and modification costs on leases for excess facilities and employee severance costs. We may incur restructuring charges in the future depending on several factors, including the timing and amount of any lease modifications and terminations, the timing and amount of any sublease receipts, and any future employee severances. We expect that, if successful, our efforts to terminate and modify our excess facility leases will require a significant amount of cash in the future.

Recent Events

In October 2002, we reduced our workforce by 29%, or approximately 200 employees, across all functional areas. Accordingly, we recorded a restructuring charge in the fourth quarter of 2002 of $3.6 million for one-time benefit payments to affected employees. As a result of these actions, we expect operating costs to decline in 2003 from previous levels.

In November 2002, Robert Cobuzzi became our Chief Financial Officer following the resignation of our former Chief Financial Officer, Timothy Weller.

In November 2002, we settled a stock price appreciation guarantee to CNN News Group, or CNN, by making a $2.7 million cash payment to CNN and allowing CNN to draw on a $3.8 million letter of credit previously issued by us. We acquired the obligation as part of our acquision of InterVu, Inc. in April 2000. The settlement was accounted for as an adjustment to the fair value of the common stock for the amount of additional cash issued. Consequently, the total purchase price was not adjusted.

In December 2002, we sold our 40% joint venture interest in Akamai Technologies Japan KK to Softbank Broadmedia Corporation, or SBBM. Prior to the sale, SBBM had owned a 60% interest in Akamai Technologies Japan KK. We expect that SBBM will operate the entity as a non-exclusive reseller of our services in Japan. As a result of the sale, we recorded a gain of $400,000 in loss on investments, net in the consolidated statement of operations for the year ended December 31, 2002. In January 2003, we formed a new wholly-owned subsidiary in Japan through which we sell our services and support our reseller arrangements. The results of operations, financial position and cash flows of the new subsidiary will be consolidated into our future quarterly and annual financial statements.

In January 2003, we paid $2.5 million, including interest, to a former employee of an acquired company as a result of an April 2001 judgment against the acquired company for breach of contract. We have included this amount in accrued expenses as of December 31, 2002. In February 2003, we settled an employment-related lawsuit with multiple claims brought by a former employee for a cash payment of $3.6 million. Our insurance carrier reimbursed us for $1.8 million of such settlement expense. As of December 31, 2002, to reflect this settlement, we have included $3.6 million in accrued expenses and $1.8 million in current assets, and we recorded the net amount of $1.8 million in general and administrative expenses.

Change in Presentation of Consolidated Statement of Operations Expense Categories

In 2002, we modified the presentation of our consolidated statements of operations. All prior period amounts have been reclassified to conform with current year presentation. These modifications had no impact on loss from operations or net loss. We modified certain expense categories as follows:

- We included in cost of revenue the salaries, benefits and other direct costs of employees who operate our network. These costs were previously included under the engineering and development category.
- We disaggregated our sales, general and administrative category into two categories: sales and marketing and general and administrative.
- We moved internal information technology and network operation costs from engineering and development to general and administrative and cost of revenue, respectively.
- Our engineering and development organization became known as our research and development organization.

In addition, we simplified the presentation of the consolidated statement of operations as follows:

- We included equity-related compensation in cost of revenue, research and development, sales and marketing and general and administrative based on the functional role of the related employee.
- We included the depreciation and amortization on our network equipment and internal-use software used to deliver our services in cost of revenue.
- We included the depreciation and amortization of all other property and equipment in general and administrative.

Application of Critical Accounting Policies and Estimates

Overview

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared by us in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Our estimates include those related to revenue recognition, allowance for doubtful accounts, investments, intangible assets, income taxes, depreciable lives of property and equipment, restructuring accruals and contingent obligations. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. For a complete description of our accounting policies, see Note 2 to our consolidated financial statements included in this annual report on Form 10-K.

Definitions

We define our “critical accounting policies” as those accounting principles generally accepted in the United States of America, and the specific manner that we apply those principals, that require us to make critical accounting estimates about matters that are uncertain and have a material impact on our financial position and results of operations. We define a “critical accounting estimate” as an estimate that requires us to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and either the estimate is derived from a range of potential outcomes or changes in the estimate would have a material impact on our financial condition or results of operations.

Review of Critical Accounting Policies and Estimates

Revenue Recognition:

We recognize revenue from our services when:

- an enforceable arrangement to deliver the service has been established;
- the service or license has been delivered to and accepted (when applicable) by the customer;
- the fee for the service or license is fixed or determinable; and
- collection is reasonably assured.

At the inception of a customer contract, we make a critical estimate as to whether collection is reasonably assured. We base our estimate on the successful completion of a credit check, financial review or the receipt of a deposit from the customer. Upon the completion of these steps, we recognize revenue monthly in accordance with our revenue recognition policy, assuming the other criteria are met. If we subsequently determine that collection is not reasonably assured, we cease recognizing revenue until cash is received. We also record an allowance for doubtful accounts and bad debt expense for all other unpaid invoices for the related customer. Changes in our estimates of whether collection is reasonably assured would change the amount of revenue or bad debt expense that we recognize.

Concurrent Transactions:

From time to time, we enter into contracts to sell our services or license our technology with an enterprise at or about the same time we enter into contracts to purchase products or services from the same enterprise. If we conclude that these contracts were negotiated concurrently, we record as revenue only the net cash received from the vendor, unless the fair value to us of the vendor’s product or service can be established objectively and realization of such value is assumed probable.

Investments:

We periodically review all investments for reduction in fair value that is other-than-temporary. We consider several factors that may trigger an other-than-temporary decline in value, such as the length of time the investment’s value has been below cost and the financial results of the entity in which we invest. When we conclude that the reduction is other-than-temporary, the cost of the investment is adjusted to its fair value through a charge to loss on investments on the consolidated statement of operations. Changes in our judgment as to whether a reduction in the value of an investment is other-than-temporary would increase loss on investments.

Impairment and Useful Lives of Long-Lived Assets:

We review our long-lived assets, such as fixed assets and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Events that would trigger an impairment review include a change in the use of the asset or forecasted negative cash flows related to the asset. When such a triggering event occurs, we compare the carrying amount of the long-lived asset to the undiscounted expected future cash flows related to the asset. If the carrying amount is greater than the sum of the undiscounted cash flows, we adjust the asset to its fair value through an impairment charge included in loss from operations. We determine fair value based upon a quoted market price or a discounted cash flow analysis. The critical accounting estimates required for this accounting policy include forecasted usage of the long-lived assets and the useful lives of these assets. Changes in these estimates could increase loss from operations materially.

Restructuring Liabilities Related to Facility Leases:

When we vacate a facility subject to a non-cancelable long-term lease, we record a restructuring liability for either the estimated costs to terminate the lease or the estimated costs that will continue to be incurred under the lease for its remaining term where there is no economic benefit to us. In the latter case, we measure the amount of the restructuring liability as the amount of contractual future lease payments reduced by an estimate of sublease income. To date, we have recorded a restructuring liability when our management approves and commits us to a plan to terminate a lease, the plan specifically identifies the actions to be taken, and the actions are scheduled to begin soon after management approves the plan. Beginning in 2003, in accordance with a newly adopted accounting standard, we will record a restructuring liability, discounted at the appropriate rate, for a facility lease only when we have both vacated the space and completed all actions needed to make the space readily available for sublease.

When we record a restructuring liability, we make critical estimates related to the amount of rent or termination costs that we will pay and the amount of sublease income that we will receive related to the vacant property. As of December 31, 2002, we had $37.5 million in accrued restructuring liabilities related to vacated facilities. Our estimates are based, in part, on the most recent negotiations with the landlords of these properties and current market conditions. We expect that approximately $23.6 million of the amount accrued as of December 31, 2002 will be paid within twelve months. Should the actual amounts or the timing of restructuring payments differ from our estimate, we would adjust the restructuring liability through a charge or benefit to restructuring charges on the consolidated statement of operations. If we are not able to successfully modify these leases, the total contractual payout for these properties would be approximately $64.0 million over the next seven years. If we are not successful in subleasing these facilities, the total incremental restructuring charge would be approximately $27.0 million.

Loss Contingencies:

We define a loss contingency as a condition involving uncertainty as to a possible loss related to a previous event that will not be resolved until one or more future events occur or fail to occur. Our primary loss contingencies relate to pending or threatened litigation and the collectibility of accounts receivable. We record a liability for a loss contingency when we believe that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. When we believe the likelihood of a loss is less than probable and more than remote, we do not record a liability but we disclose material loss contingencies in the notes to the consolidated financial statements.

Valuation Allowance for Deferred Taxes:

We provide a valuation allowance against our deferred tax assets when, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. A change in our estimate of the future realization of deferred tax assets would result in a material income tax benefit.

Capitalization of Internal-Use Software Costs:

We capitalize the salaries and payroll-related costs of employees who devote time to the application development stage of internal-use software projects. If the project is an enhancement to previously developed software, we must assess whether the enhancement is significant and creates additional functionality to the software, thus qualifying the work incurred during the application development stage for capitalization. We must gather employee data for the amount of time incurred during the application development phase. Once the project is complete, we must estimate the useful life of the internal-use software, and we must periodically assess whether the software is impaired. Changes in our estimates related to internal-use software would increase or decrease operating expenses or amortization recorded in during the period.

Results of Operations

Revenue. Total revenue decreased 11%, or $18.2 million, to $145.0 million for the year ended December 31, 2002 as compared to $163.2 million for the year ended December 31, 2001. Total revenue was $89.8 million for the year ended December 31, 2000. For 2002 and 2001, no single customer accounted for more than 10% of revenue. For 2000, one customer, Apple Computer, accounted for 12% of our total revenue. For 2002, 13% of our revenue was derived from our operations located outside of the United States. For 2001 and 2000, less than 10% of our total revenue was derived from our operations located outside of the United States.

Service revenue decreased 5%, or $6.7 million, to $128.7 million for the year ended December 31, 2002 as compared to $135.3 million for the year ended December 31, 2001. Service revenue was $81.0 million for the year ended December 31, 2000. The decrease in service revenue in 2002 as compared to 2001 was attributable to a decrease in customers under recurring revenue contracts, partially offset by an increase in average monthly recurring revenue per customer. The increase in service revenue in 2001 compared to 2000 was due to an increase in customers under recurring revenue contracts. Although we have achieved positive net monthly recurring revenue during 2002, we are not able to reasonably predict future service revenue given the uncertainty of competition, customer cancellations and the current macroeconomic environment.

License and other revenue decreased 47%, or $5.9 million, to $6.5 million for the year ended December 31, 2002 as compared to $12.4 million for the year ended December 31, 2001. License and other revenue was $5.7 million for the year ended December 31, 2000. License and other revenue includes sales of customized technology solutions sold as perpetual licenses or delivered under long-term contracts. The decrease in license and other revenue in 2002 as compared to 2001 was attributable to a reduction in the amount of software and other technology licensed to customers. In contrast, we increased our license and other revenue in 2001 as compared to 2000, principally as a result of the introduction of our EdgeScape license offering in 2001.

Service and license revenue from related parties decreased 37%, or $5.6 million, to $9.8 million for the year ended December 31, 2002 as compared to $15.4 million for the year ended December 31, 2001. Service and license revenue from related parties was $3.0 million for the year ended December 31, 2000. The decrease in revenue from related parties between 2002 and 2001 was primarily attributable to the reduction in revenue from Sockeye Networks, Inc., or Sockeye, as a result of a reduction in 2001 of Sockeye’s minimum monthly revenue commitment and the cancellation in November 2002 of Sockeye’s contract with us. The increase in revenue from related parties between 2001 and 2000 was primarily due to an increase in revenue from Sockeye compared to the prior year. As a result of Sockeye’s cancellation of its service agreement and the sale of our equity interest in Akamai Technologies Japan KK, we do not expect significant revenues from related parties in the future.

Cost of Revenue. Cost of revenue includes fees paid to network providers for bandwidth and monthly fees for housing our servers in third-party network data centers. Cost of revenue also includes network operation employee costs, cost of licenses, depreciation on the network equipment used to deliver our services and amortization of internal-use software costs. During the year ended December 31, 2002, we capitalized $174,000 of payroll costs for network operations personnel related to the development of internal-use software used to operate and monitor our network. No payroll costs were capitalized in 2001 or 2000.

Cost of revenue decreased 21%, or $23.0 million, to $85.3 million for the year ended December 31, 2002 compared to $108.3 million for the year ended December 31, 2001. Cost of revenue was $72.2 million for the year ended December 31, 2000. Cost of revenue decreased in 2002 as compared to 2001 primarily as a result of a reduction in traffic delivered over our network, lower bandwidth costs per unit and improved management of our network traffic. Cost of revenue increased in 2001 as compared to 2000 primarily as a result of an increase in depreciation on network assets and an increase in the amount of traffic delivered over our network.

Cost of revenue is comprised of the following (in millions):

	For the Year Ended December 31,		
	2002	2001	2000
Bandwidth, co-location and storage	$32.3	$ 55.1	$42.0
Network operations personnel	6.2	10.5	10.7
Cost of license	0.5	—	—
Depreciation of network equipment and amortization of internal-use software	46.3	42.7	19.5
Total cost of revenue	$85.3	$108.3	$72.2

Research and Development. Research and development expenses consist primarily of salaries, equity-related compensation and related expenses for the design, development, testing and enhancement of our services and our network. Research and development costs are expensed as incurred, except certain software development costs eligible for capitalization. During the year ended December 31, 2002, we capitalized $6.0 million, net of impairments, of payroll and payroll-related costs related to the development of internal-use software used to deliver our services and operate our network. No payroll costs were capitalized in 2001 or 2000.

Research and development expenses decreased 51%, or $23.1 million, to $21.8 million for the year ended December 31, 2002 as compared to $44.8 million for the year ended December 31, 2001. Research and development expenses were $38.2 million for the year ended December 31, 2000. The decrease in expenses in 2002 as compared to 2001 was primarily due to a decrease in salaries as a result of reduced headcount and reduced equity-related compensation due to employee terminations in the research and development organization and an increase in capitalization of internal use software development costs. The increase in research and development in 2001 as compared to 2000 was primarily due to an increase in payroll and payroll-related costs as a result of increases in headcount and an increase in equity-related compensation as a result of the issuance of restricted stock at below market value. These effects are quantified as follows (in millions):

	(Decrease) Increase in Research and Development Expenses	
	2002 to 2001	2001 to 2000
Payroll and related costs, including equity compensation	$(13.5)	$ 6.7
Capitalization of internal-use software development costs	(6.0)	—
Other	(3.6)	(0.1)
Total (decrease) increase	$(23.1)	$ 6.6

Sales and Marketing. Sales and marketing expenses consist primarily of salaries, equity-related compensation, commissions and related expenses for personnel engaged in marketing, sales and service support functions, as well as advertising and promotional expenses. Sales and marketing expenses decreased 30%, or $28.1 million, to $64.8 million for the year ended December 31, 2002 as compared to $92.9 million for the year ended December 31, 2001. Sales and marketing expenses were $110.9 million for the year ended December 31, 2000. The decrease in sales and marketing expenses in 2002 as compared to 2001 was primarily due to a reduction in payroll, payroll-related costs and equity compensation attributable to a reduction in headcount. The decrease in sales and marketing expenses for 2001 as compared to 2000 was primarily due to a reduction in advertising-related expenditures, partially offset by an increase in payroll and payroll-related costs attributable to an increase in headcount and an increase in equity compensation as a result of the issuance of restricted stock at below market value. These effects are quantified as follows (in millions):

	Decrease in Sales and Marketing Expenses	
	2002 to 2001	2001 to 2000
Payroll and related costs, including equity compensation	$(27.5)	$ 6.3
Advertising and related costs	0.2	(21.1)
Other	(0.8)	(3.2)
Total decrease	$(28.1)	$(18.0)

General and Administrative. General and administrative expenses consist primarily of depreciation and impairment of network equipment and property and equipment used by us internally, salaries, equity-related compensation and related expenses for executive, finance, information technology, or IT, human resources and other administrative personnel, fees for professional services, telecommunications costs, the provision for doubtful accounts, rent and other facility-related expenditures for leased properties. During the year ended December 31, 2002, we capitalized $732,000 of payroll costs for IT personnel related to the development of internal-use software. No payroll costs were capitalized in 2001 or 2000.

General and administrative expenses decreased 20%, or $24.0 million, to $97.9 million for the year ended December 31, 2002 as compared to $121.9 million for the year ended December 31, 2001. General and administrative expenses were $90.6 million for the year ended December 31, 2000. The decrease in general and administrative expenses in 2002 as compared to 2001 was primarily due to a decrease in the provision for doubtful accounts, reduced payroll-related costs as a result of reductions in headcount and reduced rent expense as a result of facility restructurings. The decrease in the provision for doubtful accounts in 2002 compared to 2001 reflects an improvement in the financial health of our customer base, reflecting our strategy to target permanent enterprise customers. The increase in general and administrative expenses in 2001 as compared to 2000 was due to an increase in provision for doubtful accounts, an increase in payroll and payroll-related costs, an increase in facility costs, due to an expansion of our operations, and an increase in depreciation. Depreciation increased in 2001 as compared to 2000 as a result of increased purchases of property and equipment by us in 2001. These effects are quantified as follows (in millions):

	(Decrease) Increase in General and Administrative Expenses	
	2002 to 2001	2001 to 2000
Bad debt expense	$ (8.7)	$ 2.8
Payroll and related costs, including equity compensation	(5.1)	3.8
Rent and facilities	(4.7)	5.9
Depreciation	1.0	15.1
Other	(6.5)	3.8
Total (decrease) increase	$(24.0)	$31.4

Aggregate research and development, sales and marketing and general and administrative expenses were $184.5 million, $259.6 million and $239.7 million for the years ended December 31, 2002, 2001 and 2000, respectively. As a result of our actions undertaken in 2002 to reduce our overall cost structure, including employee severances and lease terminations, we expect aggregate research and development, sales and marketing and general and administrative costs to decrease in 2003 as compared to 2002.

Amortization of Other Intangible Assets. Amortization of other intangible assets decreased 35%, or $6.6 million, to $11.9 million for the year ended December 31, 2002 as compared to $18.5 million for the year ended December 31, 2001. Amortization of other intangible assets was $12.6 million for the year ended December 31, 2000. The decrease in amortization of other intangible assets in 2002 as compared to 2001 was primarily due to the discontinuance of assembled workforce amortization in 2002, partially offset by an impairment to intangible assets in 2002. The increase in amortization of other intangible assets in 2001 compared to 2000 was attributable to the recognition of a full year of amortization recorded in 2001 due to acquisitions of businesses in 2000. We expect to amortize approximately $2.3 million of intangible assets in 2003.

Amortization of Goodwill. We no longer amortize goodwill as a result of our adoption of SFAS No. 142, “Goodwill and Other Intangible Assets,” on January 1, 2002. In accordance with SFAS No. 142, we reclassified assembled workforce intangible assets of approximately $1.0 million to goodwill. The resulting balance of goodwill was $4.9 million on January 1, 2002. For purposes of performing an impairment test, we determined that we had one reporting unit and we assigned the entire balance of goodwill to this reporting unit as of January 1, 2002 and 2003. The fair value of the reporting unit was determined using our market capitalization as of January 1, 2002 and 2003, respectively. The fair value on January 1, 2002 and 2003 exceeded the net assets of the reporting unit, including goodwill, as of both dates. Accordingly, we concluded that no impairment existed on these dates. Unless changes in events or circumstances indicate that an impairment test is required, we will next test goodwill for impairment as of January 1, 2004. Amortization of goodwill was $237.3 million for the year ended December 31, 2001 and $663.5 million for the year ended December 31, 2000. Amortization expense declined between 2001 and 2000 as a result of an impairment to the balance of goodwill in March 2001**.**

Restructuring Charges. We recorded restructuring charges of $45.8 million for the year ended December 31, 2002. These charges included $3.6 million for employee severance benefits and $42.2 million for restructuring charges attributable to facility leases and long-lived asset impairments. During the year ended December 31, 2001, we recorded restructuring charges of $40.5 million. These charges included $5.1 million for severance benefits and $35.4 million for restructuring charges attributable to facility leases and long-lived asset impairments. We did not have restructuring charges in 2000. Our restructuring expenses are summarized as follows (in millions):

	For the Year Ended December 31,	
	2002	**2001**
Facility leases	$42.2	$35.4
Severance	3.6	5.1
Total	$45.8	$40.5

For the year ended December 31, 2001, management approved an exit plan for excess and vacant facilities under long-term non-cancelable leases. We recorded a restructuring charge of $34.1 million for the estimated amount of future lease payments and termination fees, less estimated sublease income, for these facilities. We also impaired $1.3 million of leasehold improvements located at these facilities. The impairment was recorded as a non-cash restructuring charge.

During 2002, we terminated our facility leases for 500 and 600 Technology Square in Cambridge, Massachusetts, at an aggregate cost of $15.9 million, including brokerage and legal fees. As of the termination date, the accrued restructuring liability attributable to these leases was $7.9 million. Accordingly, we recorded an additional restructuring charge of $8.0 million for the difference between the actual termination costs and the amount previously accrued. Also during 2002, we recorded restructuring charges of $29.7 million representing the difference between the anticipated costs to terminate or modify vacant facilities under non-cancelable lease agreements and the previously recorded restructuring liabilities for these properties. In addition, we impaired leasehold improvements, furniture and fixtures, deposits, deferred rent and other long-lived assets related to these facilities in the amount of $4.5 million.

The following table summarizes the establishment and usage of the restructuring liabilities related to real estate leases (in millions):

	Restructuring Liabilities
Restructuring charge for the twelve months ended December 31, 2001	$ 40.5
Cash payments	(11.6)
Non-cash items	(1.3)
Ending balance, December 31, 2001	27.6
Restructuring charges for the twelve months ended December 31, 2002	45.8
Cash payments	(32.6)
Non cash items	(3.2)
Ending balance, December 31, 2002	$ 37.6
Current portion of accrued restructuring	$ 23.6
Long-term portion of accrued restructuring	$ 14.0

The amount of restructuring liabilities associated with real estate leases has been estimated based on the most recent available market data and discussions with our lessors and real estate advisors. In the event that these facility leases are terminated at a higher or lower cost than the amount accrued as of December 31, 2002, we will record an adjustment to the restructuring liability in the period in which the adjustment becomes probable and estimable. If we are not able to successfully terminate or modify these leases, the total payout for these properties would be approximately $64.0 million over the next seven years, of which $37.5 million is accrued as of December 31, 2002.

Impairment of Goodwill. During the first quarter of 2001, we reviewed goodwill and other long-lived assets for impairment under the guidance of SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of.” We considered several factors in determining whether an impairment may have occurred, including our market capitalization compared to book value, the overall business climate and recent estimates for operating results of acquired businesses. A review of these factors as of March 31, 2001 indicated that an impairment assessment was required for long-lived assets of acquired businesses. We grouped all long-lived assets for acquired businesses, including goodwill and other intangible assets, and estimated the future discounted cash flows related to these long-lived assets. The discount rate used was based on the risks associated with the acquired businesses. As a result of this analysis, we recorded an impairment charge of $1,912.8 million during the first quarter of 2001 to adjust the carrying amount of goodwill to its fair value as of March 31, 2001.

Acquired In-Process Research and Development. Acquired in-process research and development, which we refer to as IPR&D, consists of a charge for the value of development projects of acquired businesses in 2000 that had not reached technological feasibility and had no alternative future use as of the date of business acquisition. The value of IPR&D of $1.4 million was determined based on each project’s stage of development, the time and resources needed for completion, the contribution of core technology and the projected discounted cash flows of completed projects.

Interest Income. Interest income includes interest earned on invested cash balances and interest earned on notes receivable for stock. Interest income decreased 75%, or $9.2 million, to $3.0 million for the year ended December 31, 2002 as compared to $12.3 million for the year ended December 31, 2001. Interest income was $22.9 million for the year ended December 31, 2000. The decrease in interest income for 2002 as compared with 2001 was a result of a decrease in our invested cash balance and a decrease in the interest rates earned on our investments. Likewise, the decrease in interest income for 2001 as compared with 2000 was a result of a decrease in our invested cash balance and a decrease in the interest rates earned on our investments.

Interest Expense. Interest expense includes interest paid on our debt obligations. Interest expense was $18.4 million for the year ended December 31, 2002 compared to $18.9 million for the year ended

December 31, 2001 and $8.9 million for the year ended December 31, 2000. The increase in net interest expense for each of 2002 and 2001 as compared with 2000 is a result of recognizing a full year of interest on our $300 million debt obligation, which was incurred in June 2000.

Other Income. We received $1.0 million in proceeds on a key-person life insurance policy as a result of the death in September 2001 of Daniel M. Lewin, Akamai's co-founder.

Loss on Investments. Loss on investments for the year ended December 31, 2002 was $6.1 million as compared to $15.0 million for the year ended December 31, 2001. Loss on investments in 2002 included a loss of $4.3 million related to our investment in Netaxs, Inc., a related party, which was realized as a result of a merger transaction between Netaxs and FASTNET Corporation in April 2002. Loss on investments includes a gain of $400,000 on our sale of our equity interest in Akamai Technologies Japan KK to SBBM. In addition, loss on investments in 2002 consists of a loss of $2.4 million to adjust the cost basis of equity investments to fair value and approximately $149,000 of realized investment gains. For the year ended December 31, 2001, loss on investments includes a loss of $10.2 million for the adjustment to market value of equity investments for impairment that was determined to be other-than-temporary, realized losses of $2.8 million and a related party loss of $2.0 million in an investment accounted for under the equity method.

Liquidity and Capital Resources

To date, we have financed our operations primarily through private sales of capital stock and the issuance in April 1999 of senior subordinated notes, which we repaid in 1999, totaling approximately $124.6 million in net proceeds, an initial public offering of our common stock in October 1999 that provided $217.6 million after underwriters' discounts and commissions, and the sale in June 2000 of $300 million in 5 1/2% convertible subordinated notes due July 2007, which generated net proceeds of $290.2 million. We have also entered into capital lease agreements to fund the acquisition of property and equipment. As of December 31, 2002, cash, cash equivalents and marketable securities totaled $125.2 million, of which $13.4 million is subject to restrictions limiting our ability to withdraw or otherwise use such cash.

Cash used in operating activities decreased 45%, or $53.5 million, to $65.8 million for the year ended December 31, 2002 compared to $119.3 million for the year ended December 31, 2001. Cash used in operating activities was $122.9 million for the year ended December 31, 2000. The decrease in cash used in operating activities in the year ended December 31, 2002 as compared to the prior year was primarily due to a 41% decrease in net losses before non-cash expenses such as depreciation, amortization, impairment charges, loss on investments and equity-related compensation. Cash used in operating expense in 2001 as compared to 2000 was consistent. We expect that cash used in operating activities will continue to decline in 2003 as a result of actions we undertook in 2002 to reduce operating costs; however, the timing and amount of any lease termination payments and other working capital changes will affect the actual amount of cash used in operating activities.

Cash provided by investing activities was $96.1 million for the year ended December 31, 2002 and $39.6 million for the year ended December 31, 2001. Cash used in investing activities was $316.1 million for the year ended December 31, 2000. Cash provided by investing activities for the year ended December 31, 2002 reflects net purchases, sales and maturities of investments of $116.5 million less capital expenditures of $7.2 million, consisting primarily of leasehold improvements for our new corporate office facility and internal infrastructure purchases, and $6.9 million for the capitalization of internal-use software development costs, net of impaired projects. Cash provided by investing activities also includes a payment of $6.5 million to CNN to settle an obligation resulting from our acquisition of InterVu in April 2000. See Note 19 to the consolidated financial statements for further discussion. Cash provided by and used in investing activities in 2001 and 2000 includes $64.5 million and $131.9 million used for the purchase of property and equipment, respectively. We expect capital expenditures, including internal costs for the development of internal-use software, to be approximately 5% to 10% of revenue in 2003. We may enter into capital lease arrangements or use our available cash to fund these expenditures.

