

**Akamai Technologies, Inc.**  
**Reconciliation of GAAP to Non-GAAP financial measures**  
**March 31, 2013**

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

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

The non-GAAP financial measures do not replace the presentation of the Company's GAAP financial results and should only be used as a supplement to, not as a substitute for, the Company's financial results presented in accordance with GAAP. Akamai has provided a reconciliation of each non-GAAP financial measure used in its financial reporting to the most directly comparable GAAP financial measure.

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

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

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Net income	\$ 71,487	\$ 68,292	\$ 43,227
Interest income, net	(1,608)	(1,590)	(1,646)
Provision for income taxes	31,177	29,236	29,557
Depreciation and amortization	34,414	47,648	39,112
Amortization of capitalized stock-based compensation	1,901	1,961	1,755
Amortization of acquired intangible assets	6,060	5,351	4,767
Stock-based compensation	22,931	21,405	20,924
Restructuring charges (benefits)	431	392	60
Gain on divestiture of a business, net	(1,188)	-	-
Acquisition-related costs (benefits)	337	680	4,452
Other expense (income), net	132	(200)	441
Adjusted EBITDA	<u>\$ 166,074</u>	<u>\$ 173,175</u>	<u>\$ 142,649</u>

**Adjusted EBITDA margin** – Adjusted EBITDA as a percentage of revenues.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Revenues	\$ 368,046	\$ 377,872	\$ 319,448
Adjusted EBITDA	166,074	173,175	142,649
Adjusted EBITDA margin	45%	46%	45%

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

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Net income	\$ 71,487	\$ 68,292	\$ 43,227
Amortization of acquired intangible assets	6,060	5,351	4,767
Stock-based compensation	22,931	21,405	20,924
Amortization of capitalized stock-based compensation	1,901	1,961	1,755
Restructuring charges (benefits)	431	392	60
Gain on divestiture of a business, net	(1,188)	-	-
Acquisition-related costs (benefits)	337	680	4,452
Income tax-effect of above non-GAAP adjustments	(8,726)	(8,054)	(9,889)
Non-GAAP net income	\$ 93,233	\$ 90,027	\$ 65,296

**Non-GAAP net income per share (Non-GAAP EPS)** – Non-GAAP net income divided by the basic weighted average or diluted common shares outstanding used in GAAP net income per share calculations.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Non-GAAP net income	\$ 93,233	\$ 90,027	\$ 65,296
Non-GAAP net income per share:			
Basic	\$ 0.52	\$ 0.51	\$ 0.37
Diluted	\$ 0.51	\$ 0.50	\$ 0.36
Shares used in per share calculations:			
Basic	177,899	177,479	178,120
Diluted	181,562	181,768	182,342

**Cash operating expenses (Cash opex)** – GAAP operating expenses (consisting of Research and Development, Sales and Marketing, General and Administrative expenses, Amortization of other intangible assets and Restructuring charges (benefits)), excluding stock-based compensation, amortization of acquired intangible assets, depreciation and amortization, restructuring charges and benefits and acquisition-related costs and benefits.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
GAAP operating expenses	\$ 146,466	\$ 142,640	\$ 122,944
Less: stock-based compensation	(20,304)	(18,700)	(18,218)
Less: amortization of acquired intangible assets	(6,060)	(5,351)	(4,767)
Less: depreciation and amortization	(5,576)	(5,582)	(4,553)
Less: restructuring (charges) benefits	(431)	(392)	(60)
Less: gain on divestiture of a business, net	1,188	-	-
Less: acquisition-related (costs) benefits	(337)	(680)	(4,452)
Cash operating expenses	<u>\$ 114,946</u>	<u>\$ 111,935</u>	<u>\$ 90,894</u>

**Cash cost of revenues** – GAAP cost of revenues excluding stock-based compensation and depreciation and amortization.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Cost of revenues per GAAP	\$ 120,392	\$ 139,494	\$ 124,925
Less: stock-based compensation	(2,627)	(2,705)	(2,706)
Less: depreciation and amortization	(30,739)	(44,027)	(36,314)
Cash cost of revenues	<u>\$ 87,026</u>	<u>\$ 92,762</u>	<u>\$ 85,905</u>

**Cash gross profit** – Revenues less cash cost of revenues.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Revenues	\$ 368,046	\$ 377,872	\$ 319,448
Cash cost of revenues	<u>87,026</u>	<u>92,762</u>	<u>85,905</u>
Cash gross profit	<u>\$ 281,020</u>	<u>\$ 285,110</u>	<u>\$ 233,543</u>

**Cash gross margin** – Cash gross profit as a percentage of revenues.

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Revenues	\$ 368,046	\$ 377,872	\$ 319,448
Cash gross profit	281,020	285,110	233,543
Cash gross margin	<u>76%</u>	<u>75%</u>	<u>73%</u>

**Revenues, adjusted for ADS divestiture** - Consolidated revenues excluding the impact of Akamai's Advertising Decision Solutions (ADS) divestiture.

