

**FOR IMMEDIATE RELEASE**

**Contacts:**

Jeff Young  
Media Relations  
Akamai Technologies  
617-444-3913  
jyoung@akamai.com

Tom Barth  
Investor Relations  
Akamai Technologies  
617-274-7130  
tbarth@akamai.com

**AKAMAI REPORTS FOURTH QUARTER 2017 AND  
FULL-YEAR 2017 FINANCIAL RESULTS**

**Company exceeds fourth quarter guidance on top and bottom lines**

**Fourth quarter revenue of \$663 million, GAAP EPS of \$0.11 and non-GAAP EPS of \$0.69**

**Company records \$52 million restructuring charge to drive targeted operational efficiency improvements**

**CAMBRIDGE, Mass. – February 6, 2018** – Akamai Technologies, Inc. (NASDAQ: AKAM), the world's largest and most trusted cloud delivery platform, today reported financial results for the fourth quarter and full-year ended December 31, 2017.

“We were very pleased with how well the business performed in the fourth quarter. Our Web Division customer revenue grew 17%, Security product revenue grew 32% and Media traffic on Akamai’s platform grew faster than published growth rates for Internet traffic as a whole,” said Dr. Tom Leighton, Akamai’s Chief Executive Officer. “We believe our strong technology leadership and the momentum we’ve seen from the adoption of new products, coupled with continued focus on operational efficiency, position us to achieve solid top line growth as well as margin expansion in 2018.”

“We were pleased to see Media traffic growth accelerate in the fourth quarter, consistent with the trend we saw in the third quarter and demonstrating continued traction from the traffic-focused initiatives we initiated in the middle of last year,” said Adam Karon, Akamai’s Media Division General Manager. “With this momentum exiting 2017, we are confident that we will drive Media revenue growth throughout 2018.”

Akamai delivered the following results for the fourth quarter and full-year ended December 31, 2017:

**Revenue:** Revenue for the fourth quarter was \$663 million, an 8% increase over fourth quarter 2016 revenue of \$616 million and a 6% increase when adjusted for foreign exchange.\* Total revenue for 2017 was \$2.503 billion compared to \$2.340 billion for 2016, up 7% year-over-year and when adjusted for foreign exchange.\*

*Customer Revenue by Division<sup>(1)</sup>:*

- Web Division revenue for the fourth quarter was \$355 million, up 17% year-over-year and up 15% when adjusted for foreign exchange.\* Web Division revenue for 2017 was \$1.302 billion, up 15% year-over-year and when adjusted for foreign exchange.\*
- Media Division revenue for the fourth quarter was \$284 million, down 3% year-over-year and down 4% when adjusted for foreign exchange.\* Media Division revenue for 2017 was \$1.119 billion, down 1% year-over-year and when adjusted for foreign exchange.\*
- Enterprise and Carrier Division revenue for the fourth quarter was \$24 million, up 24% year-over-year and up 23% when adjusted for foreign exchange.\* Enterprise and Carrier Division revenue for 2017 was \$81 million, up 14% year-over-year and when adjusted for foreign exchange.\*

*Revenue by Solution Category<sup>(2)</sup>:*

- Performance and Security Solutions revenue for the fourth quarter was \$416 million, up 13% year-over-year and up 12% when adjusted for foreign exchange.\* Performance and Security Solutions revenue for 2017 was \$1.543 billion, up 14% year-over-year and when adjusted for foreign exchange.\*
- Cloud Security Solutions revenue, which is a component of Performance and Security Solutions revenue, was \$135 million for the fourth quarter, up 32% year-over-year and up 31% when adjusted for foreign exchange.\* Cloud Security Solutions revenue for 2017 was \$482 million, up 32% year-over-year and when adjusted for foreign exchange.\*
- Media Delivery Solutions revenue for the fourth quarter was \$190 million, down 3% year-over-year and down 4% when adjusted for foreign exchange.\* Media Delivery Solutions revenue for 2017 was \$739 million, down 6% year-over-year and when adjusted for foreign exchange.\*
- Service and Support Solutions revenue for the fourth quarter was \$57 million, up 9% year-over-year and up 8% when adjusted for foreign exchange.\* Service and Support Solutions revenue for 2017 was \$222 million, up 12% year-over-year and when adjusted for foreign exchange.\*

*Revenue by Geography:*

- U.S. revenue was \$430 million for the fourth quarter, a 1% increase over fourth quarter 2016 revenue. U.S. revenue for 2017 was \$1.648 billion, a 2% increase over 2016 revenue.
- International revenue was \$234 million for the fourth quarter, a 21% increase over fourth quarter 2016 revenue and a 17% increase when adjusted for foreign exchange.\* International revenue for 2017 was \$855 million, a 19% increase over 2016 revenue and when adjusted for foreign exchange.\*