Cash provided by financing activities was $1.2 million for the year ended December 31, 2002, $8.5 million for the year ended December 31, 2001 and $320.0 million for the year ended December 31, 2000. Cash provided by financing activities in 2002 reflects proceeds from the issuance of common stock under our stock plans of $2.8 million and payments on our capital lease obligations of $1.6 million. Cash payments on capital lease obligations increased in 2002 due to $3.3 million of new capital leases. We expect to make payments, including interest, of $1.3 million in 2003 and $1.1 million thereafter on these lease obligations. Cash received from the issuance of common stock under stock option and employee stock purchase plans declined in the year ended December 31, 2002 as compared to prior years as a result of fewer option exercises in 2002. Cash provided by financing activities for the year ended December 31, 2000 included $290.2 million in net proceeds from the issuance of $300 million in convertible subordinated notes, due 2007.

We believe, based on our present business plan, that our current cash, cash equivalents and marketable securities of $125.2 million will be sufficient to meet our cash needs for working capital and capital expenditures for at least the next 24 months. If the assumptions underlying our business plan regarding future revenue and expenditures change or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or debt securities. If additional funds are raised through the issuance of debt securities, these securities could have rights, preferences and privileges senior to those accruing to holders of common stock, and the terms of such debt could impose restrictions on our operations. The sale of additional equity or convertible debt securities could result in additional dilution to our stockholders. See "Factors Affecting Future Operating Results."

Contractual Obligations and Commercial Commitments

The following table presents our contractual obligations and commercial commitments as of December 31, 2002 over the next five years and thereafter (in millions):

	Payments Due by Period				
Contractual Obligations	Amount	Less than 12 Months	12-36 Months	36 to 60 Months	More than 60 months
5 1/2% convertible notes	$300.0	—	—	$300.0	—
Real estate operating leases	89.8	$15.1	$27.3	21.1	$26.3
Bandwidth and co-location agreements	18.5	12.5	4.8	1.2	—
Capital leases and purchase obligations	2.4	1.3	1.1	—	—
Legal settlements and judgments	4.5	4.5	—	—	—
Vendor equipment purchase obligations	0.5	0.5	—	—	—
Total contractual obligations	$415.7	$33.9	$33.2	$322.3	$26.3

Letters of Credit

As of December 31, 2002, we had issued $13.4 million in irrevocable letters of credit in favor of third-party beneficiaries, primarily related to long-term facility leases. The letters of credit are collateralized by restricted marketable securities, of which $10.2 million are classified as long-term and $3.2 million are classified as short-term on the consolidated balance sheet. The restrictions on these marketable securities lapse as we fulfill our obligations as provided by the letters of credit.

Off-Balance Sheet Arrangements

We have entered into indemnification agreements with third parties, including vendors, customers, landlords, our officers and directors, shareholders of acquired companies, joint venture partners and third parties to whom we license technology. Generally, these indemnification agreements require us to reimburse losses suffered by the third party due to various events, such as lawsuits arising from patent or copyright infringement or our negligence. These indemnification obligations are considered off-balance sheet arrangements in accordance with FASB Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." See Note 10 to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion of these indemnification agreements.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 143, “Accounting for Asset Retirement Obligations,” which is effective in January 2003. SFAS No. 143 addresses the financial accounting and reporting requirements for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Weare assessing the potential impact that the adoption of SFAS No. 143 will have on our consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.” SFAS No. 145 rescinds several statements, including SFAS No. 4, “Reporting Gains and Losses from Extinguishment of Debt.” The statement also makes several technical corrections to other existing authoritative pronouncements. SFAS No. 145 was effective in May 2002, except for the rescission of SFAS No. 4, which is effective in January 2003. The adoption of SFAS No. 145 did not have and is not expected to have a significant impact on our consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities.” SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring).” SFAS No. 146 requires that a liability be recognized when it is incurred and should initially be measured and recorded at fair value. In accordance with SFAS No. 146, a liability for costs that will continue to be incurred under a contract for its remaining term without economic benefit shall be recognized and measured at its fair value when the Company ceases using the right conveyed by the contract. For a real estate lease, the fair value of the liability at the cease-use date is determined based on the contractual future lease payments, reduced by estimated sublease rentals that could be reasonably obtained for the property. This statement is effective for exit or disposal activities that are initiated after December 31, 2002. We do not expect that the adoption of SFAS No. 146 will have a significant impact on our consolidated financial statements.

In November 2002, the FASB issued Interpretation 45, or FIN 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.” FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a entity issues a guarantee, the entity must recognize an initial liability for the fair value, or market value, of the obligations it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and initial measurement provisions of FIN 45 apply on a prospective basis to guarantees issued or modified after December 31, 2002. We are currently evaluating the impact that initial measurement provisions of Interpretation 45 will have on our consolidated financial statements. The disclosure provisions of FIN 45 are effective for this annual report on Form 10-K. Accordingly, we have included a discussion of our guarantees in Note 10 to the consolidated financial statements.

In November 2002, the Emerging Issues Task Force, or EITF, reached a consensus on Issue 00-21 “Revenue Arrangements with Multiple Deliverables.” EITF 00-21 addresses the revenue recognition for revenue arrangements with multiple deliverables. The deliverables in these revenue arrangements should be divided into separate units of accounting when the individual deliverables have value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered elements, and, if the arrangement includes a general right to return the delivered element, delivery or performance of the undelivered element is considered probable. The relative fair value of each unit should be determined and the total consideration of the arrangement should be allocated among the individual units based on their fair value. The guidance in this issue is effective for revenue arrangements entered into after June 30, 2003. We do not expect that the adoption of EITF 00-21 will have a material impact on our consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of FASB Statement No. 123, Accounting for Stock-Based

Compensation." SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual periods ending after December 15, 2002 and interim periods beginning after December 15, 2002. The adoption of SFAS No. 148 will require us to include additional disclosures of equity-related compensation in our consolidated financial statements, including this annual report on Form 10-K.

In January 2003, the FASB issued Interpretation 46, or FIN 46, "Consolidation of Variable Interest Entities-an interpretation of ARB No. 51." FIN 46 addresses consolidation of variable interest entities where the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties and the equity investors lack one or more essential characteristics of a controlling financial interest. This Interpretation applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. It applies in the first fiscal year or interim period beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. We are currently evaluating the impact that FIN 46 will have on our consolidated financial statements.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio. We do not use derivative financial instruments in our portfolio. We place our investments with high quality issuers and, by policy, limit the amount of risk by investing primarily in money market funds, United States Treasury obligations, high-quality corporate obligations and certificates of deposit. We expect to hold our marketable debt securities until maturity and do not expect to realize significant losses on the sale of marketable debt securities prior to maturity. We also hold investments in the equity of several public and private companies. The carrying amount of these investments at December 31, 2002 was approximately $500,000, which we believe approximates their fair value.

We have operations in Europe and Japan. As a result, we are exposed to fluctuations in foreign exchange rates. We do not expect, however, that changes in foreign exchange rates will have a significant impact on our consolidated results of operations, financial position or cash flows. We may continue to expand our operations globally and sell to customers in foreign locations, which may increase our exposure to foreign exchange fluctuations.

Our 5 1/2% convertible notes are subject to changes in market value. As of December 31, 2002, the carrying amount and fair value of these notes were $300.0 million and $133.9 million, respectively.

Table of Contents

Item 8. ***Financial Statements and Supplementary Data***

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of

Akamai Technologies, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of cash flows and of stockholders' (deficit) equity present fairly, in all material respects, the financial position of Akamai Technologies, Inc. and its subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As disclosed in Note 2 to the consolidated financial statements, the Company ceased amortization of goodwill and reclassified its assembled workforce intangible asset to goodwill in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," in January 2002.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

January 27, 2003, except for Note 23, as
to which the date is February 26, 2003

AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2002	December 31, 2001
	(in thousands, except share and per share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 111,262	$ 78,774
Marketable securities (including restricted securities of $3,161 and $11,166 at December 31, 2002 and December 31, 2001, respectively)	3,664	113,906
Accounts receivable, net of allowance for doubtful accounts of $1,939 and $3,832 at December 31, 2002 and December 31, 2001, respectively	16,290	19,067
Due from related parties (Note 18)	1,284	1,000
Prepaid expenses and other current assets	9,183	15,252
Total current assets	141,683	227,999
Property and equipment, net	63,159	132,237
Restricted marketable securities	10,244	17,831
Goodwill (Note 7)	4,937	3,979
Other intangible assets, net (Note 7)	2,473	15,372
Other assets (Note 8)	7,367	24,060
Total assets	229,863	$ 421,478
Liabilities and Stockholders’ (Deficit) Equity		
Current liabilities:		
Accounts payable	$ 16,847	$ 32,076
Accrued expenses (Note 9)	37,062	36,236
Deferred revenue	2,361	4,948
Current portion of obligations under capital leases and vendor financing	1,207	405
Current portion of accrued restructuring (Note 12)	23,622	17,633
Total current liabilities	81,099	91,298
Obligations under capital leases and vendor financing, net of current portion	1,006	113
Accrued restructuring, net of current portion (Note 12)	13,994	10,010
Other liabilities	1,854	2,823
Convertible notes (Note 11)	300,000	300,000
Total liabilities	397,953	404,244
Commitments and contingencies (Note 10)		
Stockholders’ (deficit) equity (Notes 13, 14 and 15):		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock at December 31, 2002, no shares designated as of December 31, 2001; no shares issued or outstanding at December 31, 2002 and December 31, 2001	—	—
Common stock, $0.01 par value; 700,000,000 shares authorized; 117,660,254 shares issued and outstanding at December 31, 2002; 115,099,317 shares issued and outstanding at December 31, 2001	1,177	1,151
Additional paid-in capital	3,428,434	3,438,706
Deferred compensation	(9,895)	(38,888)
Notes receivable for stock (Note 14)	(3,473)	(3,342)
Accumulated other comprehensive loss (Note 4)	(18)	(515)
Accumulated deficit	(3,584,315)	(3,379,878)
Total stockholders’ (deficit) equity	(168,090)	17,234
Total liabilities and stockholders’ (deficit) equity	$ 229,863	$ 421,478

The accompanying notes are an integral part of these consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,		
	2002	2001	2000
	(in thousands, except per share data)		
Revenue:			
Service	$ 128,664	$ 135,342	$ 81,031
License and other	6,522	12,434	5,735
Service and license from related parties (Note 18)	9,790	15,438	3,000
Total revenue	144,976	163,214	89,766
Cost and operating expenses:			
Cost of revenue	85,304	108,335	72,207
Research and development	21,766	44,844	38,211
Sales and marketing	64,765	92,867	110,879
General and administrative	97,923	121,926	90,570
Amortization of other intangible assets	11,930	18,487	12,594
Amortization of goodwill	—	237,317	663,515
Restructuring charges (Note 12)	45,824	40,496	—
Impairment of goodwill	—	1,912,840	—
Acquired in-process research and development	—	—	1,372
Total cost and operating expenses	327,512	2,577,112	989,348
Loss from operations	(182,536)	(2,413,898)	(899,582)
Interest income	3,047	12,257	22,912
Interest expense	(18,357)	(18,859)	(8,928)
Other income	—	1,002	—
Loss on investments, net (Note 5)	(6,099)	(14,952)	—
Loss before provision for income taxes	(203,945)	(2,434,450)	(885,598)
Provision for income taxes	492	1,062	187
Net loss	$(204,437)	$(2,435,512)	$(885,785)
Basic and diluted net loss per share	$ (1.81)	$ (23.59)	$ (10.07)
Weighted average common shares outstanding	112,766	103,233	87,959

The accompanying notes are an integral part of these consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,		
	2002	2001	2000
		(in thousands)	
Cash flows from operating activities:			
Net loss	$(204,437)	$(2,435,512)	$ (885,785)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	90,418	329,624	711,694
Amortization of deferred financing costs	1,389	1,389	740
Equity-related compensation	21,195	31,457	26,147
Amortization of prepaid advertising acquired for common stock (Note 19)	5,634	5,632	7,157
Provision for doubtful accounts	(746)	7,938	5,104
Acquired in-process research and development	—	—	1,372
Interest income on notes receivable for stock	(131)	(331)	(334)
Non-cash portion of restructuring charge (Note 12)	3,161	1,250	—
Impairment of goodwill	—	1,912,840	—
Foreign currency (losses) income	(437)	196	—
Loss on investments and disposal of property and equipment	7,240	15,078	—
Changes in operating assets and liabilities:			
Accounts receivable	4,501	(4,640)	(20,976)
Prepaid expenses and other current assets	1,195	7,480	(17,864)
Accounts payable, accrued expenses and other current liabilities	(17,913)	(10,047)	46,180
Deferred revenue	(2,197)	615	2,974
Accrued restructuring	9,973	27,643	—
Other non-current assets and liabilities	15,398	(9,894)	717
Net cash used in operating activities	(65,757)	(119,282)	(122,874)
Cash flows from investing activities:			
Purchases of property and equipment	(7,247)	(64,526)	(131,859)
Capitalization of internal-use software	(6,940)	—	—
Purchases of investments	(24,550)	(160,076)	(491,547)
Cash acquired from the acquisition of businesses, net of cash paid	—	—	17,207
Cash paid as contingent purchase price for the acquisition of a business (Note 19)	(6,500)	—	—
Proceeds from sales of property and equipment	327	289	—
Proceeds from sales and maturities of investments	141,001	263,865	290,135
Net cash provided by (used in) investing activities	96,091	39,552	(316,064)
Cash flows from financing activities:			
Proceeds from the issuance of 5 1/2% convertible subordinated notes, net of financing costs	—	—	290,200
Payments on capital leases	(1,645)	(1,176)	(753)
Payment on senior subordinated notes	—	—	(2,751)
Proceeds from notes receivable for stock	—	2,693	765
Proceeds from the issuance of common stock upon exercise of stock options and warrants and under employee stock purchase plan	2,807	7,024	32,581
Net cash provided by financing activities	1,162	8,541	320,042
Effects of exchange rate translation on cash and cash equivalents	992	(167)	(528)
Net increase (decrease) in cash and cash equivalents	32,488	(71,356)	(119,424)
Cash and cash equivalents, beginning of year	78,774	150,130	269,554
Cash and cash equivalents, end of year	$ 111,262	$ 78,774	$ 150,130
Supplemental disclosure of cash flows information:			
Cash paid for interest	$ 16,689	$ 18,044	$ 443
Cash paid for taxes	—	70	112
Noncash financing and investing activities:			
Assets acquired under capital lease obligations and vendor financing	$ 3,339	$ 193	$ 285
Sales of investments in exchange for equity securities	150	1,183	—
Issuances of common stock as bonuses	—	4,262	—
Common stock issued for the acquisition of businesses	—	—	2,958,788
Issuance of common stock in exchange for note receivable	—	—	228

The accompanying notes are an integral part of these consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

For the Years Ended December 31, 2002, 2001 and 2000

	Common Stock		Additional		Notes	Accumulated Other		Total Stockholders'	
	Shares	Amount	Paid-in Capital	Deferred Compensation	Receivable for Stock	Comprehensive Loss	Accumulated Deficit	Equity (Deficit)	Comprehensive Loss
	(In thousands, except share data)								
Balance at December 31, 1999	92,498,525	$ 925	$ 374,739	$(29,731)	$(5,907)	$ —	$ (58,581)	$ 281,445	
Comprehensive loss:									
Net loss							(885,785)	(885,785)	$ (885,785)
Foreign currency translation adjustment						(452)		(452)	(452)
Unrealized losses on investments						(6,430)		(6,430)	(6,430)
Comprehensive loss:									(892,667)
Issuance of common stock upon the exercise of stock options and warrants	4,818,290	48	28,459					28,507	
Issuance of common stock under employee stock purchase plan	181,533	2	4,080					4,082	
Interest on notes receivable					(334)			(334)	
Repayments of notes receivable					765			765	
Issuance of common stock for the acquisition of businesses	10,679,444	107	2,958,909		(228)			2,958,788	
Deferred compensation for the grant of stock options and the issuance of restricted common stock	25,498	—	2,584	(2,584)				—	
Acceleration of stock option vesting			13,811					13,811	
Amortization of deferred compensation				10,002				10,002	
Balance at December 31, 2000	108,203,290	1,082	3,382,582	(22,313)	(5,704)	(6,882)	(944,366)	2,404,399	
Comprehensive loss:									
Net loss							(2,435,512)	(2,435,512)	(2,435,512)
Foreign currency translation adjustment						2		2	2
Unrealized losses on investments						(94)		(94)	(94)
Reclassification of investment losses to net loss						6,459		6,459	6,459
Comprehensive loss:									(2,429,145)
Issuance of common stock upon the exercise of stock options and warrants	1,541,581	15	3,279					3,294	
Issuance of common stock under employee stock purchase plan	577,932	6	3,706					3,712	
Issuance of common stock for InterVu acquisition (Note 21)	183,645	2	(2)					—	
Interest on notes receivable					(331)			(331)	
Repayments of notes receivable					2,693			2,693	
Deferred compensation for the grant of stock options and the issuance of restricted common stock	5,875,544	59	55,372	(51,151)				4,280	
Repurchase and cancellation of restricted stock due to employee terminations	(1,282,675)	(13)	(9,946)	9,956				(3)	
Acceleration of stock option and restricted stock vesting			3,715	1,442				5,157	
Amortization of deferred compensation				23,178				23,178	
Balance at December 31, 2001	115,099,317	1,151	3,438,706	(38,888)	(3,342)	(515)	(3,379,878)	17,234	
Comprehensive loss:									
Net loss							(204,437)	(204,437)	(204,437)
Foreign currency translation adjustment						482		482	482
Unrealized losses on investments						(104)		(104)	(104)
Reclassification of investment losses to net loss						119		119	119
Comprehensive loss:									$ (203,940)
Issuance of common stock upon the exercise of stock options	2,133,400	21	687					708	
Issuance of common stock under employee stock purchase plan	1,244,217	13	2,086					2,099	
Interest on notes receivable					(131)			(131)	
Deferred compensation for the grant of stock options and the issuance of restricted common stock	275,000	3	2,931	(288)				2,646	
Repurchase and cancellation of restricted stock due to employee terminations	(1,091,680)	(11)	(9,772)	8,342				(1,441)	
Payment of contingent purchase price for InterVu acquisition (Note 19)			(6,500)					(6,500)	
Acceleration of stock option and restricted stock vesting			296	2,852				3,148	
Amortization of deferred compensation				18,087				18,087	
Balance at December 31, 2002	117,660,254	$1,177	$3,428,434	$ (9,895)	$(3,473)	$ (18)	$(3,584,315)	$ (168,090)	

The accompanying notes are an integral part of these consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Basis of Presentation:

Akamai Technologies, Inc. ("Akamai" or the "Company") provides secure e-business infrastructure services and software. These services and software are designed to enable enterprises to extend and control their e-business infrastructure while ensuring superior performance, reliability, scalability and manageability. Akamai's globally distributed platform comprises more than 13,000 servers in more than 1,100 networks in 66 countries. The Company was incorporated in Delaware in 1998 and is headquartered in Cambridge, Massachusetts. Akamai currently operates in one business segment: providing e-business infrastructure services and software.

The consolidated financial statements include the accounts of Akamai and its wholly-owned subsidiaries. All significant inter-company transactions and balances have been eliminated in consolidation. Certain reclassifications of prior year amounts have been made to conform with current year presentation.

2. Summary of Significant Accounting Policies:

Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America that require management to make estimates and assumptions about the carrying amounts of reported assets and liabilities and related disclosures. Actual results could differ from those estimates. Significant estimates used in these financial statements include, but are not limited to, accounting for long-term contracts, allowance for doubtful accounts, restructuring reserves, contingencies, amortization and impairment of intangibles, goodwill, and capitalized software, depreciation and impairment of property and equipment, deferred tax assets and other-than-temporary loss on investments. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in the consolidated financial statements prospectively from the date of the change in estimate.

The Company has incurred net losses and negative cash flows since inception. The Company's cash used in operations for the year ended December 31, 2002 was $65.8 million, and the Company had accrued restructuring costs, primarily related to vacated facilities, of $37.6 million at December 31, 2002. The Company's cash, cash equivalents, marketable securities and restricted marketable securities at December 31, 2002 were $125.2 million. The Company believes that its existing cash, cash equivalents, marketable securities and restricted marketable securities will be sufficient to meet its working capital, capital expenditure and restructuring requirements for at least the next 24 months. If, however, the demand for the Company's services and software does not increase, the Company will incur additional losses and negative cash flows which could be significant.

Revenue Recognition

Akamai primarily derives revenue from recurring services sold to customers under long-term contracts. These contracts generally commit the customer to a minimum monthly level of usage. The contract provides for the rate at which the customer must pay for actual usage above the monthly minimum. For these services, Akamai recognizes the monthly minimum as revenue each month provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable and collection is reasonably assured. Should a customer's usage exceed the monthly minimum, Akamai recognizes revenue for that excess in the period of the usage. The Company charges the customer an installation fee when the services are first activated. The installation fees are recorded as deferred revenue and recognized as revenue ratably over the estimated life of the customer arrangement, which is generally the term of the contract. The Company also derives revenue from services sold as discrete events or based solely on usage. For these services, the Company recognizes revenue after an enforceable contract has been signed by both parties, the fee is fixed or determinable, the event or usage has occurred and collection is reasonably assured.

The Company periodically enters into multi-element service arrangements. When the Company enters into such arrangements, each element is accounted for separately over its respective service period, provided that there is objective evidence of fair value for the separate element. For example, objective evidence of fair value would include the price charged for the element when sold separately. If the fair value of each element cannot be objectively determined, the total value of the arrangement is recognized ratably over the entire service period. For all multi-element service arrangements to date, the fair value of each element has not been objectively determinable. Therefore, all revenue under these arrangements has been recognized ratably over the related service period.

The Company licenses software under perpetual and term license agreements. The Company applies the provisions of Statement of Position ("SOP") 97-2, "Software Revenue Recognition," as amended by SOP 98-9, "Modifications of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions." As prescribed by this guidance, the Company applies the residual method of accounting. The residual method requires that the portion of the total arrangement fee attributable to undelivered elements, as indicated by vendor specific objective evidence ("VSOE") of fair value, is deferred and subsequently recognized in accordance with SOP 97-2. The difference between the total arrangement fee and the amount deferred for the undelivered elements is recognized as revenue related to the delivered elements, if all other revenue recognition criteria of SOP 97-2 are met.

The Company sells its services through a reseller channel. Assuming all other revenue recognition criteria are met, the Company recognizes revenue from reseller arrangements based on the resellers' contracted non-refundable minimum purchase commitments over the term of the contract, plus amounts sold by the resellers to their customers in excess of the minimum commitments.

Akamai recognizes revenue from fixed-fee arrangements and software arrangements that require significant customization or modification using the percentage-of-completion method in accordance with Accounting Research Bulletin ("ARB") No. 45, "Long-Term Construction-Type Contracts," and with the applicable guidance provided by the American Institute of Certified Public Accountants SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" based on the percentage of cost incurred to date compared to the estimated total cost to complete the project. The impact of any change in estimate is recorded prospectively from the date of the change. At the outset of a fixed-fee arrangement, if the Company is not able to estimate the total cost-to-complete, the Company accounts for the arrangement using the completed-contract method of accounting. Under this method, the Company recognizes revenue when the contract is complete and there are no remaining costs or deliverables. In the event that the estimated total cost on a fixed-fee contract indicates a loss, the Company will record the loss immediately.

From time to time, the Company enters into contracts to sell its services or license its technology with enterprises at or about the same time that it enters into contracts to purchase products or services from the same enterprise. If the Company concludes that these contracts were negotiated concurrently, the Company records as revenue only the net cash received from the vendor, unless the fair value to the Company of the vendor's product or service can be established objectively.

The Company may from time to time resell licenses or services of third parties. The Company records revenue for these transactions when the Company has risk of loss related to the amounts purchased from the third party and the Company adds value to the license or service, such as by providing maintenance or support for such license or service. If these conditions are present, the Company recognizes revenue when all other revenue recognition criteria are satisfied.

Cost of Revenue

Cost of revenue consists primarily of fees paid to network providers for bandwidth and for housing servers in third-party network data centers. Cost of revenue also includes network operation employee costs, network storage costs, cost of professional services, cost of licenses, depreciation on network equipment used to deliver the Company's services, amortization of network-related internal-use software, and costs for the production of live events. The Company enters into contracts for bandwidth with third-party network providers with terms typically ranging from one to three years. These contracts generally commit Akamai to pay minimum monthly fees plus additional fees for bandwidth usage above the contracted level. In some circumstances, Internet service providers ("ISPs") make available to Akamai rack space for the Company's servers and access to their bandwidth at discounted or no cost. In exchange, the ISP and its customers benefit by receiving content through a local Akamai server resulting in better content delivery. The Company does not consider these relationships to represent the culmination of an earnings process. Accordingly, the Company does not recognize as revenue the value to the ISPs associated with the use of Akamai's servers nor does the Company recognize as expense the value of the rack space and bandwidth received at discounted or no cost.

Equity-Related Compensation

Akamai accounts for stock-based awards to employees using the intrinsic value method as prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related interpretations. Accordingly, no compensation expense is recorded for stock-based awards issued to employees in fixed amounts and with fixed exercise prices at least equal to the fair market value of the Company's common stock at the date of grant. Akamai applies the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," through disclosure only for stock-based awards issued to employees. All stock-based awards to non-employees are accounted for at their fair value in accordance with SFAS No. 123.

Equity-related compensation is comprised of the following:

(a) amortization of deferred compensation resulting from the grant of stock options or shares of restricted stock to employees at exercise or sale prices deemed to be less than the fair value of the common stock on the grant date, adjusted for cancellations and forfeitures due to employee terminations;

(b) the intrinsic value of stock options or restricted stock awards, measured at the modification date, for the number of awards where vesting has been accelerated for terminated employees;

(c) the intrinsic value of stock options or restricted stock issued as equity bonus awards; and

(d) the fair value of equity awards issued to non-employees; and

(e) equity awards that require variable accounting

The following table illustrates the effect on net loss and net loss per share had the Company accounted for stock options issued to employees under the fair value recognition provisions of SFAS No. 123 (in thousands, except per share data):

	Year Ended December 31,		
	2002	2001	2000
Net loss, as reported	$(204,437)	$(2,435,512)	$(885,785)
Stock-based employee compensation included in reported net loss	21,151	31,391	25,618
Total stock-based employee compensation expense determined under fair value method for all awards	(52,110)	(132,955)	(93,646)
Pro forma net loss	$(235,396)	$(2,537,076)	$(953,813)
Basic and diluted net loss per share:			
As reported	$ (1.81)	$ (23.59)	$ (10.07)
Pro forma	(2.09)	(24.58)	(10.84)

AKAMAI TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The fair value of each award is estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	Year Ended December 31,		
	2002	2001	2000
Stock Options:			
Expected term (years)	5.0	5.0	5.0
Risk-free interest rate (%)	3.8	4.0	5.1
Expected volatility (%)	132.0	150.0	150.0
Dividend yield (%)	—	—	—
Weighted average grant date fair value of options granted at market value	$ 1.91	$ 8.72	$64.12
Weighted average grant date fair value of options granted at below market value	$ 2.24	$11.56	—

Research and Development Costs

Research and development costs consist primarily of salaries and related personnel costs for the design, deployment, testing, operation and enhancement of the Company’s services and network. Costs incurred in the development of the Company’s services are expensed as incurred, except certain software development costs eligible for capitalization. Costs associated with the development of software to be marketed externally are expensed prior to the establishment of technological feasibility as defined by SFAS No. 86, “Accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed,” and capitalized thereafter until the general release of the software. To date, the Company’s development of software to be sold externally has been completed concurrently with the establishment of technological feasibility and, accordingly, all associated costs have been charged to expense as incurred in the accompanying consolidated financial statements.