	<b>Three months ended</b>		
	Mar. 31, 2013 Reported	<i>Less ADS</i>	Mar. 31, 2013 Adjusted
Revenues, adjusted for ADS divestiture	\$ 368,046	\$ (2,747)	\$ 365,299

	<b>Three months ended</b>		
	Mar. 31, 2012 Reported	<i>Less ADS</i>	Mar. 31, 2012 Adjusted
Revenues, adjusted for ADS divestiture	\$ 319,448	\$ (10,121)	\$ 309,327

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

	<b>Three months ended</b>		
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
Purchases of property and equipment	\$ 46,478	\$ 46,386	\$ 30,433
Capitalization of internal-use software development costs	16,998	14,283	12,911
Capex, excluding stock-based compensation	63,476	60,669	43,344
Capitalization of stock-based compensation	<u>2,938</u>	<u>2,582</u>	<u>2,298</u>
Capital Expenditures	<u>\$ 66,414</u>	<u>\$ 63,251</u>	<u>\$ 45,642</u>

**Capex margin** - Capital expenditures, or capex, as a percentage of revenues.

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

**Use of Constant Currency** - Revenues from the Company's international operations has historically represented a significant portion of its total revenues. As a result, the Company's revenues results have been impacted, and management expects it will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, if the local currencies of the Company's foreign subsidiaries weaken, its consolidated results stated in U.S. dollars are negatively impacted.

As exchange rates are an important factor in understanding period to period comparisons, management believes the presentation of revenue growth rates on a constant currency basis enhances the understanding of the Company's revenue results and evaluation of its performance in comparison to prior periods. The constant currency information presented is calculated by translating current period results using the same foreign currency exchange rates as the comparable prior period.

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

- **Amortization of acquired intangible assets**— Akamai has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions the Company has made. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization can vary significantly and are unique to each acquisition. Therefore, Akamai excludes amortization of acquired intangible assets to provide investors with a consistent basis for comparing pre- and post-acquisition operating results.
- **Stock-based compensation and Amortization of capitalized stock-based compensation** – Although stock-based compensation is an important aspect of the compensation to Akamai's employees and executives, the expense varies with changes in the stock price and market conditions at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award types. This makes the comparison of the Company's current financial results to previous and future periods difficult to interpret. Therefore, Akamai believes it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation in order to better understand the performance of the Company's core business performance and to be consistent with the way the investors evaluate its performance and comparison of its operating results to peer companies.
- **Restructuring charges (benefits)** – Akamai has incurred restructuring charges and benefits, included in its GAAP financial statements, primarily due to workforce reductions and estimated costs of exiting facility lease commitments. Akamai excludes these items when evaluating its continuing business performance as such items are not consistently recurring and not do reflect expected future operating expense, nor provide meaningful evaluation of current and past operations of its business.
- **Acquisition-related costs (benefits)** – Acquisition-related costs and benefits include transaction fees, due diligence costs and other one-time direct costs associated with strategic activities. In addition, subsequent adjustments to the Company's initial estimated amount of contingent consideration associated with specific acquisitions are included within acquisition-related costs and benefits. These amounts are impacted by the timing and size of the acquisitions. Akamai excludes acquisition-related costs and benefits to provide a useful comparison of the Company's operating results to prior periods and to its peer companies because such amounts vary significantly based on magnitude of its acquisition transactions.
- **Gain on divestiture of a business** – Akamai recognized gains associated with the divestiture of its Advertising Decision Solutions business. Akamai excludes gains on divestiture of a business because sales of this nature occur infrequently and are not considered part of the Company's core business operations.
- **Legal settlements, net, Loss (gain) on investments and Loss on early extinguishment of debt** – Akamai has incurred gains and losses associated with the resolution of certain legal actions, in connection with the impairment of certain investments and with the early extinguishment of convertible debt. Akamai believes excluding these amounts is useful to investors as these actions occur infrequently, are not representative of the Company's core business operations or meaningful in evaluating the Company's business results.
- **Income tax-effect of non-GAAP adjustments** – Akamai excludes the income tax impact of the non-GAAP adjustments described above to properly reflect the income attributable to its core operations. In addition, Akamai excludes tax benefits and charges which do not relate to the Company's core operations, for example valuation allowances and purchase accounting items.