

Reconciliation of non-GAAP to GAAP financial measures

Akamai Technologies Inc. September 30, 2005

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

Adjusted EBITDA - defined as net income before interest, taxes, depreciation and amortization of tangible and intangible assets, equity-related compensation, certain gains and losses on equity investments, release of the deferred tax asset valuation allowance, foreign exchange gains and losses, gains on legal settlements and loss on early extinguishment of debt

Adjusted-EBITDA	Three months ended				Nine months ended	
	September 30, 2005	June 30, 2005	September 30, 2004	June 30, 2004	September 30, 2005	September 30, 2004
Net income	\$ 272,260	\$ 15,900	\$ 11,249	\$ 6,803	\$ 302,239	\$ 20,973
Interest expense, net	567	770	1,533	2,045	2,350	6,736
(Benefit) provision for income taxes	(144)	573	71	430	958	585
Depreciation and amortization	5,242	4,332	4,148	4,831	13,428	15,023
Amortization of intangible assets	2,296	520	12	12	2,828	36
Equity-related compensation	1,383	657	249	274	2,267	1,056
Release of the deferred tax asset valuation allowance	(255,345)	-	-	-	(255,345)	-
Loss on early extinguishment of debt	1,370	-	634	3,264	1,370	5,916
Loss on investments, net	27	-	79	-	27	68
Other expense (income), net	63	(77)	(101)	85	712	122
Adjusted-EBITDA	\$ 27,719	\$ 22,675	\$ 17,874	\$ 17,744	\$ 70,834	\$ 50,515

Adjusted EBITDA gross margin - defined as the percent of Adjusted EBITDA over revenues

Adjusted-EBITDA gross margin	Three months ended				Nine months ended	
	September 30, 2005	June 30, 2005	September 30, 2004	June 30, 2004	September 30, 2005	September 30, 2004
Revenues	\$ 75,713	\$ 64,649	\$ 53,286	\$ 50,786	\$ 200,458	\$ 152,439
Adjusted-EBITDA	27,719	22,675	17,874	17,744	70,834	50,515
Adjusted-EBITDA gross margin	37%	35%	34%	35%	35%	33%

Normalized net income - defined as net income before amortization on intangible assets, equity-related compensation, certain gains and losses on equity investments, release of the deferred tax asset valuation allowance and loss on early extinguishment of debt

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Loss on early extinguishment of debt	1,370	-	634	3,264	1,370	5,916
Release of the deferred tax asset valuation allowance	(255,345)	-	-	-	(255,345)	-
Loss on investments, net	27	-	79	-	27	68
Normalized net income	\$ 21,991	\$ 17,077	\$ 12,223	\$ 10,353	\$ 53,386	\$ 28,049

Normalized net income per share - defined as normalized net income divided by the basic weighted average or diluted common shares outstanding used in normalized per share calculations

Normalized net income per share

	Three months ended				Nine months ended	
	September 30, 2005	June 30, 2005	September 30, 2004	June 30, 2004	September 30, 2005	September 30, 2004
Normalized net income	\$ 21,991	\$ 17,077	\$ 12,223	\$ 10,353	\$ 53,386	\$ 28,049
Normalized net income per share:						
Basic	\$ 0.16	\$ 0.13	\$ 0.10	\$ 0.08	\$ 0.40	\$ 0.23
Diluted	\$ 0.14	\$ 0.12	\$ 0.09	\$ 0.07	\$ 0.36	\$ 0.21
Shares used in normalized per share calculations:						
Basic	139,204	130,119	125,618	123,645	132,125	123,789
Diluted	159,994	149,986	147,294	146,408	152,336	146,449

Diluted shares used in normalized per share calculation - defined as diluted common shares outstanding used in GAAP net income per share calculation, less the effect of securities that are antidilutive or plus the effect of securities that are dilutive in normalized net income per share calculation

	Three months ended September 30, 2005	Nine months ended September 30, 2004
Diluted common shares outstanding used in GAAP net income per share calculation	160,362	133,557
Plus: effect of 1% convertible senior notes	-	12,892
Less: effect of 5 1/2% convertible subordinated notes	(368)	-
Diluted common shares outstanding used in normalized net income per share calculation	159,994	146,449

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

Cash operating expenses (excluding equity-related compensation, amortization and depreciation allocation)

	Three months ended				Nine months ended	
	September 30, 2005	June 30, 2005	September 30, 2004	June 30, 2004	September 30, 2005	September 30, 2004
GAAP operating expenses	\$ 41,620	\$ 34,731	\$ 28,073	\$ 27,076	\$ 108,576	\$ 83,062
Less: equity compensation	(1,383)	(657)	(249)	(273)	(2,267)	(1,052)
Less: amortization of intangibles	(2,296)	(520)	(12)	(12)	(2,828)	(36)
Less: depreciation and amortization	(881)	(660)	(1,024)	(1,106)	(2,680)	(3,724)
Cash operating expenses	\$ 37,060	\$ 32,694	\$ 26,788	\$ 25,685	\$ 100,801	\$ 78,250

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

Capex or Capital Expenditures

	Three months ended				Nine months ended	
	September 30, 2005	June 30, 2005	September 30, 2004	June 30, 2004	September 30, 2005	September 30, 2004
Purchases of property and equipment and capitalization of internal-use software	\$ 8,531	\$ 9,805	\$ 5,346	\$ 4,575	\$ 28,055	\$ 12,963