Costs incurred during the application development stage of internal-use software projects are capitalized in accordance with SOP 98-1, “Accounting for the Costs of Computer Software Developed or Obtained for Internal Use.” Capitalized costs include payroll and payroll-related costs for employees in the Company’s development and information technology groups who are directly associated with and who devote time to the Company’s internal-use software projects during the application development stage. Capitalization begins when the planning stage is complete and the Company commits resources to the software project. Capitalization ceases when the software has been tested and is ready for its intended use. Amortization of the asset commences when the software is complete and placed in service. Costs incurred during the planning, training and post implementation stages of the software development life-cycle are expensed as incurred. Costs related to upgrades and enhancements of existing internal-use software that increase the functionality of the software are also capitalized.

Concentrations of Credit Risk and Fair Value of Financial Instruments

The amounts reflected in the consolidated balance sheets for cash and cash equivalents, accounts receivable and accounts payable and accrued expenses approximate their fair value due to their short-term maturities. The fair value and carrying value of the Company’s 5 1/2% convertible notes were approximately $133.9 million and $300.0 million, respectively, as of December 31, 2002. Akamai’s cash, cash equivalents and marketable securities are held with financial institutions that the Company believes to be of high credit standing. Akamai’s customer base consists of a large number of geographically dispersed customers diversified across several industries. For the years ended December 31, 2002 and 2001, no customers accounted for more than 10% of total revenue. For the year ended December 31, 2000, one customer accounted for 12% of total revenue. As of December 31, 2002 and 2001, no customer had an accounts receivable balance outstanding more than 10% of total accounts receivable. As a result, concentration of credit risk related to accounts receivable is not significant.

Income Taxes

The Company's provision for income taxes is comprised of a current and a deferred provision. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carryforwards using expected enacted tax rates in effect in the years during which the differences are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Advertising Expense

The Company recognizes advertising expense as incurred. The Company acquired a prepaid advertising contract as a result of its acquisition in April 2000 of InterVu, Inc. (Note 19). The prepaid asset has been fully amortized to advertising expense in the amount of $5.6 million, $5.6 million and $7.2 million for the years ended December 31, 2002, 2001 and 2000, respectively. The Company recognized total advertising expense of $7.5 million, $5.6 million and $24.8 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Foreign Currency Translation

Akamai has determined that the functional currency of its foreign subsidiaries is the subsidiary's local currency. The assets and liabilities of these subsidiaries are translated at the applicable exchange rate as of the balance sheet date and revenues and expenses are translated at an average rate over the period. Currency translation adjustments are recorded as a component of other comprehensive loss. Gains and losses on inter-company transactions are recorded in operating expenses and have not been material for the periods presented.

Cash, Cash Equivalents and Marketable Securities

Cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with original maturities of three months or less at the date of purchase. Cash equivalents are carried at amortized cost, which approximates fair value.

Short-term marketable securities consist of high quality corporate and government securities with original maturities of more than three months at the date of purchase and less than one year from the date of the balance sheet, and equity investments in publicly-traded companies. Long-term marketable securities consist of high quality corporate and government securities with maturities of more than one year from the date of the balance sheet. Short-term and long-term marketable securities include investments that are restricted as to use.

The Company classifies all debt securities and equity securities with readily determinable market values as "available for sale" in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." These investments are classified as marketable securities on the consolidated balance sheet and are carried at fair market value with unrealized gains and losses considered to be temporary in nature reported as a separate component of other comprehensive loss. Investments in the securities of private companies are initially carried at cost. These investments are included in other long-term assets on the consolidated balance sheet. The Company reviews all investments for reductions in fair value that are other-than-temporary. When such reductions occur, the cost of the investment is adjusted to fair value through loss on investments on the consolidated statement of operations. Gains and losses on investments are calculated on the basis of specific identification.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of related lease terms or their estimated useful lives. Property and equipment acquired under capital leases are depreciated over the shorter of the related lease terms or the useful lives of the assets. The Company periodically reviews the estimated useful lives of property and equipment. Changes to the estimated useful lives are recorded prospectively from the date of the change. Upon retirement or sale, the cost of the assets disposed and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in loss from operations. Repairs and maintenance costs are expensed as incurred.

Goodwill and Other Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which the Company adopted on January 1, 2002, the Company has reclassified the balance of unamortized assembled workforce intangible assets to goodwill as of January 1, 2002. The Company has performed an impairment test of goodwill as of January 1, 2002 and 2003. These tests did not result in an impairment to goodwill, see Note 7. In accordance with SFAS No. 142, the Company discontinued the amortization of goodwill as of January 2002. Other intangible assets consist of completed technology and trademarks and trade names arising from the acquisition of businesses and acquired license rights. These intangible assets are amortized using the straight-line method over their estimated useful lives.

Impairment of Other Long-Lived Assets

Long-lived assets are reviewed for impairment under the guidance of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances, such as service discontinuance, technological obsolescence, a change in the Company's market capitalization, facility closure, or work-force reductions, indicate that the carrying amount of the asset may not be recoverable. When such events occur, the Company compares the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If this comparison indicates that an impairment is present, the amount of the impairment is calculated as the difference between the carrying amount and the fair value of the asset. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset.

Restructuring Charges

A restructuring liability is recorded by the Company when a one-time benefit arrangement is communicated to an employee who is involuntarily terminated as part of a company-wide reorganization and the amount of the termination benefit is known, provided that the employee is not required to render future services in order to receive the termination benefit.

The Company has recorded restructuring expenses and liabilities when its management approves and commits the Company to a plan to exit a facility lease, the plan specifically identifies the actions to be taken and the actions are scheduled to begin soon after management approves the plan. Beginning in 2003, in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," the Company will record a restructuring liability, discounted at the appropriate rate, for facility leases only when the space is both vacated and all actions needed to make the space readily available for sublease have been completed. The Company records restructuring liabilities for estimated costs to terminate a facility lease before the end of its contractual term or for estimated costs that will continue to be incurred under the lease for its remaining term when there is no economic benefit to the Company, less an estimate of sublease income.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which is effective in January 2003. SFAS No. 143 addresses financial accounting and reporting requirements for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company is assessing the potential impact that the adoption of SFAS No. 143 will have on its consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds several statements, including SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt." The statement also makes several technical corrections to other existing authoritative pronouncements. SFAS No. 145 was effective in May 2002, except for the rescission of SFAS No. 4, which became effective in January 2003. The adoption of SFAS No. 145 has not had and is not expected to have a material impact on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 requires that a liability be recognized when it is incurred and should initially be measured and recorded at fair value. This statement is effective for exit or disposal activities that are initiated after December 31, 2002, and the adoption of this statement is not expected to have a material impact on the Company's consolidated financial statements.

In November 2002, the EITF reached a consensus on Issue 00-21 "Revenue Arrangements with Multiple Deliverables." EITF 00-21 addresses revenue recognition for revenue arrangements with multiple deliverables. The deliverables in these revenue arrangements should be divided into separate units of accounting when the individual deliverables have value to the customer on a stand-alone basis, there is objective and reliable evidence of the fair value of the undelivered elements, and, if the arrangement includes a general right to return the delivered element, delivery or performance of the undelivered element is considered probable. The relative fair value of each unit should be determined and the total consideration of the arrangement should be allocated among the individual units based on their fair value. The guidance on this issue is effective for revenue arrangements entered into after June 30, 2003. The Company does not expect that the adoption of EITF 00-21 will have a material impact on its consolidated financial statements.

In November 2002, the FASB issued Interpretation 45, ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others — an interpretation of FASB Statements No. 5, 57, and 107 and rescission of FASB Interpretation No. 34." FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. The Company is currently evaluating the impact that the initial recognition and measurement provisions of FIN 45 will have on its consolidated financial statements. The disclosure provisions of FIN 45 are effective for this annual report on Form 10-K. Accordingly, the Company has included a discussion of its guarantees in Note 10 to the consolidated financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of FASB Statement No. 123, Accounting for Stock-Based Compensation." SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for annual periods ending after December 15, 2002 and interim periods beginning after December 15, 2002. The adoption of SFAS No. 148 require the Company to provide additional disclosures of equity-related compensation in its consolidated financial statements, including this annual report on Form 10-K.

In January 2003, the FASB issued Interpretation 46 ("FIN 46"), "Consolidation of Variable Interest Entities — an interpretation of ARB No. 51." The interpretation addresses consolidation of variable interest entities that have the following characteristics: The equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties and the equity investors lack one or more essential characteristics of a controlling financial interest. FIN 46 applies immediately to variable interest entities created after January 31, 2003, and to variable interest entities in which the Company obtains an interest after that date. FIN 46 applies in the first fiscal year or interim period beginning after June 15, 2003 to variable interest entities in which the Company holds a variable interest that it acquired before February 1, 2003. The Company is currently evaluating the impact that FIN 46 will have on its consolidated financial statements.

3. Net Loss per Share:

Basic net loss per share is computed using the weighted average number of common shares outstanding during the year. Diluted net loss per share is computed using the weighted average number of common shares outstanding during the year, plus the dilutive effect of potential common stock. Potential common stock consists of stock options, warrants, unvested restricted common stock, contingently issuable common stock and convertible notes.

The following table sets forth the components of potential common stock excluded from the calculation of diluted net loss per share because their inclusion would be antidilutive:

	Year Ended December 31,		
	2002	2001	2000
Stock options	15,675,605	12,773,601	16,161,223
Warrants	1,046,737	1,052,694	1,052,694
Unvested restricted common stock	1,449,777	6,254,418	10,783,481
Contingently issuable stock (Note 19)	—	1,683,502	474,777
Convertible notes (Note 11)	2,598,077	2,598,077	2,598,077

4. Accumulated Other Comprehensive Loss:

Comprehensive loss for all periods is equal to net loss adjusted for unrealized gain and losses on investments and foreign currency translation adjustments. Accumulated other comprehensive loss as of December 31, 2002 and 2001, respectively, consisted of (in thousands):

	December 31,	
	2002	2001
Unrealized loss on investments	$(50)	$ (66)
Foreign currency translation adjustments	32	(449)
Total accumulated other comprehensive loss	$(18)	$(515)

5. Marketable Securities and Investments:

The following is a summary of marketable securities held by the Company at December 31, 2002 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Certificates of deposit	$ 2,964	$ —	$ —	$ 2,964
Municipal obligations	10,437	4	—	10,441
Equity securities	557	—	54	503
	$13,958	$ 4	$ 54	$13,908

The following is a summary of marketable securities held by the Company at December 31, 2001 (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Certificates of deposit	$ 130	$ —	$ —	$ 130
Municipal obligations	4,750	—	—	4,750
Commercial paper	31,621	4	—	31,625
U.S. corporate debt securities	77,708	60	—	77,768
U.S. government obligations	15,794	—	11	15,783
Equity securities	1,800	—	119	1,681
	$131,803	$ 64	$130	$131,737

Available-for-sale securities by contractual maturity were as follows (in thousands):

	December 31, 2002	December 31, 2001
Due in one year or less	$13,405	$112,225
Due after one year through five years	—	17,831
	$13,405	$130,056

For the year ended December 31, 2002, the Company recorded loss on investments of $6.1 million, including $4.1 million of net investment losses for investments in related parties. Loss on investments during 2002 includes a loss of $4.3 million for the Company's investment in Netaxs, Inc. ("Netaxs"), a related party, which was realized as a result of a merger transaction between Netaxs and FASTNET Corporation in April 2002. Loss on investments also includes a related party investment gain of $400,000 on the Company's sale of its equity ownership in Akamai Technologies Japan KK to Softbank Broadband Corporation (Note 18).

In addition, during 2002 the Company recorded losses of $1.4 million, including $150,000 for a related party investment, to adjust the cost basis of its equity investments in publicly-traded companies to fair value as a result of reductions in the market values of such investments that, in the opinion of management, were other-than-temporary. During 2002, the Company also recorded a loss of $960,000 to adjust the carrying amount of its investment in a privately-held company to its estimated fair value. Akamai estimated the realizable value of the investment based on the recent market capitalization of publicly traded companies in the investee's industry. Loss on investments in 2002 also included approximately $149,000 of realized investment gains.

For the year ended December 31, 2001, loss on investments includes $10.2 million to adjust the cost basis of investments to fair value, a realized loss of $2.8 million on the sale of an equity holding in a private company and $2.0 million of related party losses on investments accounted for under the equity method.

As of December 31, 2002, $13.4 million of the Company's marketable securities, of which $10.2 million are classified as long-term and $3.2 million are classified as short-term, are restricted by irrevocable letters of credit issued in favor of third-party beneficiaries. These restrictions lapse as the Company fulfills its obligations under the letters of credit.

6. Property and Equipment:

Property and equipment consists of the following (in thousands):

	December 31, 2002	December 31, 2001	Estimated Useful Lives in Years
Computer and networking equipment	$ 173,017	$ 188,569	2-3
Software	29,457	29,630	3
Furniture and fixtures	5,518	7,064	5
Office equipment	4,245	4,604	3
Leasehold improvements	4,540	12,735	5-7
Production equipment	1,613	1,758	3
Internal-use software	6,940	—	2
	225,330	244,360	
Accumulated depreciation and amortization	(162,171)	(112,123)	
	$ 63,159	$ 132,237	

Depreciation and amortization expense on property and equipment for the years ended December 31, 2002, 2001 and 2000 was $78.5 million, $73.8 million and $35.6 million, respectively. During the year ended December 31, 2002, the Company accelerated the amortization of leasehold improvements at its headquarters facility located in Cambridge, Massachusetts, as a result of the move to a new facility. The change in the useful lives of these assets resulted in an increase to depreciation expense of $5.0 million for the year ended December 31, 2002. During the year ended December 31, 2001, the Company changed the estimated useful lives of its internal use computers from 3 to 2 years. The impact of the change in useful lives resulted in an increase to depreciation expense of $2.4 million in 2001.

During the years ended December 31, 2002 and 2001, as a result of restructuring actions undertaken by the Company, the Company impaired approximately $3.2 million and $1.3 million, respectively, of leasehold improvements and furniture and fixtures. The Company recorded these impairments as non-cash restructuring charges (Note 12). In addition, during the year ended December 31, 2002, the Company recorded an impairment charge of $979,000, which is included in depreciation expense, for certain excess or obsolete long-lived assets, consisting of computer and network equipment, furniture and fixtures and licensed software.

The Company had equipment acquired under capital leases as follows (in thousands):

	December 31, 2002	December 31, 2001	Estimated Useful Lives in Years
Office equipment	$ 1,056	$1,056	3
Computer and networking equipment	3,339	—	3
Accumulated depreciation	(1,851)	(437)	
	$ 2,544	$ 619	

During the year ended December 31, 2002, the Company capitalized $7.2 million of payroll and payroll-related costs for the development and enhancement of internal-use software applications in accordance with SOP 98-1. The internal-use software is used by the Company primarily to operate and monitor its deployed network and deliver its services. The $7.2 million of capitalized costs represents $174,000, $6.3 million and

$732,000 of costs for employees which would have been included in the cost of revenue, research and development and general and administrative expense categories, respectively, of the statement of operations. The Company impaired $285,000 of in-process internal-use software previously capitalized for projects that were cancelled, in part due to a reduction in the Company's engineering staff in the fourth quarter of 2002. These impairments are recorded in research and development expense. The Company amortizes completed internal-use software over an estimated life of two years. As of December 31, 2002, the Company had amortized approximately $932,000 of capitalized software costs. No costs were capitalized in 2001 or 2000.

7. Goodwill and Other Intangible Assets:

The Company acquired goodwill and other intangible assets through business acquisitions during the year ended December 31, 2000. The Company also acquired license rights from the Massachusetts Institute of Technology in 1999. The Company reviews goodwill and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may exceed their fair value.

During the first quarter of 2001, the Company reviewed goodwill and other long-lived assets for impairment under the guidance of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The Company considered several factors in determining whether an impairment may have occurred, including the Company's market capitalization compared to its book value, the overall business climate and recent estimates for operating results of acquired businesses. A review of these factors as of March 31, 2001 indicated that an impairment assessment was required for long-lived assets of acquired businesses. The Company grouped all long-lived assets for acquired businesses, including goodwill and other intangible assets, and estimated the future discounted cash flows related to these long-lived assets. The discount rate used was based on the risks associated with the acquired businesses. As a result of this analysis, the Company recorded an impairment charge of $1,912.8 million during the first quarter of 2001 to adjust the carrying amount of goodwill arising from the acquisitions of Network*24* Communications, Inc. ("Network*24*") and InterVu to its fair value as of March 31, 2001.

The Company adopted SFAS No. 142 in January 2002. Prior to the adoption of SFAS No. 142, the carrying amount of goodwill was $4.0 million. In accordance with the provisions of SFAS No. 142, the Company reclassified its assembled workforce intangible assets of approximately $1.0 million to goodwill. SFAS No. 142 requires the Company to test goodwill for impairment at least annually. The Company concluded that it had one reporting unit and assigned the entire balance of goodwill to this reporting unit as of January 1, 2002 and 2003 for purposes of performing an impairment test. The fair value of the reporting unit was determined using the Company's market capitalization as of January 1, 2002 and 2003. The fair value on January 1, 2002 and 2003 exceeded the net assets of the reporting unit, including goodwill, as of both dates. Accordingly, the Company concluded that no impairment existed as of these dates. Unless changes in events or circumstances indicate that an impairment test is required, the Company will next test goodwill for impairment on January 1, 2004. In accordance with SFAS No. 142, the Company discontinued the amortization of goodwill as of January 1, 2002.

The following table reconciles reported net loss to adjusted net loss, which excludes amortization of goodwill and assembled workforce, for the years ended December 31, 2001 and 2000 (in thousands except loss per share amounts), as if the non-amortization provisions of SFAS No. 142 had been adopted by the Company as of the beginning of each year:

	For the Year Ended December 31,	
	2001	2000
Reported net loss	$(2,435,512)	$(885,785)
Goodwill amortization	237,317	663,515
Assembled workforce amortization	7,235	4,207
Adjusted net loss	$(2,190,960)	$(218,063)
Reported net loss per share	$ (23.59)	$ (10.07)
Goodwill amortization per share	2.30	7.54
Assembled workforce amortization per share	0.07	0.05
Adjusted net loss per share	$ (21.22)	$ (2.48)

Prior to the adoption of SFAS No. 142, the Company's other intangible assets consisted of completed technology, trademarks and trade names, assembled workforce and acquired license rights. In 2002, the Company reclassified assembled workforce to goodwill and concluded that the remaining intangible assets had definite useful lives equivalent to their original useful lives. During the first quarter of 2002, the Company discontinued the sales of a service line that utilized technology acquired from Network*24* in February 2000 and recorded an impairment loss of $2.3 million to adjust the intangible assets related to the Network*24* technology to their fair value. The impairment loss was included in amortization of other intangible assets.

Other intangible assets subject to amortization consist of the following (in thousands):

	December 31, 2002		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed technology	$26,769	$(24,890)	$1,879
Trademarks and trade names	4,527	(4,220)	307
Acquired license rights	490	(203)	287
Total	$31,786	$(29,313)	$2,473

	December 31, 2001		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed technology	$28,683	$(16,670)	$12,013
Trademarks and trade names	4,925	(2,871)	2,054
Acquired license rights	490	(154)	336
Assembled workforce	12,411	(11,442)	969
Total	$46,509	$(31,137)	$15,372

Amortization expense for other intangible assets was $11.9 million, $18.5 million and $12.6 million for the years ended December 31, 2002, 2001 and 2000, respectively. Amortization expense is expected to be $2.2 million in 2003 and $50,000 in each year thereafter through 2008.

8. Other Assets:

Other assets declined by $16.7 million from $24.1 million as of December 31, 2001 to $7.4 million as of December 31, 2002 primarily as a result of $6.0 million in sales and impairments of long-term investments, $9.3 million attributable to the liquidation and reduction of long-term refundable deposits related to terminated real estate leases (Note 12) and $1.4 million for the amortization of deferred financing costs related to the Company's convertible notes (Note 11).

9. Accrued Expenses:

Accrued expenses consists of the following (in thousands):

	December 31,	
	2002	2001
Payroll and benefits	$ 7,957	$11,679
Interest	8,250	8,250
Settlements and judgments (Note 10)	6,264	2,701
Property, use and other taxes	11,740	10,398
Other	2,851	3,208
Total	$37,062	$36,236

10. Commitments, Contingencies and Guarantees:

Operating and Capital Leases

The Company leases its facilities and certain equipment under non-cancelable operating leases. These operating leases expire at various dates through August 2010 and generally require the payment of real estate taxes, insurance, maintenance and operating costs. In June 2002, the Company entered into a real property lease agreement, which expires in May 2009, for its new corporate headquarters in Cambridge, Massachusetts. The Company also leases certain equipment under capital leases, which expire at various dates through June 2005. The minimum aggregate future obligations under non-cancelable leases as of December 31, 2002 are as follows (in thousands):

	Operating Leases	Capital Leases (including vendor financing)
2003	$15,108	$1,263
2004	14,461	882
2005	12,811	292
2006	10,388	—
2007	10,725	—
Thereafter	26,288	—
Total	$89,781	2,437
Less: interest		224
Total principal obligations		2,213
Less: current portion		1,207
Non-current portion of principal obligations		$1,006

Rent expense for the years ended December 31, 2002, 2001 and 2000 was $9.6 million, $14.4 million and $9.5 million, respectively. The Company has entered into sublease agreements with tenants of various properties previously vacated by the Company. The contracted amounts payable to the Company by these sublease tenants are approximately $656,000 and $204,000 for the years ending December 31, 2003 and 2004, respectively.

The Company has issued letters of credit in the amount of $10.2 million related to certain of its real estate leases. These letters of credit are collateralized by marketable securities that have been restricted as to use (Note 5). The letters of credit expire as the Company fulfills its operating lease obligations. Certain of the Company's facility leases include rent escalation clauses. The Company normalizes rent expense on a straight-line basis over the term of the lease.

Purchase Commitments

The Company has long-term commitments for bandwidth usage and co-location with various networks and Internet service providers. For the years ending December 31, 2003, 2004 and 2005, the minimum commitments are approximately $12.5 million, $4.8 million and $1.2 million, respectively. The Company had aggregate equipment purchase commitments of approximately $500,000 as of December 31, 2002.

Litigation

In January 2000, a former employee of InterVu filed an action against InterVu alleging that InterVu had breached two restricted stock purchase agreements by failing to deliver certain shares of stock after the employee's resignation. The plaintiff sought specific performance and monetary damages. In April 2001, the court ruled in favor of the plaintiff. The court assessed damages against the Company in the amount of $1.9 million. As of December 31, 2002, the Company had accrued for the loss and had placed $2.5 million, which includes interest, into an escrow account pending the appeal. In January 2003, the Company paid the $2.5 million, including interest, required by the judgment.

In June 2001, a former employee filed an employment-related lawsuit with multiple claims against the Company. The plaintiff sought monetary damages. In February 2003, the Company settled the matter for a sum of $3.6 million, of which $1.8 million will be reimbursed by the Company's insurance carrier. As of December 31, 2002, the Company included $3.6 million in accrued expenses, $1.8 million in current assets and recorded the net amount of $1.8 million as general and administrative expenses.

Between July 2, 2001 and August 31, 2001, purported class action lawsuits seeking monetary damages were filed in the United States District Court for the Southern District of New York against the Company and several of its officers and directors as well as against the underwriters of its October 28, 1999 initial public offering of common stock. The complaints were filed allegedly on behalf of persons who purchased the Company's common stock during different time periods, all beginning on October 28, 1999 and ending on various dates. The complaints are similar and allege violations of the Securities Act of 1933 and the Securities Exchange Act of 1934 primarily based on the allegation that the underwriters received undisclosed compensation in connection with the Company's initial public offering. The Company has not accrued any amounts related to these lawsuits because the range of potential loss is not yet considered probable.

In June 2002, the Company filed suit against Speedera Networks, Inc. ("Speedera"), in California Superior Court alleging theft of Akamai trade secrets from an independent company that provides website performance testing services. In October 2002, Speedera filed a cross-claim against the Company seeking monetary damages and injunctive relief and alleging that Akamai engaged in various unfair trade practices, made false and misleading statements and engaged in unfair competition. The Company has not accrued any amounts related to the cross-claim because the range of potential loss is not yet considered probable.

In July 2002, Cable and Wireless Internet Services ("C&W"), formerly known as Digital Island, filed suit against the Company in the United States District Court for the District of Massachusetts alleging that certain Akamai services infringe a C&W patent issued in that month. C&W is seeking a preliminary injunction restraining the Company from offering services that infringe such patent. Subsequently, in August 2002, C&W filed a suit against the Company in the United States District Court for the Northern District of

California alleging that certain Akamai services infringe a second C&W patent. The Company has not accrued any amounts related to this litigation because the potential loss is not yet considered probable.

In September 2002, Teknowledge Corporation (“Teknowledge”), filed a lawsuit in the United States District Court for the District of Delaware against Akamai, C&W and Inktomi Corporation alleging that certain services offered by each company infringe a Teknowledge patent relating to automatic retrieval of changed files by a network software agent. The Company has not recorded a liability related to this lawsuit because the range of potential loss is not yet considered probable.

In November 2002, the Company filed suit against Speedera in federal court in Massachusetts for violation of a patent held by Akamai. In January 2003, Speedera filed a counterclaim in this case alleging that Akamai has infringed a patent that was recently issued to Speedera. The Company has not recorded a liability related to the counterclaim because the potential loss is not yet considered probable.

Obligations under Guarantees:

The Company has identified the guarantees described below as disclosable in accordance with FIN 45. As of December 31, 2002, the Company had not accrued a liability for any guarantee identified below because the likelihood of incurring a payment obligation under these guarantees is remote. For all guarantees issued or modified after December 31, 2002, the Company will record a liability for the fair value of the guarantee, if any.

As permitted under Delaware law, the Company’s Certificate of Incorporation provides that Akamai indemnify its officers and directors for certain events or occurrences that happen by reason of the fact that the officer or director is, was or has agreed to serve as an officer or director of the Company. The term of the indemnification period is for the officer’s or director’s lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a Director and Officer insurance policy that limits its exposure and enables the Company to recover a portion of any future amounts paid.

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company agrees to indemnify, hold harmless and reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally Akamai’s business partners or customers, in connection with any United States patent, or any copyright or other intellectual property infringement claim by any third party arising from use of the Company’s services or arising from the Company’s gross negligence, willful misconduct or violation of the law (provided that there is not gross or willful misconduct on the part of the other party) with respect to Akamai’s services or products. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company carries insurance that covers certain third party claims relating to its services and limits the Company’s exposure. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company acquired all of the stock of three companies in 2000. As part of those acquisitions, the Company assumed the liability for undisclosed claims and losses. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company leases space in certain buildings, including its corporate headquarters building, under operating leases. The Company has standard indemnification arrangements under those leases that require it to indemnify the landlord against losses, liabilities and claims incurred in connection with the premises covered by the Company leases, its use of the premises, property damage or personal injury and breach of the lease agreement, as well as occurrences arising from the Company’s negligence or willful misconduct. The Company also subleases certain space and agrees to indemnify the sublessee for losses caused by the Company’s employees on the premises. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company entered into three joint ventures in 2001 and 2002. The terms of the joint venture agreements generally provide that the Company indemnify the joint venture partner against property damage or bodily injury arising from the Company’s negligence or willful misconduct; against third party claims of copyright infringement or trade secret theft associated with the software or marks licensed by the partner; and against losses arising from any breach by the Company of its representations and warranties. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company leases certain equipment under leases that require it to indemnify the lessor against losses, liabilities and claims in connection with the lease agreement, possession or use of the leased equipment, and in some cases certain tax issues. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company licenses technology to certain third parties under license agreements that provide for Akamai to indemnify the third parties against claims of patent and copyright infringement. This indemnity does not apply in the case where the licensed technology has been modified by the third party or combined with other technology, hardware, or data that the Company has not approved. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

The Company licenses technology from third parties under agreements that contain standard indemnification provisions that require the Company to indemnify the third party against losses, liabilities and claims arising from the Company’s unauthorized use or modification of the licensed technology. The term of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

11. Convertible Notes:

In June 2000, Akamai issued $300.0 million of 5 1/2% Convertible Subordinated Notes due July 1, 2007 (the “Convertible Notes”) for aggregate net proceeds of approximately $290.2 million (net of underwriting fees and other offering expenses of $9.8 million). The Convertible Notes are convertible at any time into the Company’s common stock at a conversion price of $115.47 per share (equivalent to 8.6603 shares of common stock per $1,000 principal amount of Convertible Notes), subject to adjustment in certain events. The Company may redeem the Convertible Notes on or after July 3, 2003, at the Company’s option. In the event of a change of control, Akamai may be required to repurchase all or a portion of the Convertible Notes at a repurchase price of 100% of the principal amount plus accrued interest. Interest on the Convertible Notes began to accrue as of the issue date and is payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2001. The Convertible Notes are unsecured obligations and are subordinated to all existing and future senior indebtedness of Akamai. Deferred financing costs of $9.8 million, including underwriting fees and other offering expenses, for the Convertible Notes are being amortized over the term of the notes. Amortization of deferred financing costs was approximately $1.4 million for each of the years ended December 31, 2002 and 2001, and $740,000 for the year ended December 31, 2000.

12. Restructurings and Lease Terminations:

The Company recorded restructuring charges of $45.8 million for the year ended December 31, 2002. These charges included $3.6 million for employee severance benefit costs and $42.2 million for the actual and estimated termination and modification costs for excess facility leases, less estimated sublease income. During the year ended December 31, 2001, the Company recorded restructuring charges of $40.5 million. These charges included $5.1 million for severance benefit costs and $35.4 million for facility leases.

During the year ended December 31, 2001, management approved an exit plan with respect to excess and vacant facilities under long-term non-cancelable leases. The Company recorded a restructuring charge of $34.1 million for the estimated amount of future lease payments and termination fees, less estimated sublease income, for these facilities. The Company also impaired $1.3 million of leasehold improvements located at these facilities. The impairment was recorded as a non-cash restructuring charge.

In 2002, the Company terminated its facility leases for 500 and 600 Technology Square in Cambridge, Massachusetts, for total costs of $15.9 million, including brokerage and legal fees. Termination costs were settled using cash and refundable deposits. The accrued liabilities for these leases totaled $7.9 million. Accordingly, the Company recorded an additional restructuring charge of $8.0 million for the difference between the actual termination costs and the amount previously accrued. The Company is currently negotiating with the landlord of a facility, vacated by the Company, to modify Akamai’s lease. The contractual lease term for the facility is through 2010. As of December 31, 2002, contractual future lease obligations for this facility were $56.0 million. The Company believes that it is probable that it will reach agreement with the landlord to modify the lease for an amount less than the total contractual amount. As a result, during the year ended December 31, 2002, the Company recorded a restructuring charge of $29.3 million, representing the difference between the amount payable for the anticipated cost to the modified lease agreement and the previously recorded restructuring liability for the facility. Also during 2002, the Company impaired leasehold improvements and furniture and fixtures related to vacated facilities in the amount of $3.2 million.

In October 2002, the Company announced an enterprise-wide workforce reduction. Approximately 200 employees from all areas of the Company were included in the reduction. The Company recorded $3.6 million as a restructuring charge for the amount of one-time benefits provided to affected employees. As of December 31, 2002, the Company had paid substantially all of the severance liability related to this restructuring. For the year ended December 31, 2001, approximately 400 employees from all areas of the Company were included in work-force reductions. The Company recorded $5.1 million as a restructuring charge for the amount of one-time benefits provided to affected employees.

The following table summarizes the accrual and usage of the restructuring charges (in millions):

	Leases	Long-Lived Assets	Severance	Total
Total charge	$ 34.1	$ 1.3	$ 5.1	$ 40.5
Cash payments	(6.5)	—	(5.1)	(11.6)
Non-cash items	—	(1.3)	—	(1.3)
Ending balance, December 31, 2001	27.6	—	—	27.6
Total charge	39.0	3.2	3.6	45.8
Cash payments	(29.1)	—	(3.5)	(32.6)
Non-cash items	—	(3.2)	—	(3.2)
Ending balance, December 31, 2002	37.5	$ —	0.1	37.6
Current portion of accrued restructuring	$ 23.5		$ 0.1	$ 23.6
Long-term portion of accrued restructuring	$ 14.0			$ 14.0

The amount of restructuring liabilities associated with facility leases has been estimated based on the most recent available market data and discussions with the Company's lessors and real estate advisors. In the event that these real estate leases are terminated at a higher or lower cost than the amount accrued as of December 31, 2002, the Company will record an adjustment to the restructuring liability in the period in which the adjustment becomes probable and estimable.

13. Rights Plan and Series A Junior Participating Preferred Stock:

On September 10, 2002, the Board of Directors of the Company declared a dividend of one preferred stock purchase right for each outstanding share of the Company's common stock held by stockholders of record at the close of business on September 23, 2002. To implement the rights plan, the Board of Directors designated 700,000 shares of the Company's 5.0 million authorized shares of undesignated preferred stock as Series A Junior Participating Preferred Stock, par value $.01 per share. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of preferred stock at a purchase price of $9.00 in cash, subject to adjustment. No shares of Series A Junior Participating Preferred Stock are outstanding as of December 31, 2002.

14. Stockholders' (Deficit) Equity:

Common Stock

Holders of the Company's common stock are entitled to one vote per share. At December 31, 2002, the Company had reserved approximately 24.8 million shares for issuance of common stock under its Employee Stock Purchase Plan and upon the exercise of options and warrants.

Notes Receivable for Stock

In 1999, in connection with the issuance of restricted common stock, the Company received full recourse notes from its Chief Executive Officer, President, former Chief Financial Officer, and Vice President of Business Development in the amounts of $1,980,000, $500,000, $2,620,000 and $624,000, respectively. The notes bore a rate of interest between 5.3% and 6.1% per annum. In 2000, the Company acquired a note receivable from an officer of an acquired business in the amount of $228,000 as a result of the acquisition. This note was paid in full in 2000. The notes issued by the Chief Executive Officer and President were paid in full in 2001. On December 31, 2001, the notes issued by the Vice President of Business Development and the former Chief Financial Officer were each amended and replaced with new full recourse notes in the amounts of $721,000 and $2,619,750, respectively (together, the "Replacement Notes"). The Replacement Notes bear interest at a rate of 4.0% per annum and are payable in full by July 23, 2009. Payment obligations on the

Replacement Notes may be accelerated at the option of the Company if the maker ceases to be employed by the Company for any reason. In November 2002, the Company's Chief Financial Officer terminated his employment with Akamai, and the Company chose not to exercise right to accelerate payment of his Replacement Note. Shares of common stock purchased with these Replacement Notes are subject to variable accounting until the Replacement Note is paid in full. No variable accounting charges have been recorded to date.

15. Stock Plans:

In 1998, the Board of Directors adopted the 1998 Stock Incentive Plan (the "1998 Plan") for the issuance of incentive and nonqualified stock options and restricted stock awards. Options to purchase common stock and restricted stock awards are granted at the discretion of the Board of Directors. In December 2001, the Board of Directors adopted the 2001 Stock Incentive Plan (the "2001 Plan") for the issuance of nonqualified stock options and restricted stock awards. The total number of shares of common stock reserved for issuance under the 1998 Plan and the 2001 Plan is 41,255,600 and 5,000,000 shares, respectively. Equity incentives may not be issued to the Company's directors or executive officers under the 2001 Plan.

Under the terms of the 1998 Plan, the exercise price of incentive stock options granted must not be less than 100% (110% in certain cases) of the fair market value of the common stock on the date of grant, as determined by the Board of Directors. Incentive stock options may not be issued under the 2001 Plan. The exercise price of nonqualified stock options issued under the 1998 Plan and the 2001 Plan may be less than the fair market value of the common stock on the date of grant, as determined by the board of directors, but in no case may the exercise price be less than the statutory minimum. Stock option vesting is typically four years and is at the discretion of the board of directors. The term of options granted might not exceed ten years, or five years for incentive stock options granted to holders of more than 10% of the voting stock of the Company.

Restricted stock awards may be issued under the 1998 Plan to directors, officers, advisors and employees at prices determined by the Compensation Committee. Participants' unvested shares are subject to repurchase by the Company at the original purchase price for between two and four years. Generally, 25% of the shares vest between six months and one year of the date of purchase and, thereafter, the remaining shares vest on a quarterly basis through the fourth anniversary date of purchase. As of December 31, 2002, the Company had the right to repurchase up to 1,449,777 unvested shares at original purchase prices ranging from $0.00 to $2.50 per share.

The Company has assumed certain stock option plans and the outstanding stock options of companies that it has acquired ("Assumed Plans"). Stock options under the Assumed Plans have been converted into the Company's stock options and adjusted to effect the appropriate conversion ratio as specified by the applicable acquisition agreement, but are otherwise administered in accordance with the terms of the Assumed Plans. Stock options under the Assumed Plans generally vest over four years and expire ten years from the date of grant. No additional stock options will be granted under the Assumed Plans.

AKAMAI TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of restricted stock award activity under the 1998 Plan for the years ended December 31, 2000, 2001 and 2002 is presented below:

	Shares	Weighted Average Purchase Price
Restricted Stock Awards Under 1998 Plan		
Outstanding at December 31, 1999	13,103,200	$0.21
Issued during 2000	5,040	0.04
Outstanding at December 31, 2000	13,108,240	0.21
Issued during 2001	5,875,544	0.04
Repurchased and retired	(1,282,675)	0.01
Outstanding at December 31, 2001	17,701,109	0.34
Issued during 2002	275,000	0.00
Repurchased and retired during 2002	(1,091,680)	0.01
Outstanding at December 31, 2002	16,884,429	0.36
Vested restricted common stock at December 31, 2002	15,434,652	0.39

There were 31,282,100 and 20,458 shares of restricted common stock issued outside of the 1998 Plan during the period between inception and December 31, 1998 and the twelve months ended December 31, 2000, respectively. These shares were fully vested as of December 31, 2002.

A summary of stock option award activity under the 1998 and 2001 Plans for the years ended December 31, 2000, 2001 and 2002 is presented below:

	Shares	Weighted Average Share Price
Stock Option Awards		
Outstanding at December 31, 1999	14,417,000	$ 7.43
Granted and assumed in business combinations	8,541,000	65.33
Exercised during 2000	(3,940,000)	8.00
Forfeited during 2000	(2,857,000)	41.81
Outstanding at December 31, 2000	16,161,000	31.73
Granted during 2001	9,253,000	9.27
Exercised during 2001	(1,542,000)	15.75
Forfeited during 2001	(11,098,000)	42.62
Outstanding at December 31, 2001	12,774,000	9.45
Granted during 2002	12,022,000	1.98
Exercised during 2002	(2,133,000)	0.33
Forfeited during 2002	(6,987,000)	9.80
Outstanding at December 31, 2002	15,676,000	4.81

As of December 31, 2000, options to purchase 2,442,000 shares of commons stock were exercisable at a weighted average price of $16.93. As of December 31 2001, options to purchase 3,066,000 shares of common stock were exercisable at a weighted average exercise price of $12.47. During the years ended December 31, 2002 and 2001, the Company granted 1,409,000 and 332,000, respectively, options to purchase common stock with exercise prices below market value on the date of grant. The weighted average exercise price of these options in 2002 and 2001 was $0.47 and $2.37, respectively. The following table summarizes information about stock options outstanding at December 31, 2002:

	Outstanding			Exercisable	
Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
$ 0.01- 1.00	3,266,346	6.4	$ 0.71	1,450,684	$ 0.51
1.12- 1.65	3,758,244	9.8	1.51	48,437	1.26
2.27- 2.98	2,177,655	4.6	2.34	338,223	2.53
3.14- 4.52	1,771,381	8.5	4.34	144,488	4.21
5.10- 6.35	2,408,229	7.8	5.15	1,038,771	5.15
8.13- 13.12	1,051,976	6.1	11.73	724,999	12.16
15.22- 36.19	1,111,645	5.4	18.10	844,665	17.60
39.44- 85.00	122,606	6.1	69.27	81,248	68.96
93.94-211.50	7,523	6.1	168.82	5,412	165.46
0.01-211.50	15,675,605	7.3	4.81	4,676,927	8.08

Employee Stock Purchase Plan

In August 1999, the Board of Directors adopted the 1999 Employee Stock Purchase Plan (“1999 ESPP”). The Company reserved 600,000 shares of common stock for issuance under the 1999 ESPP. In May 2001, the Company approved an increase to the amount of shares reserved for issuance under the 1999 ESPP to 3,100,000. In May 2002, the stockholders of the Company approved an amendment to the 1999 ESPP that allows for an automatic increase in the number of shares of common stock available under the 1999 ESPP each June 1 and December 1 to restore the number of shares available for issuance to 1.5 million shares, provided that the aggregate number of shares issuable under the 1999 ESPP shall not exceed 20.0 million. The 1999 ESPP allows participating employees to purchase shares of common stock at a 15% discount from the market value of the stock as determined on specific dates at six-month intervals. As of December 31, 2002, approximately $193,000 had been withheld from employees for future purchases under the 1999 ESPP.

Equity-Related Compensation

For the years ended December 31, 2002, 2001 and 2000, the Company recorded equity-related compensation of $21.2 million, $31.5 million and $26.1 million, respectively. These amounts are included in the consolidated statement of operations as follows, in thousands:

	For the Year Ended December 31,		
	2002	2001	2000
Cost of revenue	$ 636	$ 539	$ 116
Research and development	4,608	9,764	6,672
Sales and marketing	6,063	13,439	10,129
General and administrative	9,888	7,715	9,230
Total	$21,195	$31,457	$26,147

Equity-related compensation is comprised of the amortization of deferred compensation, equity award modifications, equity bonuses and equity awards issued to non-employees.

(a) Deferred Compensation:

Deferred compensation is recorded for the grant of stock options or shares of restricted stock to employees at exercise or sale prices deemed to be less than the fair value of the Company’s common stock on the grant date. Deferred compensation is adjusted to reflect cancellations and forfeitures due to employee terminations. For the years ended December 31, 2002, 2001 and 2000, equity-related compensation includes $18.1 million, $23.2 million and $10.0 million, respectively, of deferred compensation amortization. Equity-related compensation in the years ended December 31, 2002 and 2001 was affected by the following:

Exchange Offer

In April 2001, the Company communicated to its employees an offer to exchange (the “Exchange Offer”) certain eligible employee stock options previously granted to them in return for restricted shares of Akamai common stock at an exchange ratio of two stock options for one share of restricted stock. In addition, certain stock options granted in February 2001 were eligible to be exchanged at a ratio of one stock option for two shares of restricted stock. Employees who accepted the Exchange Offer were required to exchange any stock option granted to them after November 3, 2000 (regardless of the exercise price of any such stock option) and to forfeit certain stock options granted to them in October 2000. Until the restricted stock vests, such shares are subject to forfeiture for up to three years from May 2001 in the event the employee leaves the Company. Generally, 25% of the shares vested after six months and the remaining 75% of the shares vest quarterly thereafter until the third anniversary of the effective date of the Exchange Offer. On April 4, 2001, the Company filed the Exchange Offer as a tender offer with the Securities and Exchange Commission in accordance with Rule 13e-4 of the Securities Act of 1934, as amended. The Exchange Offer was effective on May 5, 2001, and the Company accepted all stock options tendered.

As a result of the Exchange Offer, stock options to purchase approximately 6.6 million shares of Akamai common stock were exchanged for approximately 3.4 million shares of restricted stock. In accordance with FASB Interpretation No. 44, “Accounting for Certain Transactions Involving Stock Compensation (an Interpretation of APB Opinion No. 25)” the Company recorded $36.1 million as deferred compensation for the intrinsic value of the restricted stock issued to employees who accepted the Exchange Offer. The deferred compensation is being amortized over the vesting period of the restricted stock. For the years ended December 31, 2002 and 2001, $5.9 million and $10.2 million, respectively, were amortized to equity-related compensation. As of December 31, 2002, 1.3 million shares had been forfeited and retired as a result of employee terminations, resulting in a reduction in deferred compensation of $13.8 million.

Restricted Stock and Stock Option Awards

During the year ended December 31, 2002, the Company issued 275,000 shares of restricted stock to officers in exchange for the cancellation of previously issued stock options. The Company recorded deferred compensation of $278,000 for the intrinsic value of the restricted stock, which will be amortized over the vesting period. The Company amortized $26,000 to equity-related compensation for the year ended December 31, 2002 for these awards. During the year ended December 31, 2001, deferred compensation was increased by $15.1 million as a result of the issuance of 2.2 million shares of restricted common stock at a purchase price of $0.01 per share and the grant of options to purchase 53,000 shares of common stock at an exercise price of $1.17 per share. The deferred compensation will be amortized over the vesting periods of the equity awards. For the years ended December 31, 2002 and 2001, $5.0 million and $3.7 million, respectively, have been amortized to equity-related compensation for these awards. As of December 31, 2002, 821,000 shares had been repurchased and retired by the Company as a result of employee terminations, resulting in a reduction in deferred compensation of approximately $1.4 million and $452,000 for the years ended December 31, 2002 and 2001, respectively.

(b) Equity Award Modifications:

Equity-related compensation includes the intrinsic value of modified stock options or restricted stock awards that would have expired as unexercisable had the associated vesting of the awards not been accelerated upon the termination of the employee. For the years ended December 31, 2002, 2001 and 2000, equity-related compensation includes $3.2 million, $5.2 million and $13.8 million, respectively, for equity award modifications.

(c) Equity Bonus Awards:

Equity-related compensation includes the intrinsic value of equity awards issued to employees as incentive bonuses. These awards are issued quarterly and annually in accordance with incentive bonus plans. For the years ended December 31, 2002, 2001 and 2000, equity-related compensation includes $1.4 million, $3.1 million and $2.3 million, respectively, for equity bonuses. Equity bonuses in 2002 consisted of the grant of options to purchase 1.4 million shares of common stock at a weighted average exercise price of $0.47. Equity bonuses in 2001 consisted of the issuance of 284,000 shares of restricted common stock at a purchase price of $0.01 per share and the grant of options to purchase 175,000 shares of common stock at a weighted average exercise price of $1.09. Equity bonuses in 2000 consisted of the grant of options to purchase 104,000 shares of common stock at a weighted average exercise price of $5.13.

(d) Equity Awards Issued to Non-Employees:

The Company has issued equity awards to advisors and other non-employees. The Company recognizes the fair value of these awards in equity-related compensation over the vesting period for the awards pursuant to the requirements of SFAS No. 123. Amounts recorded in all years presented have not been material.

Warrants

Prior to its initial public offering in October 1999, the Company issued warrants to investors in connection with borrowings. The Company also became obligated to honor warrants that had been issued by acquired businesses. As of December 31, 2002, there were 1,046,737 outstanding warrants to purchase common stock at a per share exercise price range of $2.50 to $151.08 exercisable through May 2004.

16. Employee Benefit Plan:

In January 1999, the Company established a savings plan for its employees that is designed to be qualified under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to contribute to the 401(k) plan through payroll deductions within statutory and plan limits. Participants may select from a variety of investment options. Investment options do not include Akamai common stock. The Company, at its discretion, provides limited matching of employee contributions to the 401(k) plan. The Company has contributed approximately $586,000, $826,000 and $605,000 of cash to the savings plan for the years ended December 31, 2002, 2001 and 2000, respectively. The Company will not make a matching contribution for the year ended December 31, 2003.

17. Income Taxes:

The provision for income taxes consists of the following (in thousands):

	Year Ended December 31,		
	2002	2001	2000
Current tax expense/ (benefit)			
Federal	$ —	$ —	$ —
State	—	—	187
Foreign	492	1,062	0
Deferred tax benefit	(68,238)	(85,893)	(103,793)
Valuation allowance	68,238	85,893	103,793
	$ 492	$ 1,062	$ 187

AKAMAI TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's effective rate varies from the statutory rate as follows:

	Year Ended December 31,		
	2002	2001	2000
U.S. federal income tax rate	(34.0)%	(34.0)%	(34.0)%
State taxes	(3.0)	(0.4)	(1.1)
Deferred compensation amortization	3.6	0.4	1.0
Amortization and impairment of intangibles with no tax basis	0.9	30.1	26.0
Other	(0.7)	0.4	(3.6)
Valuation allowance	33.4	3.5	11.7
	0.2%	0%	0%

Significant components of the Company's deferred tax assets as of December 31, 2002 and 2001 are shown below. In accordance with SFAS No. 109, "Accounting for Income Taxes," a valuation allowance for the entire deferred tax asset has been recorded due to uncertainty surrounding its realization. The components of the net deferred tax asset and the related valuation allowance are as follows (in thousands):

	December 31,	
	2002	2001
Net operating loss and credit carryforwards	$ 256,118	$ 216,422
Depreciation and amortization	51,156	30,682
Compensation	810	1,586
Restructuring	23,336	14,042
Other	11,862	10,330
Deferred tax assets	$ 343,282	$ 273,062
Acquired intangible assets	(5,905)	(5,905)
Deferred tax liabilities	$ (5,905)	$ (5,905)
Valuation allowance	(337,377)	(267,157)
Net deferred tax assets and liabilities	$ —	$ —

As of December 31, 2002 the Company had federal and state net operating losses of $1,026.0 million that expire at various dates through 2022. The Company also had foreign net operating loss carryforwards of approximately $8.5 million, of which $6.8 million are not subject to expiration and $1.7 million will expire at various dates through 2007. As of December 31, 2001 the Company had federal and state net operating losses of $870.0 million that expire at various dates through 2021. The Company also had foreign net operating loss carryforwards of $7.1 million, of which $6.0 million are not subject to expiration and $1.1 million will expire at various dates through 2005. The Company also has federal and state tax credit carryforwards as of December 31, 2002 and December 31, 2001 of approximately $9.3 million and $7.8 million, respectively, that expire at various dates through 2022. Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's acquired net operating loss and credit carryforwards may be subject to annual limitation due to Akamai's acquisition of more than 50% of the equity of the acquired company. Prior period deferred tax assets and the respective valuation allowance have been revised to reflect the appropriate tax rates for the periods through the year ending December 31, 2001. Approximately $153.0 million of the net operating loss carryforwards available for federal income tax purposes relate to the exercises of non-qualified stock options and disqualifying disposition of incentive stock options and employee stock purchase plan options, the tax benefit from which, if realized, will be credited to additional paid-in capital.

AKAMAI TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

18. Transactions with Related Parties:

During the years ended December 31, 2002 and 2001, the Company engaged in the following transactions with related parties:

Akamai Australia

In August 2002, the Company and ES Group Ventures Pty Ltd (“ES Group”) formed a joint venture to create Akamai Technologies AA/ P Pty Limited (“Akamai Australia”). Akamai Australia is owned 60% by ES Group and 40% by the Company. In exchange for its 40% ownership interest, the Company contributed rights to use its trade name and trademarks and the exclusive right to market and resell Akamai’s services in Australia, New Zealand and, in certain circumstances, Singapore. The Company recorded its investment in the joint venture at the historical cost basis of the assets contributed, which was zero. The Company accounts for its investment in Akamai Australia using the equity method. Akamai does not guarantee the obligations of Akamai Australia and has no obligation to provide future financing to Akamai Australia.

The Company has entered into a five-year reseller agreement with Akamai Australia under which Akamai Australia is required to make quarterly payments to the Company in accordance with minimum resale commitments. For the year ended December 31, 2002, the Company recognized $24,000 in revenue under this reseller agreement. In order to establish the reseller relationship, Akamai Australia paid to Akamai a set-up fee of $300,000, which is being recognized as revenue ratably over five years. As of December 31, 2002, $204,000 was due from Akamai Australia and is included in due from related parties on the consolidated balance sheet.

Akamai Technologies Japan KK

In April 2001, Akamai and SOFTBANK Broadmedia Corporation (“SBBM”), a subsidiary of SOFTBANK Group, formed a joint venture to create Akamai Technologies Japan KK (“ATJ”), which was owned 60% by SBBM and 40% by Akamai. For the period from April 2001 through December 2002, Akamai accounted for its investment in ATJ under the equity method. The Company recorded its investment in the entity at the historical cost basis of the assets contributed, which was zero. In December 2002, the Company sold its 40% interest in ATJ to SBBM and realized a gain of $400,000, included in loss on investments, for the year ended December 31, 2002. Akamai recognized $4.1 million and $2.2 million of revenue from ATJ during the years ended December 31, 2002 and 2001, respectively. As of December 31, 2002 and December 31, 2001, $1.1 million and $750,000, respectively, were due from ATJ and are included in due from related parties on the consolidated balance sheets. These amounts were subsequently paid in full.

During the first quarter of 2002, Akamai entered into a technology license agreement with SBBM. Akamai recognized $4.8 million of revenue from this license agreement in the year ended December 31, 2002. As of December 31, 2002, there were no amounts due from SBBM.

Sockeye Networks, Inc.

From January 2001 to November 2002, Akamai owned 40% of the equity of Sockeye Networks, Inc. (“Sockeye”) and recorded its share of Sockeye’s losses under the equity method. During this period, the Company recognized $2.0 million of equity method losses, which are included in loss on investments for the year ended December 31, 2001. In November 2002, Akamai’s equity interest in Sockeye decreased from 40% to approximately 2%. In addition, as of January 2003, Akamai no longer has representatives on Sockeye’s board of directors. The Company will account for its remaining investment in Sockeye under the cost method prospectively.

During the year ended December 31, 2002, the Company recognized $835,000 of revenue from Sockeye under a quarterly service agreement. During the year ended December 31, 2001, the Company recognized $9.2 million of revenue under the service agreement. In addition, during the year ended December 31, 2001, Sockeye paid Akamai $4.0 million for technology development work performed by Akamai. In November

2002, Sockeye terminated the service agreement. There were no amounts due from Sockeye as of December 31, 2002. As of December 31, 2001, $250,000 was due from Sockeye and is included in due from related parties on the consolidated balance sheet.

Netaxs/ Fastnet

Akamai's Chief Network Architect at the time of the transaction was an officer of, and held a significant ownership in, Netaxs until Netaxs was acquired by FASTNET Corporation ("Fastnet") in a merger transaction in April 2002. In connection with the merger, this person became a director, employee and 5% stockholder of Fastnet. During the years ended December 31, 2002 and 2001, Akamai purchased approximately $2.6 million and $2.2 million, respectively, of bandwidth and co-location space from Netaxs. During the year ended December 31, 2000, the Company had sales of $500,000 to Netaxs. There were no sales to Netaxs in the years ended December 31, 2002 and 2001.

19. CNN Advertising Agreement:

In November 1999, InterVu, which was acquired by Akamai in April 2000, entered into an advertising agreement with the CNN News Group ("CNN"). Under the terms of such agreement, InterVu issued common stock valued at $20.0 million to CNN. In return, CNN agreed to provide InterVu with three years of on-air and online advertising and promotional opportunities across CNN's properties. As part of the purchase price allocation for its acquisition of InterVu, Akamai estimated the fair value of these services to be $18.4 million. This prepaid asset has been amortized over the life of the advertising agreement to advertising expense in the amounts of $5.6 million, $5.6 million and $7.2 million for the years ended December 31, 2002, 2001 and 2000, respectively.

In connection with its acquisition of InterVu, Akamai issued shares of its common stock to CNN in exchange for shares of InterVu common stock held by CNN and assumed certain obligations relating to such shares, including a guarantee that the price of the shares of Akamai common stock would be above a specified price on the third anniversary of the advertising agreement. At the time of the acquisition of InterVu, the Company estimated the fair value of the price guarantee and included the estimated value of the guarantee in the purchase price of InterVu. In November 2002, the Company satisfied the price guarantee through a cash payment to CNN of $2.7 million and by allowing CNN to draw on a $3.8 million letter of credit. The $6.5 million payment is considered a component of the purchase price of InterVu and was accounted for as an adjustment, through a reduction in additional paid-in capital, to the fair value of the common stock issued.

20. Segment Disclosure:

Akamai's chief decision-maker, as defined under SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information," is the Chief Executive Officer and the executive management team. As of December 31, 2002, Akamai operated in one business segment: providing e-business infrastructure services and software.

The Company deploys its servers into networks worldwide. As of December 31, 2002, the Company had approximately $49.5 million and $13.7 million of property and equipment, net of accumulated depreciation, located in the United States and foreign locations, respectively. As of December 31, 2001, the Company had approximately $102.2 million and $30.0 million of net property and equipment located in the United States and over 60 countries world-wide, respectively. Akamai sells its services and licenses through a direct sales force located both domestically and abroad. For the year ended December 31, 2002, approximately 13% of revenue was derived from the Company's operations outside the United States. For all other periods, less than 10% of revenue was derived from sources outside of the United States.

21. Business Acquisitions:

All business acquisitions during the three-year period ended December 31, 2002 have been accounted for using the purchase method. The Company's consolidated results of operations include the operating results of the acquired companies from their acquisition dates. Acquired assets and liabilities were recorded at their estimated fair market values at the acquisition date, and the aggregate purchase prices plus costs directly attributable to the acquisitions have been allocated to the assets and liabilities acquired. The purchase price in excess of identifiable net assets was recorded as goodwill.

In February 2000, the Company acquired all of the outstanding common and preferred stock of Network*24*, a provider of Internet broadcasting application services, in exchange for approximately 621,000 shares of Akamai common stock and $12.5 million in cash. Akamai also issued options and warrants exercisable for approximately 196,000 shares of Akamai common stock in exchange for all outstanding options and warrants exercisable for Network*24* common stock. The cost of the acquisition, including direct acquisition costs, was $203.6 million. The excess cost over the fair value of net assets acquired of $200.7 million was allocated to goodwill and other intangible assets. See Note 7 for further discussion.

In April 2000, the Company acquired all of the outstanding common and preferred stock of InterVu, a service provider for Internet audio and video delivery solutions, in exchange for 10.0 million shares of Akamai common stock. Akamai also issued options and warrants exercisable for 2.2 million shares of Akamai common stock in exchange for all outstanding options and warrants exercisable for InterVu common stock. The cost of the acquisition was $2.8 billion based on the fair value of the consideration paid plus direct acquisition costs. The excess cost over the fair value of net assets acquired of $2.8 billion was allocated to goodwill and other intangible assets. See Note 7 for further discussion. During the year ended December 31, 2001, the Company issued approximately 184,000 shares of common stock to a former holder of InterVu preferred stock upon the exercise of a conversion feature of the preferred stock. The fair value of these additional shares had been included in the purchase price of InterVu. Accordingly, no adjustment to the purchase price was made upon the issuance of these shares. In addition, in connection with the acquisition, the Company was required to issue additional securities or cash to a former shareholder of InterVu based on the future price of Akamai stock. In November 2002, the Company satisfied the price guarantee for $6.5 million in cash (Note 19).

In July 2000, the Company acquired all of the outstanding common and preferred stock of CallTheShots Inc. ("CTS"), a developer of services that enable website visitors to personalize their interaction with the sites they visit, in exchange for 31,493 shares of Akamai common stock and $259,000 in cash. In addition, 20,458 shares of Akamai common stock and $434,000 in cash were placed in an escrow account and were released over a one-year period to certain former stockholders of CTS as they continued employment with Akamai. The Company recorded equity-related compensation for the escrowed shares in the amount of $1.7 million ratably over the contingency period based on the fair value of Akamai common stock on the closing date of the acquisition. The excess purchase price over the fair value of net assets acquired of $4.2 million was assigned to goodwill and other intangible assets. See Note 7 for further discussion.

22. Quarterly Financial Results (unaudited):

The following table sets forth certain unaudited quarterly results of operations of the Company for the years ended December 31, 2002 and 2001. In the opinion of management, this information has been prepared on the same basis as the audited consolidated financial statements and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below for a fair presentation of the quarterly information when read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this annual report on Form 10-K. In 2002, the Company modified the presentation of the consolidated statement of operations to include in cost of revenue equity-related compensation expense, based on the functional role of the related employee, and depreciation and amortization on its network equipment. All quarterly amounts presented below reflect this modification. In addition, in accordance with SFAS No. 142, the Company discontinued the amortization of goodwill as of January 1, 2002.

	For the Three Months Ended			
	March 31, 2002	June 30, 2002	Sept. 30, 2002	Dec. 31, 2002
	(In thousands, except per share data)			
Revenue	$ 37,927	$ 36,322	$ 35,375	$ 35,352
Cost of revenue	$ 23,311	$ 22,967	$ 21,609	$ 17,417
Net loss	$ (59,058)	$ (42,242)	$ (47,533)	$ (55,604)
Basic and diluted net loss per share	$ (0.54)	$ (0.38)	$ (0.42)	$ (0.48)
Weighted average common shares outstanding	109,693	112,253	114,251	114,866

	For the Three Months Ended			
	March 31, 2001	June 30, 2001	Sept. 30, 2001	Dec. 31, 2001
	(In thousands, except per share data)			
Revenue	$ 40,209	$ 43,141	$ 42,754	$ 37,110
Cost of revenue	$ 28,218	$ 26,910	$ 27,010	$ 26,197
Net loss	$(2,222,780)	$ (92,608)	$ (55,359)	$ (64,765)
Basic and diluted net loss per share	$ (22.50)	$ (0.91)	$ (0.53)	$ (0.60)
Weighted average common shares outstanding	98,780	101,629	104,166	108,357

23. Subsequent Events

In June 2001, a former employee filed an employment-related lawsuit with multiple claims against the Company. The plaintiff sought monetary damages. In February 2003, the Company settled the matter for a sum of $3.6 million, of which $1.8 million will be reimbursed by the Company’s insurance carrier. As of December 31, 2002, the Company has included $3.6 million in accrued expenses and $1.8 million in current assets and recorded the net amount of $1.8 million as general and administrative expenses.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

PART III

Item 10. *Directors and Executive Officers of the Registrant*

The complete response to this Item regarding the backgrounds of our executive officers and directors and other information contemplated by Item 401 of Regulation S-K and compliance with Section 16(a) of the Exchange Act by our officers and directors will be contained in our definitive proxy statement for our 2003 Annual Meeting of Stockholders under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated herein.

Our executive officers and directors and their positions as of February 1, 2003, are as follows:

Name	Position
George H. Conrades	Chairman of the Board of Directors and Chief Executive Officer
Paul Sagan	President
F. Thomson Leighton	Chief Scientist and Director
Michael A. Ruffolo	Executive Vice President, Global Sales, Services and Marketing
Chris Schoettle	Executive Vice President, Technology, Networks and Support
Robert Cobuzzi	Chief Financial Officer
Martin M. Coyne II(2)	Director
Ronald Graham(1)	Director
William A. Halter(2)	Director
Frederic V. Salerno(2)	Director
Naomi O. Seligman(1)	Director

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

Our directors are elected to serve in classes as follows:

Class I — term expires at our 2003 annual meeting of stockholders:

George H. Conrades
Martin M. Coyne II

Class II — term expires at our 2004 annual meeting of stockholders:

Ronald Graham
F. Thomson Leighton
Naomi O. Seligman

Class III — term expires at our 2005 annual meeting of stockholders:

William A. Halter
Frederic V. Salerno

Item 11. *Executive Compensation*

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2003 Annual Meeting of Stockholders under the sections captioned "Executive Officer Compensation," "Report of the Compensation Committee," "Compensation Committee Interlocks and Insider Participation" and "Comparative Stock Performance."

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2003 Annual Meeting of Stockholders under the sections captioned "Voting Securities and

Votes Required" and "Security Ownership of Certain Beneficial Owners and Management" and "Section 16(a) Beneficial Ownership Reporting Compliance."

Item 13. ***Certain Relationships and Related Transactions***

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2003 Annual Meeting of Stockholders under the sections captioned "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation."

Item 14. ***Controls and Procedures***

Within 90 days prior to the date of this annual report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. In addition, we reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of their last evaluation. It should be noted that a control system is based in part upon certain assumptions and, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

PART IV

Item 15. ***Exhibits, Financial Statement Schedule, and Reports on Form 8-K.***

(a) The following documents are included in this annual report on Form 10-K.

1. Financial Statements (see Item 8 — Financial Statements and Supplementary Data included in this annual report on Form 10-K).

2. The schedule listed below and the Report of Independent Accountants on Financial Statement Schedules are filed as part of this annual report on Form 10-K:

	Page
Report of Independent Accountants on Financial Statement Schedules	S-1
Schedule II — Valuation and Qualifying Accounts	S-2

All other schedules are omitted as the information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

3. Exhibits

The exhibits filed as part of this annual report on Form 10-K are listed in the Exhibit Index immediately preceding the exhibits and are incorporated herein.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Registrant during the three months ended December 31, 2002.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

March 28, 2003

AKAMAI TECHNOLOGIES, INC.
By: /s/ ROBERT COBUZZI

Robert Cobuzzi
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GEORGE H. CONRADES George H. Conrades	Chairman and Chief Executive Officer and Director (Principal executive officer)	March 28, 2003
/s/ ROBERT COBUZZI Robert Cobuzzi	Chief Financial Officer (Principal financial and accounting officer)	March 28, 2003
/s/ MARTIN M. COYNE II Martin M. Coyne II	Director	March 28, 2003
/s/ RONALD GRAHAM Ronald Graham	Director	March 28, 2003
/s/ WILLIAM A. HALTER William A. Halter	Director	March 28, 2003
/s/ F. THOMSON LEIGHTON F. Thomson Leighton	Director	March 28, 2003
/s/ FREDERIC V. SALERNO Frederic V. Salerno	Director	March 28, 2003
Naomi Seligman	Director	

CERTIFICATIONS

I, George H. Conrades, certify that:

1. I have reviewed this annual report on Form 10-K of Akamai Technologies, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ GEORGE H. CONRADES

George H. Conrades
Chief Executive Officer

Dated: March 28, 2003

I, Robert Cobuzzi, certify that:

1. I have reviewed this annual report on Form 10-K of Akamai Technologies, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ ROBERT COBUZZI

Robert Cobuzzi
Chief Financial Officer

March 28, 2003

Report of Independent Accountants on

Financial Statement Schedules

To the Board of Directors and Stockholders of

Akamai Technologies, Inc.:

Our audits of the consolidated financial statements referred to in our report dated January 27, 2003, except for Note 23, as to which the date is February 27, 2003, appearing in Item 8 of this Form 10-K also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

January 27, 2003

AKAMAI TECHNOLOGIES, INC.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at beginning of Period	Charged to operations	Acquired in Business Acquisitions	Other	Deductions	Balance at end of period
Year ended December 31, 2000:						
Allowances deducted from asset accounts:						
Allowance for doubtful accounts	$ 70	5,104	—	—	(2,883)	$ 2,291
Deferred tax asset valuation allowance	$ 19,325	75,641	28,152	—	—	$123,118
Year ended December 31, 2001:						
Allowances deducted from asset accounts:						
Allowance for doubtful accounts	$ 2,291	7,938	—	—	(6,397)	$ 3,832
Deferred tax asset valuation allowance	$123,118	85,993	—	58,146	—	$267,157
Year ended December 31, 2002:						
Allowances deducted from asset accounts:						
Allowance for doubtful accounts	$ 3,832	(746)	—	—	(1,147)	$ 1,939
Deferred tax asset valuation allowance	$267,157	68,238	—	1,982	—	$337,377

EXHIBIT INDEX

Exhibit No.	Description
***3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended
*3.2	Amended and Restated By-Laws of the Registrant
††3.3	Certificate of Designations of Series A Junior Participating Preferred Stock of the Registrant
*4.1	Specimen common stock certificate
*4.2	Fourth Amended and Restated Registration Rights Agreement dated September 20, 1999
**4.3	Indenture, dated as of June 20, 2000, by and between the Registrant and State Street Bank and Trust Company
**4.4	5 1/2% Convertible Subordinated Notes due 2007 Registration Rights Agreement, dated as of June 20, 2000, by and among the Registrant and Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. Incorporated, Salomon Smith Barney Inc. and Thomas Weisel Partners LLC
****10.1	Second Amended and Restated 1998 Stock Incentive Plan, as amended
*10.2	Form of Restricted Stock Agreement granted under 1998 Stock Incentive Plan.
*10.3	Form of Incentive Stock Option Agreement granted under 1998 Stock Incentive Plan.
*10.4	Form of Nonstatutory Stock Option Agreement granted under 1998 Stock Incentive Plan.
*10.5	1999 Employee Stock Purchase Plan
**10.6	Purchase Agreement, dated as of June 15, 2000, by and among the Registrant, Donaldson, Lufkin & Jenrette Securities Corporation, Morgan Stanley & Co. Incorporated, Salomon Smith Barney Inc. and Thomas Weisel Partners LLC
@*****10.7	Promissory Note dated as of December 31, 2001 by and between the Registrant and Timothy Weller
@******10.8	Lease Termination Agreement dated as of March 18, 2002 by and between the Registrant and Massachusetts Institute of Technology
†10.9	Sublease Agreement dated as of May 3, 2002, as amended, by and between the Registrant and Novell, Inc., as amended by a First Amendment dated as of June 6, 2002
@†10.10	Incentive Stock Option Agreement, dated as of July 12, 2002, by and between the Registrant and George Conrades
@†10.11	Employment Agreement, dated as of July 12, 2002, by and between the Registrant and George Conrades
@††10.12	Incentive Stock Option Agreement dated September 19, 2002 between the Registrant and Paul Sagan
††10.13	Office Lease dated June 30, 2000 between the Registrant and San Tomas Properties, LLC
††10.14	Agreement dated November 6, 2002 between the Registrant and San Tomas Properties, LLC
@††10.15	Agreement dated November 11, 2002 between the Registrant and Robert Cobuzzi.
†††10.16	Rights Agreement dated September 10, 2002 between the Registrant and EquiServe Trust Company, N.A.
*****10.17	2001 Incentive Stock Option Plan
@@10.18	Akamai Services Customer Agreement, including Order Form dated as of June 29, 2000 and related Terms and Conditions, as amended, between the Registrant and Microsoft Corporation
@10.19	Agreement dated as of November 25, 2002 between the Registrant and Timothy Weller
@10.20	Restricted Stock Agreement dated as of November 14, 2002 between the Registrant and Michael Ruffolo
@10.21	Restricted Stock Agreement dated as of November 14, 2002 between the Registrant and Chris Schoettle
@10.22	Incentive Stock Option Agreement dated November 18, 2002 between the Registrant and Robert Cobuzzi, as amended.
21.1	Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP

Exhibit No.	Description
99.1	Statement of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
99.2	Statement of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

* Incorporated by reference to the Registrant's Form S-1 (File No. 333-85679), as amended, filed with the Securities and Exchange Commission on August 20, 1999.

** Incorporated by reference to the Registrant's Current Report of Form 8-K filed with the Securities and Exchange Commission on June 27, 2000.

*** Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 14, 2000.

**** Incorporated by reference to the Registrant's Form S-8 filed with the Securities and Exchange Commission on May 25, 2000.

***** Incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2002.

****** Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 14, 2002.

† Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 13, 2002.

†† Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 14, 2002.

††† Incorporated by reference to the Registrant's Current Report of Form 8-K filed with the Securities and Exchange Commission on September 11, 2002.

@ Management contract or compensatory plan or arrangement filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 15(c) of this Annual Report.

@@ Confidential treatment requested for certain portions of this exhibit pursuant to Rule 406 promulgated under the Securities Act, which portions are omitted and filed separately with the Commission.

Exhibit No. 10.18

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. Asterisks denote omissions.

EXHIBIT 10.18

AKAMAI -- MICROSOFT NON-STANDARD SERVICES AGREEMENT
TERMS AND CONDITIONS

1. AKAMAI SERVICE RESPONSIBILITIES. During the Term (as defined in Section 8), Akamai agrees to provide the services ordered by Customer (the "Services") as set forth on one or more order forms attached hereto Each order form shall include and define Services, pricing, service level maintenance and requirements and identify software (Services, pricing, service level maintenance and requirements and software requirements shall hereinafter be collectively referred to as "Order Form" or "Order Forms"). Akamai and Customer may enter into subsequent Order Forms which may supersede or complement prior Order Forms. The Order Forms, any schedules or exhibits thereto, and these Terms & Conditions, and any addenda hereto, shall collectively constitute the "Agreement" between the parties. Akamai shall provide, maintain and operate on a twenty-four hour per day, seven days per week, 365 days per year basis, Akamai's geographically distributed network of web servers (the "Akamai Network"), all network software and peripherals, and all Internet connectivity, as necessary to perform the Services in accordance with these Terms & Conditions. Akamai shall staff its Network Operating Center ("NOC") twenty-four hours per day, seven days per week, 365 days per year. Where applicable, Akamai shall deliver to Customer one copy of the Software (as defined in Section 3), together with all user IDs and passwords as necessary for Customer to access the Akamai Network and utilize the Services in accordance with these Terms & Conditions. Akamai shall exercise preventative network security measures and keep in place network security as reasonably necessary to monitor and protect against unauthorized access to Customer Content (as defined in Section 2) while on or within the Akamai Network. Customer acknowledges, however, that the portion of the Akamai Network through which Customer Content will pass and the web servers on which Customer Content will be stored will not be segregated or in a separate physical location from web servers on which Akamai's other customers' content is or will be transmitted or stored. Akamai shall maintain sufficient capacity on the Akamai Network during the Term as necessary to meet Customer's committed network usage as set forth in the Order Forms. Akamai shall provide Customer with such installation, support, training or other additional services as may be specified in the Order Forms or as may be requested by Customer from time to time during the Term and set forth in a separate addendum agreed to and executed by both parties.

2. CUSTOMER RESPONSIBILITIES. Customer is and shall be solely responsible for the creation, renewal, updating, deletion, editorial content, control and all other aspects of any files, software, scripts, multimedia images, graphics, audio, video, text, data or other objects, including any third party content or materials, originating or transmitted from any web site owned or operated by Customer, and routed to, passed through and/or stored on or within the Akamai Network or otherwise transmitted or routed using the Services ("Customer Content"). Customer owns all right, title, and interest in the Customer Content, or possesses or shall possess all legally valid rights in the Customer Content necessary for the uses of the Customer Content contemplated by these Terms & Conditions. Customer will not knowingly transmit or route to the Akamai Network or otherwise direct via the Services any Customer Content that (a) infringes any copyright, trade secret, or other intellectual property right, (b) contains libelous, defamatory, or obscene material, or (c) otherwise violates any laws or regulations relating to content or content distribution. Customer shall be responsible for utilizing (i) the Software as provided in the Documentation (described in Section 3), (ii) the static string(s) provided by Akamai, or (iii) such other method agreed to by the parties to tag the uniform resource locator ("URL") of the Customer Content to route such Customer Content to the Akamai Network (an Akamai tagged URL is hereinafter referred to as an "ARL"). In the event Customer has actual knowledge that any Customer Content infringes the intellectual property or other rights of a third party or violates any applicable laws or regulations (including, without limitation, laws and regulations relating to indecency or obscenity), Customer shall (a) remove such Customer Content from Customer's origin server, (b) remove the URL/tag from such Customer Content, or (c) remove the ARLs for such Customer Content from Customer's web site(s) or cause such ARLs to be removed from any third party web site so that it will not be routed to and not pass through the Akamai Network. Customer shall be solely responsible for maintaining the availability of its web site(s), the connectivity of its web site(s) to the Internet, and all Customer Content, IP addresses, domain names, hyperlinks, databases, applications and other resources as necessary for Customer to operate and maintain its web site(s) to meet Customer's business purposes and objectives.

3. SOFTWARE; RESTRICTIONS. In connection with the provision of the Services, Akamai will provide to Customer, as necessary, software identified in the applicable Order Form (the "Software") and/or documentation pertaining to the Services (the "Documentation"), or a combination thereof, as required by the Customer to use the Services. Akamai possesses the necessary rights, title and licenses in and to the Software and Documentation (each defined herein) necessary to license the Software and perform the Services hereunder. Akamai grants Customer a limited, nontransferable and nonexclusive license to use, during the Term, the Software, in object code form only, together with the Documentation subject to the following restrictions: (i) Customer shall use the Software and/or the Documentation for Customer's internal purposes only, solely for renaming the URL of Customer Content; (ii) Customer shall use the Software for Customer's internal purposes only, solely in conjunction with analyzing the flow of Customer Content that is delivered using the Services; (iii) Customer acknowledges that the Software contains certain third party software elements, including without limitation software relating to the mapping functions, and Customer is prohibited from replicating or distributing such mapping images or otherwise using the same other than for Customer's internal business purposes;

and (iv) Customer shall not, for itself, any affiliate of Customer or any third party sell, license, assign, or transfer the Software or any Documentation; decompile, disassemble, or reverse engineer the Software; copy the

Software or any Documentation, except that Customer may make a reasonable number of copies of the Software for backup purposes (provided Customer reproduces on such copies all proprietary notices of Akamai or its suppliers); nor remove from the Software or Documentation any language or designation indicating the confidential nature thereof or the proprietary rights of Akamai or its suppliers. In addition, Customer shall not alter or duplicate any aspect of the Software or Documentation, except as expressly permitted under these Terms & Conditions; assign, transfer, distribute, or otherwise provide access to the Software or Services to any third party; use the Software with or for the benefit of any third party content; or export, re-export or permit any third party to export or re-export the Software or Documentation where such export or re-export is prohibited by U.S. or other applicable law without appropriate licenses and clearances.

4. INTELLECTUAL PROPERTY RIGHTS. As between Customer and Akamai, Customer shall own all right, title and interest in and to any Customer Content. During the Term, Customer grants to Akamai a limited, non-exclusive, royalty-free license to transmit the Customer Content over the Akamai Network as contemplated by these Terms & Conditions and for Akamai to perform the Services as contemplated hereunder. These Terms & Conditions do not transfer or convey to Akamai or any third party any right, title or interest in or to the Customer Content or any associated intellectual property rights, but only a limited right of use revocable in accordance with the terms of these Terms & Conditions. As between Customer and Akamai, Akamai shall own all right, title and interest in and to the Software, Services and Documentation. These Terms & Conditions do not transfer or convey to Customer or any third party any right, title or interest in or to the Software, Documentation or Services or any associated intellectual property rights, but only a limited right of use revocable in accordance with these Terms & Conditions.

5. PUBLICITY; TRADEMARKS. Neither party shall issue press releases or publicity that relates to this Agreement without the express written consent of the other party. Akamai shall not use the name "Microsoft" or "Microsoft Corporation" in any brochures, advertisements or sales presentations without the express written consent of the Customer. Neither party may display or refer to the other party's proprietary indicia, trademarks, service marks, trade names, logos, symbols and/or brand names (collectively "Marks") or remove, destroy or alter the other party's Marks. Each party agrees that it shall not challenge or assist others to challenge the rights of the other party or its suppliers or licensors in the Marks or the registration of the Marks, or attempt to register any trademarks, trade names or other proprietary indicia confusingly similar to the Marks.

6. FEES; PRICING AND PAYMENT TERMS; TAXES. Akamai's current fees for the Services (including license fees, installation charges, service usage fees and other fees) are set forth in the attached Order Forms. Akamai reserves the right to amend the fees payable for the Services provided under such Order Form(s) at any time after the Initial Term, as set forth in each Order Form, upon sixty (60) days prior written notice to Customer; provided that if Akamai increases the fees, Customer shall be entitled to terminate this Agreement upon thirty (30) days prior written notice to Akamai. All prices are in United States dollars and do not include sales, use, value-added or import taxes, customs duties or similar taxes that may be assessed by any jurisdiction. Amounts due hereunder are payable upon receipt of invoice. Customer agrees to pay a late charge of 1.5% per month or the maximum lawful rate, whichever is less, for all amounts not paid within forty-five (45) days of receipt of invoice. Any sales or use taxes, duties, fees or governmental charges that (i) are owed by Customer solely as a result of entering into this Agreement and the payment of the fees hereunder, (ii) are required to be collected from Customer by Akamai under applicable law, and (iii) are based solely upon the amounts payable under this Agreement (such taxes the "Collected Taxes"), shall be stated separately as applicable on Akamai's invoices, if such information is available at time of invoicing, and/or any notice or bill thereof received by Akamai shall be forwarded to Customer within sixty (60) days of receipt of such notice or bill by Akamai. The payment for such Collected Taxes shall be remitted by Customer to Akamai, whereupon, and as required, Akamai shall remit to Customer official tax receipts indicating that such Collected Taxes have been collected by Akamai. Customer agrees to pay reasonable attorneys' fees and court costs incurred by Akamai to collect any unpaid amounts owed by Customer.

7. CONFIDENTIAL INFORMATION. The mutual Microsoft Non-Disclosure Agreement, dated as of April 13, 1999 (the "NDA"), entered into by and between the parties, applies to this Agreement as if fully set forth herein and that all of the terms of this Agreement (including but not limited to its existence), and all discussions and negotiations related thereto are considered confidential information under the NDA. A copy of said NDA is attached hereto as Exhibit "A". In addition to the confidentiality obligations of the NDA, each party agrees to discuss with the other party any security problems identified by the other party and to cooperate with the other party to prevent the disclosure of the confidential information to unauthorized third parties.

8. TERM AND TERMINATION.

8.1 These Terms & Conditions shall become effective with respect to each Order Form as of the Effective Date specified in each Order Form and shall remain in full force and effect for the Initial Term as specified in such Order Form(s). With respect to each Order Form, if the specified Initial Term is one (1) year or greater, then, upon expiration of the Initial Term, these Terms & Conditions, and any addenda hereto, with respect to the specified Services, in such Order Form(s) shall be renewable for additional one (1) year periods (each, a "Renewal Term"), provided each party delivers written notice to the other of renewal at least thirty (30) days prior to the expiration of the applicable term of the Services set forth in the specified Order Form(s). If (i) the parties do not renew the Initial Term or Renewal Term, as applicable, in accordance with the foregoing sentence and (ii) neither party delivers a written notice of termination to the other party, the Agreement shall continue on a month-to-month basis and may be terminated by either party by delivery of a written notice of termination to the other party at least ten (10) days prior to the first day of the following month.

8.2 Each Order Form shall specify an Effective Date and Initial Term and shall be governed by these Terms & Conditions.With respect to each Order Form, the Initial Term, together with any and all Renewal Terms, is sometimes collectively referred to as the "Term." Either party may terminate this Agreement in the event that the other party materially defaults in performing any obligation under these Terms & Conditions and such default continues unremedied for a period of thirty (30) days following written notice of default, except that either party may immediately terminate this Agreement if either party has breached this Agreement by violating Sections 7 and/or 11 hereof. This Agreement shall terminate, effective upon delivery of written notice by either party to the other party: (i) upon the institution of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of debts of the other party;

(ii) upon the making of an assignment for the benefit of creditors by the other party; (iii) upon the dissolution of the other party; or (iv) any material breach of this Agreement if such breach, because of the nature of the breach, cannot be cured. Either party may terminate the FreeFlowSM Services set forth in the specific Order Form(s) at any time upon thirty (30) days prior written notice to the other party during the Term set forth in such Order Form(s); provided that if Customer terminates such Services during such period, Customer agrees to pay Akamai all undisputed unpaid fees accrued as of the termination date, including without limitation, any installation, set-up and training fees. Except for FreeFlowSM Services and Services relating to a Live Event, either party may terminate the Services set forth in the specific Order Form(s) during the first sixty (60) days of the Initial Term set forth in such Order Form(s) without liability upon written notice to the other party; provided that if Customer terminates such Services during such period, Customer agrees to pay Akamai all undisputed unpaid fees accrued as of the termination date, including without limitation, any installation, set-up and training fees. Except for FreeFlowSM Services and Services relating to a Live Event, Customer may cancel the Service set forth in the specific Order Form(s) at any time after the first sixty (60) days of the Initial Term as set forth in such Order Form(s) for convenience upon written notice to Akamai, in which case Customer agrees to pay to Akamai all undisputed unpaid Service fees as set forth in the specific Order Form(s) accrued as of such cancellation date; plus (b) an early cancellation fee equal to the minimum usage fees (as set forth in such Order Form(s)) that will become due during the canceled portion of such Initial Term or Renewal Term, as applicable. Except for Services relating to a Live Event, Customer may cancel the Services set forth in the specific Order Form(s) at any time after any respective Renewal Term for convenience upon written notice to Akamai, in which case Customer agrees to pay to Akamai: (a) all undisputed unpaid Service fees as set forth in the specific Order Form(s) accrued as of such cancellation date; plus (b) an early cancellation fee equal to the minimum usage fees (as set forth in such Order Form(s)) that will become due during the canceled portion of such Renewal Term. The provisions of Sections 2 (with respect to Customer's responsibility for Customer Content), 3, 6, 7, 8, 9, 10, 11, 12 and 13 (with respect to third party beneficiaries, entire agreement and waiver, severability, non-disclosure, construction, remedies and binding effect of the Agreement) shall survive termination of this Agreement. All other rights and obligations of the parties and/or any license granted hereunder shall cease upon expiration or termination of this Agreement and/or the Services set forth in any Order Form.

9. DISPUTE RESOLUTION. In the case of any disputes under this Agreement, the parties shall first attempt in good faith to resolve their dispute informally, or by means of commercial mediation, without the necessity of a formal proceeding.

10. REPRESENTATIONS AND WARRANTIES.

10.1 AKAMAI'S REPRESENTATIONS AND WARRANTIES. Akamai represents and warrants to Customer as follows:

10.1.1 Services. The Services provided will be provided in a workmanlike manner, consistent with industry standards. At all times while performing the Services, Akamai's employees and/or agents shall conduct themselves in a professional workman-like manner and in accordance with Akamai's policies and procedures. Akamai will be responsible for the acts and omissions of Akamai's employees and/or agents.

10.1.2 Y2K Compliant. The Software accurately manipulates, processes, compares, displays and calculates date or time data from, into the twenty-first century, including leap years; and such Software shall not be interrupted or adversely affected by the manipulation, processing, comparison, display or calculation of dates from, into the twenty-first century, including leap years; but only if the Software is used in accordance with all accompanying Documentation and Specifications, and provided that all hardware and software products not provided by Akamai that are used in combination with the Software properly exchange date data with them. Additionally, Akamai agrees to work with Customer and provide all reasonably necessary information in a prompt manner should Customer have any inquires regarding the Year 2000 readiness of Akamai or any of the information or technology that is the subject of this Section.

10.2 INSURANCE. Akamai agrees to fully comply with the insurance and risk allocation provisions as follows:

10.2.1 General. Prior to the commencement of this Agreement, and throughout the entire Term of this Agreement, Akamai shall procure and maintain insurance which shall comply with the following minimum requirements.

10.2.2 Commercial General Liability. Akamai shall obtain and maintain a commercial general liability insurance policy with reputable insurers with policy limits of not less than $1,000,000 each occurrence for bodily injury and $1,000,000 each occurrence for damage to property. The policy shall be the "occurrence" form and shall include coverage for premises and operations, contractual liability (including insurable contractual liability assumed in this Agreement), broad form property damage, and products and completed operations.

10.2.3 Intellectual Property Liability Insurance. Vendor shall maintain policy limits of not less than $[**] each claim. Such insurance shall include coverage for infringement of proprietary rights of any third party, including without limitation copyright, trade secret and trademark infringement as related to Vendor's performance under this Agreement. Throughout the Term of this Agreement, the Intellectual Property Liability insurance's retroactive coverage date will be no later than the Effective Date of this Agreement. Upon expiration or termination of this Agreement, Vendor will either maintain an active policy, or purchase an extended reporting period, providing coverage for claims first made and reported to the insurance company within [**] years after the end of the agreement.

10.2.4 General Requirements Applicable to Above Coverages. The following general requirements shall be applicable to all coverages referenced anywhere in this Section: (1) the above-referenced insurance policies shall be primary; 2) all deductibles and premiums associated with the above coverages shall be the responsibility of Akamai; and (3) the above referenced insurance limits shall not in any way limit the liability of Akamai or the liability of any Akamai subcontractor during their performance under this Agreement, 4) Microsoft and Akamai shall evaluate the coverage requirements on an annual basis. If, in the opinion of Microsoft, the amount of liability coverage is with not adequate, or is not needed, by reason of experience or the nature and content of Akamai's activities, Akamai shall adjust the insurance coverage as reasonably required by Microsoft.

10.2.5 Certificates of Insurance. At Customer's request, Akamai shall provide to Customer certificates of insurance evidencing appropriate insurance coverage. Such certificates shall be kept current throughout the entire period of the Agreement. Failure by Akamai to furnish certificates of insurance or failure by Customer to request same shall not constitute a waiver by Customer of the insurance requirements set forth herein.

10.2.6 Order of Precedence. If any of the provisions within this Agreement are inconsistent with the provisions set forth in the previous Insurance section, then the provisions set forth in the Insurance section shall take precedence.

10.3 MUTUAL REPRESENTATIONS AND WARRANTIES. Each party represents and warrants to the other party as follows:

(a) It has full and exclusive right and power to perform according to the terms of this Agreement and that such performance will not materially violate any other agreement.

(b) It shall materially comply with all applicable laws, regulations, and ordinances relating to its performance hereunder.

11. INDEMNIFICATION. Akamai shall defend, indemnify and hold harmless Customer from and against any suit, proceeding, assertion, damages, cost, liability, and expenses (including court costs and reasonable attorneys' fees) incurred as a result of claims by a third party against Customer and its affiliates, licensors, suppliers, officers, directors, employees and agents arising from or connected with a claim that [**]. If a claim of infringement under this Section 11 occurs, or if Akamai determines that a claim is likely to occur, Akamai shall have the right, in its sole discretion, to either: (i) procure for Customer the right or license to continue to use the [**] free of the infringement claim; or (ii) replace or modify [**] to make it non-infringing provided that the replacement [**] substantially conforms to Akamai's then-current specification for the [**]. If these remedies are not reasonably available to Akamai, may, at its option, terminate this Agreement and return any fees paid by Customer in advance. Despite the provisions of this Section 10, Akamai has no obligation with respect to any claim of infringement that is based upon or arises out of: (i) any modification to the [**] if the modification was not made by Akamai; or (ii) the use or combination of the [**] with any hardware, software, products, data or other materials not specified or provided by Akamai; or (iii) Customer's use of the [**] other than in accordance with the Documentation or Akamai's written directions or policies.

Customer acknowledges that by entering into and performing its obligations under these Terms & Conditions, Akamai does not assume and should not be exposed to the business and operational risks associated with Customer's business, or any aspects of the operation or contents of Customer's web site(s). Accordingly, Customer shall defend, indemnify, and hold harmless Akamai from and against any suit, proceeding, assertion damages, cost, liability, and expenses (including court costs and reasonable attorneys' fees) incurred as a result of claims of customers or other third party claim against Akamai and its affiliates, licensors, suppliers, officers, directors, employees and agents arising from or connected with any Customer Content or Customer's web site(s) (including without limitation any activities or aspects thereof or commerce conducted thereon), Customer's misuse of the Services, unauthorized modification of the Software, or unauthorized combination of the Software with any hardware, software, products, data or other materials not specified or provided by Akamai.

Each party (the "Indemnifying Party") agrees to defend, hold harmless, and indemnify the other party and/or it's the other party's subsidiaries, affiliates, directors, officers, employees, agents, and assigns (the "Indemnified Party"), from and against any and all claims, damages, losses, suits, actions, demands, proceedings, expenses, and/or liabilities of any kind, (including but not limited to reasonable attorneys' fees incurred and/or those necessary to successfully establish the right to indemnification) threatened, asserted or filed against the Indemnified Party, to the extent that such claims arise out of or relate to (i) bodily injury or death to any person (and including specifically bodily injury or death to any employee of the Indemnified Party and/or any of the Indemnified Party's employees, subcontractor or agent); (ii) loss, theft, disappearance, or damage to property of any person which arises out of or is in any way connected with the Services to be performed and/or products provided under this Agreement; and/or (iii) the negligence or willful misconduct of the Indemnifying Party or the Indemnifying Party's employees, subcontractor or agent, which arises out of the performance by the Indemnifying Party of or is connected with the Services to be performed under this Agreement, except to the comparative extent that such claims result from the negligent or willful acts of the Indemnified Party.

The indemnified party shall (i) promptly notify the indemnifying party in writing of any claim, suit or proceeding for which indemnity is claimed, provided that failure to so notify will not remove the indemnifying party's obligation except to the extent it is prejudiced thereby, and (ii) have the right, at its own expense, to employ separate counsel and participate in the defense thereof. In no event may either party enter into any third-party agreements which would in any manner whatsoever affect the rights of, or bind the other party in any manner to such third party, without the prior written consent of the other party.

EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, EACH PARTY EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, TO THE FULLEST EXTENT PERMITTED BY LAW, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

12. LIMITATION OF LIABILITY AND DAMAGES.

EXCEPT FOR EACH PARTY'S LIABILITY ARISING OUT OF VIOLATIONS OF SECTIONS 7 AND 11

HEREOF, LIABILITY FOR ALL CLAIMS ARISING OUT OF THESE TERMS & CONDITIONS, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE AMOUNT OF FEES PAID BY CUSTOMER TO AKAMAI UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTHS PRECEDING THE CLAIM.

EXCEPT FOR VIOLATIONS OF SECTIONS 7 AND 11 HEREOF, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY LOSS OF DATA, LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, OR OTHER SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT DAMAGES ARISING FROM OR IN RELATION TO THESE TERMS & CONDITIONS OR THE USE OF THE SERVICES, HOWEVER CAUSED AND REGARDLESS OF THEORY OF LIABILITY. THIS LIMITATION WILL APPLY EVEN IF SUCH PARTY

HAS BEEN ADVISED OR IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES.

THIS SECTION 12 DOES NOT LIMIT EITHER PARTY'S RIGHT TO ENFORCE ANY OTHER PROVISION OF THIS AGREEMENT.

13. MISCELLANEOUS. Any notice required or permitted hereunder shall be in writing and shall be delivered to the contact person listed on the Order Forms as follows (with notice deemed given as indicated): (i) by personal delivery when delivered personally; (ii) by established overnight courier upon written verification of receipt; (iii) by facsimile transmission when receipt is confirmed orally; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt. Either party may change its contact person for notices and/or address for notice by means of notice to the other party given in accordance with this Section 13. Neither party may, without the prior written consent of the other party, which such consent shall not be unreasonably withheld, assign this Agreement, in whole or in part, and any attempt to do so shall be a material default of this Agreement and shall be void. Notwithstanding the foregoing, either party may assign its rights and obligations under this Agreement to an affiliate or to any person or entity in connection with a merger, spin-off, divestiture, reorganization or sale of substantially all or all of the business, or part of the business; provided, that if either party makes such an assignment, such party shall provide reasonable notice to the other party of such assignment. Upon such notice of assignment by a party, the other party may terminate this Agreement if it is reasonably determined that the assignee's business or content materially: (i) interferes with or is detrimental to the other party's interests, reputation or business, (ii) subjects the other party to unfavorable regulatory action, (iii) infringes the intellectual property or other rights of a third party, (iv) contains any libelous, defamatory, or obscene material, (v) otherwise violates any laws or regulations relating to content or content distribution, or (vi) otherwise subjects the other party to liability for any reason. Except as otherwise provided by the foregoing, any attempt by either party to assign this Agreement in violation of this Section shall be a material default of this Agreement and the Agreement shall be void. This Agreement shall be interpreted according to the laws of the State of New York without regard to or application of choice-of-law rules or principles. This Agreement and any addenda hereto shall constitute the entire agreement between Akamai and Customer with respect to the subject matter hereof and all prior agreements, representations, and statements with respect to such subject matter are superceded hereby, including without limitation any non disclosure agreement previously executed between the parties. These Terms & Conditions shall control in the event of any inconsistency with the terms of the Order Forms or other schedules or exhibits attached hereto. These Terms & Conditions may be changed only by written agreement signed by both Akamai and Customer. No failure of either party to exercise or enforce any of its rights under these Terms & Conditions shall act as a waiver of subsequent breaches; and the waiver of any breach shall not act as a waiver of subsequent breaches. In the event any provision of these Terms & Conditions is held by a court or other tribunal of competent jurisdiction to be unenforceable, that provision will be enforced to the maximum extent permissible under applicable law, and the other provisions of these Terms & Conditions will remain in full force and effect. The parties further agree that in the event such provision is an essential part of these Terms & Conditions, they will begin negotiations for a replacement provision. If either party is prevented from performing any of its obligations under this Agreement due to any cause beyond the party's reasonable control, including, without limitation, an act of God, fire, flood, explosion, war, strike, embargo, government regulation, civil or military authority, acts or omissions of carriers, transmitters, providers, or acts of vandals, or hackers (a "force majeure event") the time for that party's performance will be extended for the period of the delay or inability to perform due to such occurrence; provided, however, that Customer will not be excused from the payment of any sums of money owed by Customer to Akamai for Services provided prior to the force majeure event; and provided further, however, that if a party suffering a force majeure event is unable to cure that event within thirty (30) days, the other party may terminate this Agreement. Neither these Terms & Conditions nor the Order Forms (and other schedules and exhibits thereto) may be construed as creating or constituting a partnership, joint venture, or agency relationship between the parties. Neither party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent. These Terms & Conditions shall be construed and interpreted fairly, in accordance with the plain meaning of its terms, and there shall be no presumption or inference against the party drafting this Agreement in construing or interpreting the provisions hereof. Except as provided herein, the rights and remedies of the parties set forth in this Agreement are not exclusive and are in addition to any other rights and remedies available to it at law or in equity. These Terms & Conditions shall be binding upon and shall inure to the benefit of the respective parties hereto, their respective successors in interest, legal representatives, heirs and assigns. Each party shall comply with all applicable laws, regulations, and ordinances relating to their performance hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date written below.

MICROSOFT CORPORATION ("CUSTOMER")

By /s/ Arne Josefberg

Name Arne Josefberg
Title General Manager
Signature Date: June 27, 2000

AKAMAI TECHNOLOGIES, INC.

By /s/ Don Hatfield
Name Don Hatfield
Title Director
Signature Date June 27, 2002

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

ADDENDUM

This Addendum, dated as of November 1, 2001 (the "Addendum"), amends and supersedes certain of the provisions of the Akamai Microsoft Non-Standard Services Agreement Terms & Conditions (the "Terms & Conditions") and Akamai FreeFlow Services Order Form (the "Order Form") entered into by and between Akamai Technologies, Inc. and Microsoft, Inc., dated as of June 29, 2000, to which this Addendum is attached. This Addendum takes the place of and supersedes those portions of any article or sections of the Terms & Conditions or Order Form that deal with the subject matter as provided for in this Addendum and if the provisions of this Addendum and the Terms and Conditions or Order Form conflict, then the provisions of this Addendum shall control. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to such terms in the Terms & Conditions or Order Form.

NOW, THEREFORE, in consideration of the following as set forth in this Addendum, the parties agree as follows:

1. The chart entitled "Committed Inf $/mbps" set forth in Schedule B-1 of the Order Form is hereby amended as follows:

Total [**] FreeFlow Usage* +	Domestic Traffic**	International Traffic**
up to [**] Mbps	$[**]/Mbps	$[**]/Mbps
[**] Mbps	$[**]/Mbps	$[**]/Mbps
[**] Mbps	$[**]/Mbps	$[**]/Mbps
[**] Mbps	$[**]/Mbps	$[**]/Mbps
[**] - above Mbps	$[**]/Mbps	$[**]/Mbps

FreeFlow Services may be used by Microsoft and Microsoft Affiliates (as defined below) whose origin server is located in the territories set forth on Exhibit C (as may be amended from time to time) provided Akamai and Microsoft accept the order by executing a separate Order Form for FreeFlow Service which identifies the Microsoft Affiliate. Akamai hereby grants any such Microsoft Affiliate the right to use the FreeFlow Services and associated Software in accordance with the Agreement (including the licensing restrictions and confidentiality provisions thereof); provided that, so long as Microsoft and Akamai have accepted the order with respect to a given Microsoft Affiliate as provided for above, all other rights and obligations under the Agreement shall remain with Microsoft and Microsoft shall be fully responsible for any breach of the Agreement by its Affiliates. With respect to any order relating to a given Microsoft Affiliate Microsoft and Akamai have accepted under the terms hereof, Akamai shall bill Microsoft and Microsoft shall pay for the FreeFlow Services used by Microsoft and any such Microsoft Affiliates. Support will be provided directly to Microsoft for FreeFlow Services used by Microsoft and Microsoft Affiliates. The parties have waived the requirement to execute a separate Order Form in order to accept the order with respect to msnbc.com, a Microsoft Affiliate, and msnbc.com may use the FreeFlow Services in accordance with the terms of the Agreement.

For purposes of this Agreement, "Affiliate" shall mean any entity now or hereafter directly or indirectly controlling or controlled by or in common control with a party, where "control" is defined as the ownership of at least 50% of the equity or beneficial interest of such entity or the right to vote for or appoint a majority of the board of directors or other governing body of such entity, and any other entity with respect to which party (i) sold a majority interest and retained at least 10% ownership of the equity or beneficial interest of such entity and (ii) has management or operational responsibility (including the authority to act on behalf of and legally bind such entity) (collectively "Management or Operational Responsibility") provided that such entity shall be deemed to be an Affiliate only so long as such "control" exists or party has Management or Operational Responsibility for such entity. For the avoidance of doubt, this Agreement shall not apply to any affiliates of Microsoft Affiliates.

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

Akamai subsidiaries or affiliates may provide all of the duties and/or obligations provided hereunder as determined by Akamai in its sole and reasonable discretion but Akamai shall retain responsibility for the work performed by such subsidiaries or affiliates. In the course of conducting its business, Akamai collects and processes certain information about its customers, business partners, prospects, suppliers and other business contacts. This information might include the name, business address, telephone number, e-mail address, and other business-related information about an employee of one of these entities. As a global company, Akamai's business processes extend to more than one country and may result in worldwide processing and use of such data internally, and in appropriate circumstances, with Akamai's business partners and subcontractors. Microsoft acknowledges and agrees that Akamai may use and share such information within its enterprise and with Akamai business partners and subcontractors solely to provide products and services to Microsoft. Microsoft agrees to cooperate with Akamai to fulfill the legal requirements necessary, if any, to make such disclosures, use, and transfer of such information lawful.

+ Based on 95th Percentile Method. Does not include [**] is billed separately as set forth below.

** Microsoft's 95th Percentile usage level will be divided [**] for each measured sample according to [**]

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as an instrument under seal as of the date and year first above written.

Agreed and Accepted:	Agreed and Accepted:
AKAMAI TECHNOLOGIES, INC.	MICROSOFT, INC.
By: /s/Michael Brent	By: Greg Furman
Name: Michael Brent	Name Greg Furman
Title: Regional Sales Manager	Title: Director - Partner Mgmt
Date: March 18, 2002	Date: March 29, 2002

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

Exhibit C

[**]

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

ADDENDUM

This Addendum, dated as of December 1, 2002 (the "Addendum"), amends and supersedes certain of the provisions of the Akamai Microsoft Non-Standard Services Agreement Terms & Conditions (the "Terms & Conditions") and Akamai FreeFlow Services Order Form (the "Order Form") entered into by and between Akamai Technologies, Inc. and Microsoft, Inc., dated as of June 29, 2000, as previously amended by the Addendum between the parties dated as of November 1, 2001. This Addendum takes the place of and supersedes those portions of any article or sections of the Terms & Conditions or Order Form that deal with the subject matter as provided for in this Addendum and if the provisions of this Addendum and the Terms and Conditions or Order Form conflict, then the provisions of this Addendum shall control. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to such terms in the Terms & Conditions or Order Form.

NOW, THEREFORE, in consideration of the following as set forth in this Addendum, the parties agree as follows:

2. The chart entitled "Committed Inf $/mbps" set forth in Schedule B-1 of the Order Form is hereby amended as follows:

TOTAL MONTHLY [**]TRAFFIC (MBPS)	[**] TRAFFIC RATE (PER MBPS)		TOTAL MONTHLY [**] TRAFFIC (MBPS)	[**] TRAFFIC RATE (PER MBPS)	[**] TRAFFIC RATE (PER MBPS)
[**]	$[**]	[**]	[**]	$[**]	$[**]
[**]	$[**]	[**]	[**]	$[**]	$[**]
[**]	$[**]	[**]	[**]	$[**]	$[**]
[**]	$[**]	[**]	[**]	$[**]	$[**]
[**]	$[**]	[**]	[**]	$[**]	$[**]
[**]	$[**]				

* Measurements are based on 95th Percentile Method. When a volume tier is obtained, all traffic for that month is priced at that rate.

** Does not include [**] is billed separately as set forth below, and [**] pricing will remain unchanged at $[**] or $[**] per region with a peak load of [**] per region.

*** [**] traffic will be charged at [**] rates.

**** For purposes of determining the applicable volume tier from the above tables, Microsoft's 95th Percentile usage level will be [**] for each measured sample according to [**]. For invoicing purposes [**] will then be further divided, measured on 95th percentile usage, [**].

***** FreeFlow Services may be used by Microsoft and Microsoft Affiliates (as defined below) whose origin server is located in the territories set forth on Exhibit C (as may be amended from time to time) provided Akamai and Microsoft accept the order by executing a separate Order Form for FreeFlow Service which identifies the Microsoft Affiliate. Akamai hereby grants any such Microsoft Affiliate the right to use the FreeFlow Services and associated Software in accordance with the Agreement (including the licensing restrictions and confidentiality provisions thereof); provided that, so long as Microsoft and Akamai have accepted the order with respect to a given Microsoft Affiliate as provided for above, all other rights and obligations under the Agreement shall remain with Microsoft and Microsoft shall be fully responsible for any breach of the Agreement by its Affiliates. With respect to any order relating to a given Microsoft Affiliate Microsoft and Akamai have accepted under the terms hereof, Akamai shall bill Microsoft and Microsoft shall pay for the FreeFlow Services used by Microsoft and any such Microsoft Affiliates. Support will be provided directly to Microsoft for FreeFlow Services used by Microsoft and Microsoft Affiliates. The parties have waived the requirement to execute a separate Order Form in order to accept the order with respect to msnbc.com, a Microsoft Affiliate, and msnbc.com may use the FreeFlow Services in accordance with the terms of the Agreement.

For purposes of this Agreement, "Affiliate" shall mean any entity now or hereafter directly or indirectly controlling or controlled by or in common control with a party, where "control" is defined as the ownership of at least 50% of the equity or beneficial interest of such entity or the right to vote for or appoint a majority of the board of directors or other governing body of such entity, and any other entity with respect to which party (i) sold a majority interest and retained at least 10% ownership of the equity or beneficial interest of such entity and (ii) has management or operational responsibility (including the authority to act on behalf of and legally bind such entity) (collectively "Management or Operational Responsibility") provided that such entity shall be deemed to be an Affiliate only so long as such "control" exists or party has Management or Operational Responsibility for such entity. For the avoidance of doubt, this Agreement shall not apply to any affiliates of Microsoft Affiliates.

Akamai subsidiaries or affiliates may provide all of the duties and/or obligations provided hereunder as determined by Akamai in its sole and reasonable discretion but Akamai shall retain responsibility for the work performed by such subsidiaries or affiliates. In the course of conducting its business, Akamai collects and processes certain information about its customers, business partners, prospects, suppliers and other business contacts. This information might include the name, business address, telephone number, e-mail address, and other business-related information about an employee of one of these entities. As a global company, Akamai's business processes extend to more than one country and may result in worldwide processing and use of such data internally, and in appropriate circumstances, with Akamai's business partners and subcontractors. Microsoft acknowledges and agrees that Akamai may use and share such information within its enterprise and with Akamai business partners and subcontractors solely to provide products and services to Microsoft. Microsoft agrees to cooperate with Akamai to fulfill the legal requirements necessary, if any, to make such disclosures, use, and transfer of such information lawful.

2. For purposes of clarification, the parties acknowledge that, in accordance with Section 8.1 of the Terms and Conditions, the Order Form and the FreeFlow Services provided thereunder are being provided on a month-to-month basis and are subject to termination by either party by delivery of a written notice of termination to the other party at least ten (10) days prior to the first day of the following month.

3. In consideration of the pricing being extended by Akamai in this Addendum, Microsoft agrees to have all of its international downloads for its download.microsoft.com website delivered using Akamai's FreeFlow Service.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers as an instrument under seal as of the date and year first above written.

Agreed and Accepted:	Agreed and Accepted:
AKAMAI TECHNOLOGIES, INC.	MICROSOFT, INC.
By: /s/ Robert Ball	By: /s/ Greg Furman
Name: Robert Ball	Name: Greg Furman
Title: VP - Business Development	Title: Director - Partner Mgmt.
Date: December 16, 2002	Date: December 11, 2002

[AKAMAI LOGO]

AKAMAI FREEFLOW(SM) SERVICES ORDER FORM

Exhibit C

[**]

EFFECTIVE DATE: 6-29-00	BILLING DATE: 7-13-00	INITIAL TERM: 12 months 7-13-00 to 7-13-01	CONTRACT REF. NO.:
PURCHASE ORDER #:			SALES REP.: David Fox

CUSTOMER INFORMATION:		CUSTOMER CONTACT FOR NOTICES:	
Company:	Microsoft Corporation	Name:	Neal Piliavin
Address:	One Redmond Way	Phone:	425-936-8013
	Redmond, Wa. 98052	Fax:	
		E-Mail:	nealp@microsoft.com

BILLING CONTACT:	(if different than Customer Contact)	TECHNICAL CONTACT:	
Name:		Name:	Scott Hogan
Phone:		Phone:	425-705-5747
Fax:		Fax:	
E-Mail:		E-Mail:	shogan@microsoft.com

UPGRADE/ACCOUNT CHANGE AUTHORITY: (Check contacts with authority to upgrade contract)
[X] Customer Contact [ ] Billing Contact [ ] Technical Contact [ ] Other (See Special Instructions)

AKAMAI SALES CONTACT:		AKAMAI CONTACT FOR NOTICES:	
Name:	David Fox	Name:	General Counsel
Address:	1400 Fashion Island Blvd. San Mateo Ca. 94404		Akamai Technologies, Inc.
Phone:	650-627-5208	Address:	500 Technology Square, Cambridge, MA, 02139
Fax:	650-627-5272	Phone:	617-250-3000
E-Mail:	dfox@akamai.com	Fax:	617-250-3695

DESCRIPTION OF FREEFLOW SERVICES:

The FreeFlow Services consist of access to (i) Akamai's global network of content distribution servers, (ii) the Akamai DNS system, (iii) the reporting tools (to be provided as part of the FreeFlow Services or licensed to Customer for a fee) and (iv) the [**] (to be provided as part of the FreeFlow Services). FreeFlow Services will (a) allow Customer Content designated by Customer to be tagged for inclusion on the Akamai Network and delivered to web users accessing Customer's website(s) and (b) enable independent monitoring by Customer of certain aspects of the Akamai Network. Akamai will provide the FreeFlow Services in accordance with the service levels set forth in Section I of the Service Level Agreement attached to this FreeFlow Services Order Form as Exhibit A.

Customer hereby orders from Akamai Technologies, Inc., a Delaware corporation, and from any of its affiliates or subsidiaries ("Akamai"), the FreeFlow Services described in this FreeFlow Services Order Form, the attached Service Level Agreement and any other schedules or exhibits attached hereto (this "FreeFlow Services Order Form"). This FreeFlow Services Order Form, which is issued pursuant and subject to the attached Akamai Services Terms & Conditions ("Terms & Conditions"), shall become valid when executed by Customer and accepted by an authorized representative of Akamai. This FreeFlow Services Order Form, Terms & Conditions, any other Akamai services order form(s), and any addenda thereto, executed by the parties, shall collectively constitute the "Agreement" between the parties. This Agreement is effective as of the last date of signature set forth on this FreeFlow Services Order Form, unless otherwise agreed to by the parties and set forth in the "Special Instructions" section of this FreeFlow Services Order Form (the "Effective Date"). Billing for FreeFlow Services set forth on this FreeFlow Services Order Form shall commence two weeks after the Effective Date (the "Billing Date") and Customer shall be billed monthly. The initial term of this Agreement is for a term of one (1) year from the Billing Date (the "Initial Term"), renewable pursuant to the Terms & Conditions. Capitalized terms used in this FreeFlow Services Order Form and not otherwise defined have the meanings ascribed to them in the Terms & Conditions.

CUSTOMER AND AKAMAI AGREE THAT THE TERMS AND CONDITIONS OF THIS AGREEMENT SUPERSEDE ANY PROVISIONS OF ANY CUSTOMER DRAFTED PURCHASE ORDER AND

SUPERSEDE ALL PROPOSALS, WRITTEN OR ORAL, AS WELL AS OTHER COMMUNICATIONS BETWEEN CUSTOMER AND AKAMAI RELATING TO THIS AGREEMENT. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS FREEFLOW SERVICES ORDER FORM, SERVICE LEVEL AGREEMENT AND THE TERMS & CONDITIONS, THE TERMS & CONDITIONS SHALL TAKE PRECEDENCE.

ACCEPTED BY CUSTOMER:			ACCEPTED BY AKAMAI:		
SIGNATURE	/s/ ARNE JOSEFBERG		SIGNATURE	/s/ DON HATFIELD	
NAME	ARNE JOSEFBERG	DATE 06/29/2000	NAME	DON HATFIELD	DATE 06/30/2000
TITLE	GENERAL MANAGER		TITLE	DIRECTOR	

AKAMAI PRODUCTS & SERVICES CONFIGURATION AND DESCRIPTIONS

SUMMARY OF CHARGES:

		ONE TIME FEES	RECURRING FEES
ACTIVATION FEE:	One-time fee after activation is complete ($[**] per Mbps; $[**] minimum)	NA	
PRICE PER MBPS:	Rate per Mbps for FreeFlow Services $ See Schedule B 1______		
COMMITTED INFORMATION RATE (CIR):	Minimum Committed Monthly Usage of FreeFlow Services (in Mbps) ____[**]mbps__		
MONTHLY RECURRING FREEFLOW FEES:	Monthly fees billed in advance (based on CIR) = Price per Mbps x CIR		SEE SCHEDULE B1
PERFORMANCE MONITORING:	Keynote		NA
	Akanote(TM) - Independent Performance Reporting		NA
REPORTING TOOLS:	Akamai Reporter(TM)		$[**]
	Akamai traffic Analyzer(TM)		NA
PROFESSIONAL SERVICES FEES:	Web Integration Consulting Fees	SEE BELOW	
AKAMAIZATION(TM) SOFTWARE:	LAUNCHER(TM), Akamaizer(TM), Akamai Adapter(TM) or Akamai static strings	NA	
SUB-TOTAL ONE TIME FEES:			
ADJUSTMENTS:	Adjustments for One Time Fees (if applicable)	NA	
TOTAL ONE TIME FEES:			
SUB-TOTAL MONTHLY RECURRING FEES:			SEE SCHEDULE B1
ADJUSTMENTS:	Adjustments for Monthly Recurring Fees (if applicable)		NA
TOTAL MONTHLY RECURRING FEES:			SEE SCHEDULE B1

METHODS FOR BILLING CIR:

- Committed Information Rate fees are billed in advance using the 95th Percentile Method.

- For purposes of this Agreement, the "95th Percentile Method" shall mean the process of (i) measuring actual data transmission in Mbps over 5 minute intervals, (ii) ranking such measurements from largest to smallest, (iii) discarding the largest 5% of the measurements; and (iv) billing based on the measurement at the 95th percentile.

- Bandwidth usage in excess of two (2) times the actual 95th percentile usage in a month, as defined above, during the remaining 5% period of a month, as defined above, will be billed at a rate of $.[**] per megabyte transferred (the "Additional Fees"). These Additional Fees will be in addition to the fees billed for the 95th percentile bandwidth usage during the month. [**] during the month, [**] the 95th percentile bandwidth usage [**]. Additionally, if the 5% period bandwidth usage in any given month, is consistent with following month 95th percentile usage, Akamai may, in its sole discretion, waive the Additional Fees for any given month.

- Changes to the types of services, amount or frequency of services, and other similar factors may result in overages or surcharges.

SPECIAL INSTRUCTIONS:

*This Agreement will serve as a global purchase agreement for Microsoft and subsidiaries.

This Order Form will cover the Free Flow services only; Customer shall be required to execute a separate Order Form for any other products and services provided by Akamai.

Commencing on and until termination of the Agreement, the base minimum Committed Information Rate ("CIR") with which Customer agrees to maintain with Akamai is [**]. Customer has the discretion to increase CIR at any time, but cannot decrease below its monthly scheduled CIR. Akamai Account Management and the Customer contract administrator will reconcile billing on a monthly and quarterly basis.

Customer's bill will be reviewed monthly in arrears and if Customer exceeds this bandwidth threshold in any given month, Customer's bill will be reconciled in accordance with the actual usage based on the payment schedule set forth in Schedule B1 and credited for the difference. Such credits [**] at the end of this Agreement.

Schedule B1 prices are set at [**] increments. If actual exceeds the [**] increments based on the 95th percentile model sustained bandwidth, customer will qualify for the next level of pricing.

* Customer will be assigned a dedicated account team to serve as a centralized point of contact for all Properties to address all issues with respect to billing and customer care. In addition, based on the level the of Customer's issue, Customer shall receive support from Akamai's Customer Care team, [**], and the Network Operations Center (the "NOC"). Akamai`s Customer Care and the NOC will provide customer support to Customer 24 hours a day, 7 days a week, 365 days a year.

Effective June 29, 2000, all existing FreeFlow Services Agreement with Customer will be automatically superseded by the terms of this Agreement.

Web integration and consulting fees and/or On-site Installation fee shall be billed at $[**] per day.

As part of the Services, Akamai shall grant Customer the right to use and provide Customer with a copy of the [**]. See Schedule A for [**] description.

EXHIBIT A

STANDARD SERVICE LEVEL AGREEMENT

I. SERVICE LEVELS AND CREDITS

Akamai agrees to provide a level of service demonstrating:

(a) Measurable Performance Enhancement: The Akamai FreeFlow service will deliver content measurably faster than the Customer's web site.

(b) 100% Uptime: The Akamai FreeFlow service will serve content 100% of the time.

(c) Credits: If the Akamai FreeFlow service fails to meet either of the above service levels, the Customer will receive a credit equal to fees for the day in which the failure occurs.

II. SLA MONITORING METHODOLOGY

The following methodology will be employed to measure FreeFlow service availability and performance enhancement:

Agents and Polling Frequency

(a) From six (6) geographically and network-diverse locations in major metropolitan areas, Akamai will simultaneously poll a test file residing on the Customer's production servers and on Akamai's network

(b) The polling mechanism will perform two (2) simultaneous http GET operations:

one GET operation will be performed on a test file residing on the appropriate customer server (e.g., http://www.customerxyz.com/images/test/gif.com

the other GET operation will be performed from the Akamai Free Flow Servicegif http:// a564.g.akamaitech.net/7/564/24/2c1db485/ www.customerxyz.com/images/test gif.

(c) The Akamaized test GIF must be of typecode 7 to ensure that it is a live object.

(d) The test GIF will be a file of 20 Kbytes or greater in size.

(e) Polling will occur at approximately 12-minute intervals.

(f) Based on the http GET operations described in II(b) above, the response times received from the two sources, (a) the Customer server, and (b) the Akamai network, will be compared for the purpose of measuring performance metrics and Outages.

III. PERFORMANCE METRIC

The performance metric will be based on a daily average of performance for the FreeFlow service and the Customer's production web server, computed from data captured across all regions and hits. Each time will be weighted to reflect peak traffic conditions or "primetime" usage. The primetime period is 10 AM to 8 PM EST. All times recorded during this period will be weighted by a factor of three. If on a given day the Akamai weighted daily average time exceeds the Customer's weighted daily average time, then the Customer will receive a credit equivalent to fees for that day of service.

IV. OUTAGES

An "Outage" is defined as a 12-minute period of consecutive failed attempts by a single agent to "get" a file from the FreeFlow network while succeeding to "get" the test file from the Customer web site. If an Outage is identified by this method, the customer will receive a credit equivalent to the fees for the day in which the failure occurred.

SCHEDULE A

[**] SPECIFICATION DOCUMENT

PURPOSE OF DOCUMENT:

To document the proposed functionality of the [**]. The intention is to properly communicate functionality expectations to ensure a smooth and successful implementation of Akamai's FreeFlow service.

SYSTEM BENEFITS:

- By installing Akamai's FreeFlow [**] Microsoft's [**], Microsoft will [**] Microsoft content.

- Microsoft will have [**] Akamai [**].

- [**] Microsoft [**] Microsoft [**].

- Akamai's [**]

FUNCTIONALITY REQUIREMENTS:

- Microsoft will be [**] Microsoft [**] FreeFlow [**]Akamai's [**] Microsoft [**] Akamai [**] Microsoft [**] Microsoft [**] Akamai [**] Microsoft may [**] FreeFlow will [**] described in the next paragraph.

- Microsoft will have [**] of Microsoft [**] Microsoft [**] Microsoft [**] Microsoft [**] Akamai [**]. The Akamai FreeFlow system will [**] Microsoft [**]. For Example, Microsoft may [**] Microsoft [**] Microsoft [**] Akamai [**] Microsoft [**] Akamai [**].

- Microsoft will [**] which will be [**]. This will allow Microsoft [**] to be [**], Microsoft will also have the [**]. Example: Microsoft [**] Microsoft [**] Microsoft [**] Microsoft [**] Microsoft [**] will be [**] MSN dial-up customers [**] Microsoft [**]FreeFlow [**]will be for [**] will be [**].

MICROSOFT SCHEDULE B1
Microsoft Pricing
For Akamai FreeFlow Service

	2000 Jun 15	Jul 15	Aug 15	Sep 15	Nov 15	Dec 15	2001 Jan 15	Feb 15	Mar 15	Apr 15	May 15
Price per mbps	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
CIR*	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
Monthly Commitment	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

* Commencing on billing term start date. Base minimum commitment Microsoft agrees to maintain with Akamai is [**] mbps over the life of the contract.

Microsoft has the discretion to increase CIR at any time but cannot decrease below its monthly CIR.

Akamai account management and Microsoft contract administrator will reconcile the billing on a monthly and quarterly basis.

Customer's bill will be reviewed monthly in arrears and if customer exceeds this bandwidth threshold in any given month, Customer's bill will be reconciled in accordance with the actual usage based on the payment schedule set forth in Schedule B1 and credited for the difference.

Committed Inf	$ mbps
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

Microsoft Pricing Schedule B1, based on aggregate demand

[**]

Monthly Commitment [xx] Rate (CIR)						
[**]	[**]	[**]	[**]	[**]	[**]	[**]

Monthly Commitment Information Rate (CIR)

Schedule B1 prices are set at mbps increments. If actual usage exceeds the increments based on the 95th percentile method sustained bandwidth, Customer will qualify for the next level of pricing.

Akamai Technologies, Inc. - Confidential

Akamai [**] Feature Pricing

For each calendar quarter, Customer in its sole discretion shall elect to have the Akamai [**] Feature billed at either (i) $[**] per mbps served per month or (ii) at flat fee per month of $[**] per Data Center. For each calendar quarter, customer must notify Akamai of the pricing terms it elects prior to the first day of such calendar quarter. The elected pricing feature shall remain in effect for the remainder of the calendar quarter. If customer fails to elect pricing feature prior to the first day of a calendar quarter, the pricing feature for the applicable calendar quarter will default to the pricing for the previous quarter.

Exhibit 10.19

November 25, 2002

Mr. Timothy Weller
c/o Akamai Technologies, Inc.
8 Cambridge Center
Cambridge, MA 02142

Dear Tim:

The purpose of this letter (the "Letter") is to confirm the terms regarding your separation from Akamai Technologies, Inc.1 ("Akamai" or the "Company"). As more fully set forth below, Akamai desires to provide you with severance pay in exchange for certain agreements by you.

1. SEPARATION OF EMPLOYMENT. You acknowledge that your employment with Akamai will terminate effective December 2, 2002 (the "Separation Date"). You shall be relieved of all job responsibilities at that time. From and after the Separation Date, you shall have no authority and shall not represent yourself as an employee or agent of Akamai. You will be paid your regular salary through the Separation Date, and in your last paycheck you will receive payment for all accrued and unused vacation time.

2. SEVERANCE PAY. In exchange for the mutual covenants set forth in this letter, on the dates set forth below, Akamai agrees to provide you with the following severance pay:

(i) On or about the Separation Date, a lump sum cash payment in the gross sum of One Hundred Twenty-Five Thousand Dollars and No Cents ($125,000.00) less all applicable federal, state, local and other employment-related taxes and deductions, which sum represents six months of pay (the "Severance Pay").

(ii) Payment of the gross sum of One Thousand Two Hundred Ninety-Four Dollars and Seventy-Four Cents ($1,624.33), less all applicable federal, state, local and other employment-related taxes and deductions, which sum represents an amount equal to the employer's share of COBRA benefits through June 30, 2003, and which shall be paid to you in one lump sum at the same time as the Severance Pay. This payment shall be in lieu of reimbursement by the Company of part or all of the costs to continue your medical and dental coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Upon timely completion of the forms required by COBRA, you may continue, at your sole expense, your medical and dental insurance coverage after the Separation Date to the extent permitted by COBRA. The COBRA "qualifying event" shall be deemed to be the Separation Date.

- ---------------

(1) For the purposes of this Agreement, the parties agree that the term "Akamai" is intended to include Akamai Technologies, Inc. and any other divisions, affiliates and subsidiaries, and its and their respective officers, directors, employees, agents and assigns.

(iii) By written consent of the Board of Directors dated October 14, 2002, and contingent upon the execution of this Letter, the Company has determined not to exercise its 21-day option to declare the aggregate unpaid balance of all principal and interest on the Promissory Note between you and the Company, dated December 31, 2001, immediately due and payable.

You acknowledge and agree that the Severance Pay provided in this Letter is not otherwise due or owing to you under any Akamai employment agreement (oral or written) or Akamai policy or practice, and that this Severance Pay to be provided to you is not intended to, and shall not constitute, a severance plan, and shall confer no benefit on anyone other than the parties hereto. You further acknowledge that except for (i) the specific financial consideration set forth in this Letter, (ii) wages owed for work performed up to the Separation Date, and (iii) expense reimbursement for previously submitted expenses in accordance with Akamai's expense reimbursement policies, you are not and shall not in the future be entitled to any other compensation including, without limitation, other wages, commissions, bonuses, vacation pay, holiday pay, or any other form of compensation or benefit.

3. CONFIDENTIALITY/NON-SOLICITATION/OTHER OBLIGATIONS BY YOU. You expressly acknowledge and agree to the following:

(i) as of the Separation Date, you will have returned to Akamai all Akamai documents (and any copies thereof) and property; you shall abide by the provisions of the Non-Competition and Non-Solicitation Agreement and the Invention and Non-Disclosure Agreement that you signed when you began your employment at Akamai (collectively, the "NDAs," the terms of which are hereby incorporated by reference and shall survive the signing of this Letter);

(ii) you will not, without Akamai's express authorization, access, attempt to access or otherwise interfere with Akamai's electronic information systems, including but not limited to Akamai's computer, voice mail, or e-mail systems;

(iii) for one (1) year immediately following the Separation Date, you shall not, directly or indirectly, solicit, induce or attempt to influence any employee of Akamai to terminate his or her employment with Akamai;

(iv) all information relating in any way to the negotiation of this Letter shall be held confidential by both parties. You shall not publicize or disclose such information to any person (other than an immediate family member, legal counsel or financial advisor, provided that any such individual to whom disclosure is made agrees to be bound by these confidentiality obligations), business entity or government agency (except as mandated by state or federal law or pursuant to subpoena or other compulsory legal process);

(v) for a period of three years, you will not make any statements that are professionally or personally disparaging about, or adverse to, the interests of Akamai (including its officers, directors, and employees) including, but not limited to, any statements that disparage any person, product, service, finances, financial condition, capability or any other aspect of the business of Akamai, and you will not engage in any conduct which is intended to harm professionally or personally the reputation of Akamai (including its officers, directors, and employees). For the purposes of this paragraph, disparagement shall not include statements made to the Akamai Board of Directors or Akamai executive committee members or statements made in the context of a future business relationship (e.g., customer, partner, or vendor) between your then-current employer and Akamai, provided that the statements are related to that future relationship and not to events, circumstances, or situations that happened during, are related to or otherwise arise from your employment at Akamai. Akamai will inform its executive officers and members of the Board of Directors that they are not to make any statements that are professionally or personally disparaging about you. Additionally, Akamai represents that the member of the Executive Committee have represented to the Company that for a period of three years, they will not make any disparaging statements about you;

(vi) a breach of this Section 3 shall constitute a material breach of this Letter and, in addition to any other legal or equitable remedy available to Akamai, shall entitle Akamai to recover all consideration paid to you under Section 2 of this Letter. You also acknowledge that the provisions of this Section 3 are reasonable and necessary to protect Akamai's business interests, and further that your breach of the covenants set forth in this Section 3 would constitute a material breach of the Letter, that Akamai would suffer substantial irreparable harm and that Akamai would not have an adequate remedy at law for such breach. Therefore, in recognition of these acknowledgements, you agree that in the event of a breach of any of these covenants, in addition to such other remedies as Akamai may have at law, Akamai, without posting any bond, shall be entitled to obtain, and you agree not to oppose, a request for equitable relief in the form of specific performance or temporary, preliminary or permanent injunctive relief, or any other equitable remedy which then may be available. The seeking of such injunction or order shall not affect Akamai's right to seek and obtain damages or other equitable relief on account of any such actual breach. You further acknowledge and agree to enforcement of these covenants under the laws of and in the Commonwealth of Massachusetts, where Akamai maintains its worldwide headquarters, where all personnel and benefit plans are administered, documents maintained, where this Letter has been executed by Akamai, and where witnesses and documents relating to any dispute would be primarily located.

4. FUTURE COOPERATION. You agree that you shall cooperate reasonably with Akamai in connection with any matter or event relating to your employment or events that occurred during your employment, including, without limitation, in the defense or prosecution of any claims or actions not in existence or which may be brought or threatened in the future against or on behalf of Akamai, including any claims or actions against its officers, directors and employees. Your cooperation in connection with such matters, actions and claims shall include, without limitation, being available, upon reasonable notice, to meet with Akamai regarding matters in which you have been involved, and any contract matters or audits; to prepare for any proceeding (including, without limitation, depositions, consultation, discovery or trial); to provide affidavits; to assist with any audit, inspection, proceeding or other inquiry; and to act as a witness in connection with any litigation or other legal proceeding affecting Akamai. You shall be reimbursed for actual and reasonable out-of-pocket expenses incurred in providing such cooperation under this Section. You further agree that should you be contacted (directly or indirectly) by any person or entity (for example, by any party representing an individual or entity) adverse to Akamai, you shall promptly notify Paul Sagan at Akamai.

5. INDEMNIFICATION. Nothing in this Agreement shall be deemed to release or diminish any rights you may have to defense and indemnification under any law or under any certificate, bylaw, or resolution of Akamai. Akamai acknowledges that it maintains Director and Officer ("D&O") liability insurance, under which current and former officers, including you, are covered for any "Covered Acts" as that term is defined in the insurance policy. Akamai agrees that it will make commercially reasonable efforts to maintain D&O insurance in the future. Upon request, Akamai will make a copy of its D&O insurance policy available to you.

6. TERMINATION OF AUTHORITY. You and Akamai acknowledge and agree that as of the Separation Date, your authority to sign on behalf of Akamai is terminated. You and Akamai further acknowledge and agree to cooperate with each other to take the measures necessary to terminate your status as an executive, officer, managing director, or other representative or agent of Akamai as soon as practicable.

7. RELEASE OF CLAIMS. You hereby agree and acknowledge that by signing this letter and accepting the Severance Pay to be provided to you, and other good and valuable consideration provided for in this Letter, you are waiving your right to assert any form of legal claim against Akamai (as defined in the first paragraph of this Letter) whatsoever for any alleged action, inaction or circumstance existing or arising from the beginning of time through the Separation Date. Your waiver and release herein is intended to bar any form of legal claim, charge, complaint or any other form of action (jointly referred to as "Claims") against Akamai seeking any form of relief including, without limitation, equitable relief (whether declaratory, injunctive or otherwise), the recovery of any damages or any other form of monetary recovery whatsoever (including, without limitation, back pay, front pay, compensatory damages, emotional distress damages, punitive damages, attorneys fees and any other costs) against Akamai, for any alleged action, inaction or circumstance existing or arising through the Effective Date.

Without limiting the foregoing general waiver and release, you specifically waive and release Akamai from any Claim arising from or related to your employment relationship with Akamai or the termination thereof, including, without limitation:

** Claims under any state or federal discrimination, fair employment practices or other employment related statute, regulation or executive order (as they may have been amended through the Separation Date) prohibiting discrimination or harassment based upon any protected status including, without limitation, race, national origin, age, gender, marital status, disability, veteran status or sexual orientation. Without limitation, specifically included in this paragraph are any Claims arising under the Civil Rights Acts of 1866 and 1871, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Americans With Disabilities Act and any similar Massachusetts or other state statute.

** Claims under any other state or federal employment related statute, regulation or executive order (as they may have been amended through the Separation Date) relating to wages, hours or any other terms and conditions of employment. Without limitation, specifically included in this paragraph are any Claims arising under the Fair Labor Standards Act, the Family and Medical Leave Act of 1993, the National Labor Relations Act, the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and any similar Massachusetts or other state statute, including any applicable payment of wages statutes.

** Claims under any state or federal common law theory including, without limitation, wrongful discharge, breach of express or implied contract, promissory estoppel, unjust enrichment, breach of a covenant of good faith and fair dealing, violation of public policy, defamation, interference with contractual relations, intentional or negligent infliction of emotional distress, invasion of privacy, misrepresentation, deceit, fraud or negligence.

** Any other Claim arising under state or federal law.

Notwithstanding the foregoing, this section does not release Akamai from any obligation expressly set forth in this Letter. You acknowledge and agree that, but for providing this waiver and release, you would not be receiving the Severance Package being provided to you under the terms of this Letter.

8. ENTIRE AGREEMENT/SUCCESSORS/CHOICE OF LAW/ENFORCEABILITY. You acknowledge and agree that, with the exception of the NDAs, the Promissory Note, and the Stock Purchase and Repurchase Agreement dated July 23, 1999, this Letter supersedes any and all prior or contemporaneous oral and/or written agreements between you and Akamai, and sets forth the entire agreement between you and Akamai. No variations or modifications hereof shall be deemed valid unless reduced to writing and

signed by the parties hereto. This Letter will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns. This Letter shall be deemed to have been made in the Commonwealth of Massachusetts, shall take effect as an instrument under seal within Massachusetts, and shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to conflict of law principles. You agree that any action, demand, claim or counterclaim relating to the terms and provisions of this Letter, or to its breach, shall be commenced in Massachusetts in a court of competent jurisdiction, and you further acknowledge that venue for such actions shall lie exclusively in Massachusetts and that material witnesses and documents would be located in Massachusetts. The provisions of this letter are severable, and if for any reason any part hereof shall be found to be unenforceable, the remaining provisions shall be enforced in full. Both parties further agree that any action, demand, claim or counterclaim shall be resolved by a judge alone, and both parties hereby waive and forever renounce the right to a trial before a civil jury.

By executing this Letter, you are acknowledging that you have been afforded sufficient time to understand the terms and effects of this letter, that your agreements and obligations hereunder are made voluntarily, knowingly and without duress, and that neither Akamai nor its agents or representatives have made any representations inconsistent with the provisions of this letter.

If the foregoing correctly sets forth our understanding, please sign, date and return both signed copies of this letter to me at Akamai within 10 days. One signed copy will be returned to you.

Very truly yours,

Akamai Technologies, Inc.

By:/s/ Paul Sagan

Paul Sagan, President

Confirmed, Agreed and Acknowledged:

/s/ Timothy Weller
- -----------------------------------
Timothy Weller

EXHIBIT 10.20

AKAMAI TECHNOLOGIES, INC.

Restricted Stock Agreement Under
Second Amended and Restated 1998 Stock Incentive Plan

This RESTRICTED STOCK AGREEMENT (the "Agreement") is entered into as of November 14, 2002 (the "Grant Date"), between Akamai Technologies, Inc., a Delaware corporation (the "Company"), and MICHAEL RUFFOLO (the "Grantee").

RECITALS

1. The Company has adopted the Second Amended and Restated 1998 Stock Incentive Plan (the "Plan") that provides for the grant under certain circumstances of shares (the "Shares") of common stock, par value $0.01, of the Company (the "Common Stock").

2. In consideration of the grant of the Awarded Shares (as defined below) and other benefits, Grantee is willing to tender for cancellation certain previously-granted options to purchase Common Stock of the Company (the "Tendered Options") and to abide by the obligations imposed on Grantee under this Agreement.

NOW THEREFORE, in consideration of the mutual benefits hereinafter provided, and each intending to be legally bound, the Company and Grantee hereby agree as follows:

1. EFFECT OF THE PLAN. Grantee will abide by, and the Awarded Shares granted to Grantee will be subject to, all of the provisions of the Plan and of this Agreement, together with all rules and determinations from time to time issued by the Company's Compensation Committee (the "Committee") and by the Board of Directors of the Company (the "Board") pursuant to the Plan. The Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Grantee, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Grantee hereunder, and this Agreement shall be subject, without further action by the Company or Grantee, to such amendment, modification, restatement or supplement.

2. GRANT. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants and issues to Grantee 175,000 Shares (the "Awarded Shares") in exchange for the Tendered Options. This Agreement shall evidence Grantee's ownership of the Awarded Shares, and Grantee acknowledges that he/she will not receive a stock certificate representing the Awarded Shares. The Company or Charles Schwab & Co., Inc. (or such other broker with which the Company has established a relationship) ("Schwab") shall retain custody of the Awarded Shares until the Awarded Shares have vested in accordance with Section 3 of this Agreement. Upon vesting of the Awarded Shares, the Company shall instruct its transfer agent to deposit that portion of the Awarded Shares which has vested (the "Vested Shares") into Grantee's existing stock option account at Schwab (the "Account"), subject to payment (through sale of a portion of the Vested Shares) of any applicable withholding taxes. The Awarded Shares are being granted in consideration for cancellation of the Tendered Options. No additional consideration is required to be paid by Grantee; however, Grantee agrees that the Shares shall be subject to all of the terms and conditions set forth in this Agreement and the Plan, including, but not limited to, the forfeiture conditions set forth in Section 3.2 of this Agreement, the restrictions on transfer

set forth in Section 3.4 of this Agreement and the payment of withholding taxes as set forth in Section 5 of this Agreement.

3. AWARDED SHARES.

3.1 VESTING SCHEDULE; SERVICE REQUIREMENT. The Awarded Shares shall vest if Grantee has been employed continuously from the Grant Date to the applicable date that such portion of the Awarded Shares vests (each, the "Vesting Date"). One hundred percent (100%) of the Awarded Shares will fully vest two years after the Grant Date (November 14, 2004). Shares that have not yet vested pursuant to this Agreement are referred to herein as "Unvested Shares."

3.2 CONDITIONS OF FORFEITURE.

(a) If Grantee's employment with the Company is terminated for gross misconduct or if Grantee voluntarily resigns from the Company, all Unvested Shares shall, without further action of any kind by the Company, be forfeited. If Grantee's employment with the Company terminates for any reason other than termination for gross misconduct or voluntary resignation, all of the Unvested Shares shall, without further action of any kind by the Company, vest and become Vested Shares effective upon termination from employment. For purposes of this Agreement, termination from employment shall be deemed to occur on the last day actually worked by Grantee, rather than the last day that Grantee is on the payroll of the Company. The Committee, in its sole discretion, shall determine whether a leave of absence shall constitute a termination of employment. For purposes of this Agreement, "gross misconduct" includes any criminal act; fraudulent representations and actions; intent to defraud; misappropriation of Company assets; or flagrant abuse of supervisory authority, signature authority, or fiduciary trust.

(b) Unvested Shares that are forfeited shall be immediately transferred to the Company without any payment by the Company, and the Company shall have the full right to cancel any evidence of Grantee's ownership of such forfeited Shares or take any other action necessary to demonstrate that Grantee no longer owns such forfeited Shares automatically upon such forfeiture. Following such forfeiture, Grantee shall have no further rights with respect to such forfeited Shares.

3.3 CHANGE IN CONTROL EVENT. Upon a Change in Control Event (as defined in the Plan), all of the Unvested Shares shall vest effective upon the closing of the Change in Control Event.

3.4 NON-TRANSFERABILITY. This Agreement may not be transferred, assigned, pledged or otherwise encumbered by Grantee in any manner whatsoever, except that it may be transferred by will or the laws of descent and distribution. References to Grantee, to the extent relevant in the context, shall include references to authorized transferees. Except as otherwise determined by the Committee, Grantee shall not sell, transfer, assign, pledge or otherwise encumber or dispose of, by operation of law or otherwise, any Unvested Shares (each, a "transfer"). Any such transfer by Grantee in violation of this Section 3.4 shall be void and of no force or effect, and shall result in the immediate forfeiture of all Unvested Shares.

4. DIVIDEND AND VOTING RIGHTS. Subject to the restrictions contained in this Agreement, Grantee shall have the rights of a shareholder with respect to the Awarded Shares, including the right to vote all such Shares, including Unvested Shares, and to receive all dividends, cash or stock, paid or delivered thereon, from and after the earlier of the date hereof. In the event of forfeiture of Unvested Shares, Grantee shall have no further rights with respect to such Unvested Shares. However,

the forfeiture of Unvested Shares pursuant to Section 3.2 hereof shall not create any obligation to repay dividends received as to such Unvested Shares, nor shall such forfeiture invalidate any votes given by Grantee with respect to such Shares prior to forfeiture.

5. WITHHOLDING OF TAXES.

5.1 The Company's obligation to deliver Shares to Grantee upon the vesting of such shares shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements ("Withholding Taxes"). In order to satisfy all Withholding Taxes due upon vesting of Grantee's Shares, Grantee agrees to the following:

(a) As a condition of receiving any Vested Shares, unless Grantee has satisfied such Withholding Taxes by filing an 83(b) election and making any necessary payments in connection therewith, on the date of this Agreement, Grantee must execute the Irrevocable Standing Order to Sell Shares attached hereto, which authorizes Akamai and Schwab to take the actions described in this subsection 5.1(a) (the "Standing Order"). Grantee authorizes Schwab to sell, at the market price and on the Vesting Date (or the first business day thereafter if Vesting Date falls on a day when the market is closed), the number of Vested Shares that Akamai has instructed Schwab is necessary to obtain proceeds sufficient to satisfy the Withholding Taxes. Grantee understands and agrees that the number of shares that Schwab will sell will be based on the closing price of the Common Stock on the last trading day before the Vesting Date.

(b) Grantee agrees that the proceeds received from the sale of Vested Shares pursuant to Section 5.1(a) will be used to satisfy the Withholding Taxes and, accordingly, Grantee hereby authorizes Schwab to pay such proceeds to the Company for such purpose. Grantee understands that to the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the Withholding Taxes, such excess proceeds shall be deposited into the Account. Grantee further understands that any remaining Vested Shares shall be deposited into the Account.

(c) Grantee acknowledges and agrees that, in the event that there is not a market in the Common Stock, Akamai will have the right to make other arrangements to satisfy the Withholding Taxes due upon vesting of Grantee's Shares.

5.2 GRANTEE ACKNOWLEDGES THAT HE OR SHE HAS BEEN INFORMED OF THE AVAILABILITY OF MAKING AN ELECTION IN ACCORDANCE WITH SECTION 83(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; THAT SUCH ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS OF THE TRANSFER OF SHARES TO GRANTEE; AND THAT GRANTEE IS SOLELY RESPONSIBLE FOR MAKING SUCH ELECTION.

6. NOTICES. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, postage prepaid, addressed to the other party hereto at the address shown beneath his, her or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.

7. GOVERNING LAW. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

8. PROVISIONS OF THE PLAN. This Agreement is subject to the provisions of the Plan, a copy of which is furnished to Grantee with this Agreement.

9. NO RIGHT TO EMPLOYMENT OR OTHER STATUS. This Agreement shall not be construed as giving Grantee the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with Grantee free from any liability or claim under this Agreement or the Plan, except as expressly provided in this Agreement.

10. NATURE OF PAYMENTS. Any and all grants or deliveries of Shares hereunder shall constitute special incentive payments to Grantee and shall not be taken into account in computing the amount of salary or compensation of Grantee for the purpose of determining any retirement, death or other benefits under (a) any retirement, bonus, life insurance or other employee benefit plan of the Company, or (b) any agreement between the Company on the one hand, and Grantee on the other hand, except as such plan or agreement shall otherwise expressly provide.

11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Company and Grantee and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 3 of this Agreement.

12. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

13. AMENDMENT; WAIVER; MISCELLANEOUS.

(a) This Agreement may be amended or modified only by a written instrument executed by both the Company and Grantee. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

(b) If there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.

(c) With the intention of making Schwab a third-party beneficiary to this Agreement, Akamai hereby agrees to indemnify and hold Schwab harmless from and against all losses, liabilities, damages, claims and expenses, including reasonable attorneys' fees and court costs, arising out of: (i) Akamai's non-compliance with the terms of this Agreement; (ii) Grantee's non-compliance with the terms of this Agreement; (iii) any negligent act, omission or willful misconduct by Akamai or Grantee in connection with the subject matter of this Agreement; or (iv) any action taken or omitted by Schwab in good faith reliance upon instructions or information transmitted to Schwab by Akamai in connection with the subject matter of this Agreement. The terms of this paragraph shall not apply to any losses, liabilities, damages, claims and expenses, including reasonable attorneys' fees and court costs, arising out of Schwab's negligence or willful misconduct in connection with the subject matter of this Agreement.

14. ENTIRE AGREEMENT. This Agreement and the Plan embody the entire agreement of the parties hereto with respect to the Awarded Shares, the consideration for the Awarded Shares, and all other matters contained herein. This Agreement and the Plan supersede and replace any and all prior oral or written agreements with respect to the subject matter hereof. To the extent that the previously-granted stock options tendered by Grantee pursuant to this Agreement were subject to special vesting arrangements, including but not limited to accelerated vesting of those options under certain circumstances described in Grantee's employment offer letter or elsewhere, such special vesting arrangements are hereby null and void.

IN WITNESS WHEREOF, the Company and Grantee have caused this Agreement to be duly executed as of the date first above written.

AKAMAI TECHNOLOGIES, INC.

By: /s/ George Conrades

George Conrades,
Chief Executive Officer

/s/ Michael Ruffolo

Michael Ruffolo

EXHIBIT 10.21

AKAMAI TECHNOLOGIES, INC.

Restricted Stock Agreement Under
Second Amended and Restated 1998 Stock Incentive Plan

This RESTRICTED STOCK AGREEMENT (the "Agreement") is entered into as of November 14, 2002 (the "Grant Date"), between Akamai Technologies, Inc., a Delaware corporation (the "Company"), and CHRIS SCHOETTLE (the "Grantee").

RECITALS

1. The Company has adopted the Second Amended and Restated 1998 Stock Incentive Plan (the "Plan") that provides for the grant under certain circumstances of shares (the "Shares") of common stock, par value $0.01, of the Company (the "Common Stock").

2. In consideration of the grant of the Awarded Shares (as defined below) and other benefits, Grantee is willing to tender for cancellation certain previously-granted options to purchase Common Stock of the Company (the "Tendered Options") and to abide by the obligations imposed on Grantee under this Agreement.

NOW THEREFORE, in consideration of the mutual benefits hereinafter provided, and each intending to be legally bound, the Company and Grantee hereby agree as follows:

1. EFFECT OF THE PLAN. Grantee will abide by, and the Awarded Shares granted to Grantee will be subject to, all of the provisions of the Plan and of this Agreement, together with all rules and determinations from time to time issued by the Company's Compensation Committee (the "Committee") and by the Board of Directors of the Company (the "Board") pursuant to the Plan. The Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Grantee, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Grantee hereunder, and this Agreement shall be subject, without further action by the Company or Grantee, to such amendment, modification, restatement or supplement.

2. GRANT. Subject to the terms and conditions of the Plan and this Agreement, the Company hereby grants and issues to Grantee 100,000 Shares (the "Awarded Shares") in exchange for the Tendered Options. This Agreement shall evidence Grantee's ownership of the Awarded Shares, and Grantee acknowledges that he/she will not receive a stock certificate representing the Awarded Shares. The Company or Charles Schwab & Co., Inc. (or such other broker with which the Company has established a relationship) ("Schwab") shall retain custody of the Awarded Shares until the Awarded Shares have vested in accordance with Section 3 of this Agreement. Upon vesting of the Awarded Shares, the Company shall instruct its transfer agent to deposit that portion of the Awarded Shares which has vested (the "Vested Shares") into Grantee's existing stock option account at Schwab (the "Account"), subject to payment (through sale of a portion of the Vested Shares) of any applicable withholding taxes. The Awarded Shares are being granted in consideration for cancellation of the Tendered Options. No additional consideration is required to be paid by Grantee; however, Grantee agrees that the Shares shall be subject to all of the terms and conditions set forth in this Agreement and the Plan, including, but not limited to, the forfeiture conditions set forth in Section 3.2 of this Agreement, the restrictions on transfer

set forth in Section 3.4 of this Agreement and the payment of withholding taxes as set forth in Section 5 of this Agreement.

3. AWARDED SHARES.

3.1 VESTING SCHEDULE; SERVICE REQUIREMENT. The Awarded Shares shall vest if Grantee has been employed continuously from the Grant Date to the applicable date that such portion of the Awarded Shares vests (each, the "Vesting Date"). One hundred percent (100%) of the Awarded Shares will fully vest two years after the Grant Date (November 14, 2004). Shares that have not yet vested pursuant to this Agreement are referred to herein as "Unvested Shares."

3.2 CONDITIONS OF FORFEITURE.

(a) If Grantee's employment with the Company is terminated for gross misconduct or if Grantee voluntarily resigns from the Company, all Unvested Shares shall, without further action of any kind by the Company, be forfeited. If Grantee's employment with the Company is terminated for any reason other than termination for gross misconduct or voluntary resignation, all of the Unvested Shares shall, without further action of any kind by the Company, vest and become Vested Shares effective upon termination from employment. For purposes of this Agreement, termination from employment shall be deemed to occur on the last day actually worked by Grantee, rather than the last day that Grantee is on the payroll of the Company. The Committee, in its sole discretion, shall determine whether a leave of absence shall constitute a termination of employment. For purposes of this Agreement, "gross misconduct" includes any criminal act; fraudulent representations and actions; intent to defraud; misappropriation of Company assets; or flagrant abuse of supervisory authority, signature authority, or fiduciary trust.

(b) Unvested Shares that are forfeited shall be immediately transferred to the Company without any payment by the Company, and the Company shall have the full right to cancel any evidence of Grantee's ownership of such forfeited Shares or take any other action necessary to demonstrate that Grantee no longer owns such forfeited Shares automatically upon such forfeiture. Following such forfeiture, Grantee shall have no further rights with respect to such forfeited Shares.

3.3 CHANGE IN CONTROL EVENT. Upon a Change in Control Event (as defined in the Plan), all of the Unvested Shares shall vest effective upon the closing of the Change in Control Event.

3.4 NON-TRANSFERABILITY. This Agreement may not be transferred, assigned, pledged or otherwise encumbered by Grantee in any manner whatsoever, except that it may be transferred by will or the laws of descent and distribution. References to Grantee, to the extent relevant in the context, shall include references to authorized transferees. Except as otherwise determined by the Committee, Grantee shall not sell, transfer, assign, pledge or otherwise encumber or dispose of, by operation of law or otherwise, any Unvested Shares (each, a "transfer"). Any such transfer by Grantee in violation of this Section 3.4 shall be void and of no force or effect, and shall result in the immediate forfeiture of all Unvested Shares.

4. DIVIDEND AND VOTING RIGHTS. Subject to the restrictions contained in this Agreement, Grantee shall have the rights of a shareholder with respect to the Awarded Shares, including the right to vote all such Shares, including Unvested Shares, and to receive all dividends, cash or stock, paid or delivered thereon, from and after the earlier of the date hereof. In the event of forfeiture of Unvested Shares, Grantee shall have no further rights with respect to such Unvested Shares. However, the forfeiture of Unvested Shares pursuant to Section 3.2 hereof shall not create any obligation to repay

dividends received as to such Unvested Shares, nor shall such forfeiture invalidate any votes given by Grantee with respect to such Shares prior to forfeiture.

5. WITHHOLDING OF TAXES.

5.1 The Company's obligation to deliver Shares to Grantee upon the vesting of such shares shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements ("Withholding Taxes"). In order to satisfy all Withholding Taxes due upon vesting of Grantee's Shares, Grantee agrees to the following:

(a) As a condition of receiving any Vested Shares, unless Grantee has satisfied such Withholding Taxes by filing an 83(b) election and making any necessary payments in connection therewith, on the date of this Agreement, Grantee must execute the Irrevocable Standing Order to Sell Shares attached hereto, which authorizes Akamai and Schwab to take the actions described in this subsection 5.1(a) (the "Standing Order"). Grantee authorizes Schwab to sell, at the market price and on the Vesting Date (or the first business day thereafter if Vesting Date falls on a day when the market is closed), the number of Vested Shares that Akamai has instructed Schwab is necessary to obtain proceeds sufficient to satisfy the Withholding Taxes. Grantee understands and agrees that the number of shares that Schwab will sell will be based on the closing price of the Common Stock on the last trading day before the Vesting Date.

(b) Grantee agrees that the proceeds received from the sale of Vested Shares pursuant to Section 5.1(a) will be used to satisfy the Withholding Taxes and, accordingly, Grantee hereby authorizes Schwab to pay such proceeds to the Company for such purpose. Grantee understands that to the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the Withholding Taxes, such excess proceeds shall be deposited into the Account. Grantee further understands that any remaining Vested Shares shall be deposited into the Account.

(c) Grantee acknowledges and agrees that, in the event that there is not a market in the Common Stock, Akamai will have the right to make other arrangements to satisfy the Withholding Taxes due upon vesting of Grantee's Shares.

5.2 GRANTEE ACKNOWLEDGES THAT HE OR SHE HAS BEEN INFORMED OF THE AVAILABILITY OF MAKING AN ELECTION IN ACCORDANCE WITH SECTION 83(B) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; THAT SUCH ELECTION MUST BE FILED WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS OF THE TRANSFER OF SHARES TO GRANTEE; AND THAT GRANTEE IS SOLELY RESPONSIBLE FOR MAKING SUCH ELECTION.

6. NOTICES. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, postage prepaid, addressed to the other party hereto at the address shown beneath his, her or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 6.

7. GOVERNING LAW. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

8. PROVISIONS OF THE PLAN. This Agreement is subject to the provisions of the Plan, a copy of which is furnished to Grantee with this Agreement.

9. NO RIGHT TO EMPLOYMENT OR OTHER STATUS. This Agreement shall not be construed as giving Grantee the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with Grantee free from any liability or claim under this Agreement or the Plan, except as expressly provided in this Agreement.

10. NATURE OF PAYMENTS. Any and all grants or deliveries of Shares hereunder shall constitute special incentive payments to Grantee and shall not be taken into account in computing the amount of salary or compensation of Grantee for the purpose of determining any retirement, death or other benefits under (a) any retirement, bonus, life insurance or other employee benefit plan of the Company, or (b) any agreement between the Company on the one hand, and Grantee on the other hand, except as such plan or agreement shall otherwise expressly provide.

11. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the Company and Grantee and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 3 of this Agreement.

12. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

13. AMENDMENT; WAIVER; MISCELLANEOUS.

(a) This Agreement may be amended or modified only by a written instrument executed by both the Company and Grantee. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion.

(b) If there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan.

(c) With the intention of making Schwab a third-party beneficiary to this Agreement, Akamai hereby agrees to indemnify and hold Schwab harmless from and against all losses, liabilities, damages, claims and expenses, including reasonable attorneys' fees and court costs, arising out of: (i) Akamai's non-compliance with the terms of this Agreement; (ii) Grantee's non-compliance with the terms of this Agreement; (iii) any negligent act, omission or willful misconduct by Akamai or Grantee in connection with the subject matter of this Agreement; or (iv) any action taken or omitted by Schwab in good faith reliance upon instructions or information transmitted to Schwab by Akamai in connection with the subject matter of this Agreement. The terms of this paragraph shall not apply to any losses, liabilities, damages, claims and expenses, including reasonable attorneys' fees and court costs, arising out of Schwab's negligence or willful misconduct in connection with the subject matter of this Agreement.

14. ENTIRE AGREEMENT. This Agreement and the Plan embody the entire agreement of the parties hereto with respect to the Awarded Shares, the consideration for the Awarded Shares, and all other matters contained herein. This Agreement and the Plan supersede and replace any and all prior oral or written agreements with respect to the subject matter hereof. To the extent that the previously-granted stock options tendered by Grantee pursuant to this Agreement were subject to special vesting arrangements, including but not limited to accelerated vesting of those options under certain

circumstances described in Grantee's employment offer letter or elsewhere, such special vesting arrangements are hereby null and void.

IN WITNESS WHEREOF, the Company and Grantee have caused this Agreement to be duly executed as of the date first above written.

AKAMAI TECHNOLOGIES, INC.

By: /s/ George Conrades

George Conrades,
Chief Executive Officer

/s/ Chris Schoettle

Chris Schoettle

EXHIBIT 10.22

AKAMAI TECHNOLOGIES, INC.

Incentive Stock Option Agreement
Granted Under 1998 Stock Incentive Plan

1. GRANT OF OPTION.

This Incentive Stock Option Agreement (this "Agreement") evidences the grant by Akamai Technologies, Inc., a Delaware corporation (the "Company"), on November 18, 2002 (the "Grant Date") to Robert Cobuzzi, an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's Second Amended and Restated 1998 Stock Incentive Plan (the "Plan"), a total of 250,000 shares (the "Shares") of common stock, $0.01 par value per share, of the Company ("Common Stock") at $1.12 per Share. Unless earlier terminated, this option shall expire on November 17, 2012 (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall, to the extent it so qualifies, be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended and any regulations promulgated there under (the "Code"). Schedule A hereto sets forth the number of shares with respect to which this option qualifies as an incentive stock option as of the date of grant. To the extent that the option does not on the date of grant, or hereafter ceases to, qualify as an incentive stock option, it shall be a non-qualified stock option. Except as otherwise indicated by the context, the term "Participant", as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. VESTING SCHEDULE.

(a) With respect to 200,000 of the Shares as to which this option may be exercised, this option will become exercisable ("vest") as to 25% of the original number of such Shares on the first anniversary of the Grant Date and as to an additional 6.25% of the original number of such Shares at the end of each successive full three-month period following the first anniversary of the Grant Date until the fourth anniversary of the Grant Date. For purposes of this Section 2(a) the Vesting Start Date shall be November 18, 2002.

(b) With respect to the remaining 50,000 Shares as to which this option may be exercised, this option shall become vested in full as to such shares upon the earlier of (i) the fourth anniversary of the Vesting Start Date and (ii) as of the last day of the first fiscal quarter during which the Company has Revenue (as defined below) of at least $50,000,000 and a Gross Profit Percentage (as defined below) of at least sixty-five percent (65%).

(c) When used in this Agreement, the following terms shall have the meanings provided:

(i) "Revenue" shall mean, for so long as the Company is required to make periodic reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Total Revenue as reported in the Company's consolidated financial statements filed with the Securities and Exchange Commission on Form 10-K or Form 10-Q ("Public Company Financial Statements"). If, at any time, the Company is not required to make periodic reports under the Exchange Act, "Revenue" shall mean Total Revenue as set forth on regularly prepared quarterly financial statements prepared by management ("Private Company Financial Statements").

(ii) "Gross Profit Percentage" for a calendar quarter means a fraction, expressed as a percentage, the numerator of which is Revenue for such fiscal quarter minus Cost of Service (or equivalent measure) for such fiscal quarter, as reported in the Public Company Financial Statements or Private Company Financial Statements, as applicable at such time, and the denominator of which is the Revenue for such fiscal quarter.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

(b) CHANGE IN CONTROL. Upon a Change in Control Event (as defined in the Plan), the number of Shares as to which this option has vested shall be calculated pursuant to Section 2 as though the Grant Date were the date that is one year prior to the Grant Date.

3. EXERCISE OF OPTION.

(a) FORM OF EXERCISE. In order to exercise this option, the Participant shall notify the Company's third-party stock option plan administrator, Charles Schwab & Co., or any successor appointed by the Company (the "Plan Administrator"), of the Participant's intent to exercise this option, and shall follow the procedures established by the Plan Administrator for exercising stock options under the Plan and provide payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share.

(b) CONTINUOUS RELATIONSHIP WITH THE COMPANY REQUIRED. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) TERMINATION OF RELATIONSHIP WITH THE COMPANY. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), PROVIDED THAT (i) this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation, and (ii) to the extent that the option or any portion thereof is exercised at any time later than three months after the date that the Participant ceases to be an employee of the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code, the option shall be a non-qualified stock option. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) EXERCISE PERIOD UPON DEATH OR DISABILITY. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant by the Participant, PROVIDED THAT (i) this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, (ii) this option shall not be exercisable after the Final Exercise Date, and (iii) to the extent that the option or any portion thereof is exercised at any time later than one year after the Participant's termination as an employee of the Company or any parent or subsidiary of the Company (as defined in Section 424(e) or (f) of the Code) by reason of his or her disability (as defined in Section 22(e)(3) of the Code), the option shall be a non-qualified stock option.

(e) DISCHARGE FOR CAUSE. If the Participant, prior to the Final Exercise Date, is discharged by the Company for "cause" (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such discharge. "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company, which determination shall be conclusive. The Participant shall be considered to have been discharged for "cause" if the Company determines, prior to or simultaneously with the Participant's resignation, that discharge for cause was warranted.

4. WITHHOLDING.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

5. NONTRANSFERABILITY OF OPTION.

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

6. DISQUALIFYING DISPOSITION.

If the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

7. PROVISIONS OF THE PLAN.

This option is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AKAMAI TECHNOLOGIES, INC.

Dated: November 18, 2002

/s/ George H. Conrades

Signature
George H. Conrades
Chairman and Chief Executive Officer

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's Second Amended and Restated 1998 Stock Incentive Plan.

PARTICIPANT:

/s/ Robert Cobuzzi
Signature
Name: Robert Cobuzzi

SCHEDULE A

Number of shares as to which this option qualifies as an incentive stock option on the Grant Date: 50,000

Number of shares as to which this option is a non-qualified stock option on the Grant Date: None

AKAMAI TECHNOLOGIES, INC.
Amendment to Stock Option Agreement

Akamai Technologies, Inc. (the "Company") and Robert Cobuzzi (the "Grantee") hereby agree to amend the Stock Option Agreement by and between the parties dated November 18, 2002 (the "Agreement") as set forth below. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to such terms in the Agreement.

WHEREAS, Section 2 of the Agreement provides for certain vesting of Unvested Shares (as defined in the Agreement); and

WHEREAS, the Company and Grantee have agreed to amend the Agreement in order to provide for different vesting;

NOW THEREFORE, the parties agree to amend and replace Section 2 of the Agreement in its entirety with the following paragraph:

2. VESTING SCHEDULE.

(a) GENERAL. This option will become exercisable ("vest") as to 25% of the original number of Shares on the first anniversary of the Grant Date and as to an additional 6.25% of the original number of Shares at the end of each successive full three-month period following the first anniversary of the Grant Date until the fourth anniversary of the Grant Date. For purposes of this Section 2(a) the Vesting Start Date shall be November 18, 2002.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

(b) CHANGE IN CONTROL. Upon a Change in Control Event (as defined in the Plan), the number of Shares as to which this option has vested shall be calculated pursuant to Section 2(a) as though the Grant Date were the date that is one year prior to the Grant Date.

Except as specifically modified hereby, the Agreement shall remain in full force and effect (as amended by this Amendment), and is hereby ratified and confirmed.

Agreed and Accepted:

/s/ Robert Cobuzzi

Robert Cobuzzi

Agreed and Accepted:

AKAMAI TECHNOLOGIES, INC.

/s/ Kathryn Meyer, Vice President & General Counsel

EXHIBIT 21.1

SUBSIDIARIES OF AKAMAI TECHNOLOGIES, INC.

AKAMAI Ltd. -- Incorporated in the United Kingdom

AKAMAI GMBH -- Incorporated in Germany

AKAMAI SARL -- Incorporated in France

AKAMAI TECHNOLOGIES NETHERLANDS BV - Incorporated in the Netherlands

AKAMAI INTERNAIONAL BV - Incorporated in the Netherlands

AKAMAI SECURITIES TRUST -- Registered in Massachusetts

AKAMAI CORPORATE LLC - Organized in Delaware

AKAMAI SALES LLC - Organized in Delaware

AKAMAI JAPAN - Incorporated in Japan

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-45696 and 333-53906) and incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-62072, 333-37810, 333-36518, 333-35464, 333-35470, 333-35462, 333-31668, 333-89887, 333-89889, 333-91558 and 333-83502) of Akamai Technologies, Inc. of our reports dated January 27, 2003, except for Note 23, as to which the date is February 26, 2003, relating to the consolidated financial statements and consolidated financial statement schedules, which appear in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 28, 2003

EXHIBIT 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Akamai Technologies, Inc. (the "Company") for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, George H. Conrades, Chairman and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

/s/ George H. Conrades

George H. Conrades
Chairman and Chief Executive Officer

EXHIBIT 99.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Akamai Technologies, Inc. (the "Company") for the period ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Robert Cobuzzi, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 28, 2003

/s/ Robert Cobuzzi

Robert Cobuzzi
Chief Financial Officer