*Revenue from Internet Platform Customers<sup>(3)</sup>:*

- Revenue from Internet Platform Customers for the fourth quarter was \$50 million, down 15% year-over-year and when adjusted for foreign exchange.\* Internet Platform Customer revenue for 2017 was \$203 million, down 19% year-over-year and when adjusted for foreign exchange.\*
- Revenue excluding Internet Platform Customers for the fourth quarter was \$614 million, up 10% year-over-year and up 9% when adjusted for foreign exchange.\* Revenue excluding Internet Platform Customers for 2017 was \$2.300 billion, up 10% year-over-year and when adjusted for foreign exchange.\*

**Income from operations:** GAAP income from operations for the fourth quarter was \$28 million, a 77% decrease from fourth quarter 2016 GAAP income from operations of \$124 million. The fourth quarter of 2017 was impacted by a \$52 million restructuring charge and a \$16 million charge due to the release of an indemnification asset related to a 2012 acquisition. GAAP operating margin for the fourth quarter was 4%, down 16 percentage points from the same period last year. GAAP income from operations for 2017 was \$316 million, a 31% decrease from the prior year's GAAP income from operations of \$460 million. Full-year GAAP operating margin was 13%, down 7 percentage points from the prior year.

Non-GAAP income from operations\* for the fourth quarter was \$155 million, an 11% decrease from fourth quarter 2016 non-GAAP income from operations of \$174 million. Non-GAAP operating margin\* for the fourth quarter was 23%, down 5 percentage points from the same period last year. Non-GAAP income from operations\* for 2017 was \$610 million, a 7% decrease from the prior year's non-GAAP income from operations of \$658 million. Full-year non-GAAP operating margin\* was 24%, down 4 percentage points from the prior year.

**Net Income:** GAAP net income for the fourth quarter was \$19 million, a 79% decrease from fourth quarter 2016 GAAP net income of \$92 million. The fourth quarter of 2017 was also impacted by a \$26 million provisional charge associated with U.S. tax reform, which is comprised of a \$43 million deemed repatriation tax on foreign earnings, partially offset by a \$17 million benefit from the re-measurement of deferred taxes as a result of the lower corporate tax rate. Full-year GAAP net income was \$218 million, a 31% decrease from 2016 GAAP net income of \$316 million.

Non-GAAP net income\* for the fourth quarter was \$118 million, a 7% decrease from fourth quarter 2016 non-GAAP net income of \$126 million. Full-year non-GAAP net income\* was \$453 million, a 5% decrease from 2016 non-GAAP net income of \$476 million.

**EPS:** GAAP EPS was \$0.11 per diluted share, a 79% decrease from fourth quarter 2016 GAAP EPS of \$0.52 and when adjusted for foreign exchange.\* The \$26 million provisional charge associated with U.S. tax reform impacted GAAP EPS by \$0.15 during the fourth quarter of 2017. Full-year GAAP EPS was \$1.26 per diluted share, a 30% decrease from 2016 GAAP EPS of \$1.79 per diluted share and a 28% decrease when adjusted for foreign exchange.\*

Non-GAAP EPS\* was \$0.69 per diluted share, a 4% decrease from fourth quarter 2016 non-GAAP EPS\* of \$0.72 and a 5% decrease when adjusted for foreign exchange.\* Full-year non-GAAP EPS\* was \$2.62 per diluted share, a 3% decrease from 2016 non-GAAP EPS\* of \$2.70 per diluted share and a 2% decrease when adjusted for foreign exchange.\*

**Adjusted EBITDA:** Adjusted EBITDA\* for the fourth quarter was \$241 million, a 3% decrease from fourth quarter 2016 Adjusted EBITDA\* of \$247 million. Adjusted EBITDA margin\* for the fourth quarter was 36%, down 4 percentage points from the same period last year. Adjusted EBITDA\* for the full-year was \$931 million, a 2% decrease from the prior year's Adjusted EBITDA\* of \$951 million. Full-year adjusted EBITDA margin\* was 37%, down 4 percentage points from the same period last year.

**Restructuring charge:** The Company recorded a \$52 million restructuring charge in the fourth quarter of 2017. These charges primarily include workforce reductions, facility closures and capitalized software impairments from decisions to deprioritize certain investment areas that have not achieved commercial success and returns on investments initially expected, most notably in the Media Division.

**Supplemental cash information:** Cash flows from operating activities for the fourth quarter was \$197 million, or 30% of revenue, and for the full-year was \$801 million, or 32% of revenue. Cash, cash equivalents and marketable securities were \$1.3 billion at December 31, 2017.

**Share repurchases:** The Company spent \$55 million in the fourth quarter to repurchase 1.0 million shares of its common stock at an average price of \$52.23 per share. For the full-year, the Company spent \$361 million to repurchase 6.9 million shares of its common stock at an average price of \$52.59 per share. The Company had approximately 170 million shares of common stock outstanding as of December 31, 2017.

\* See Use of Non-GAAP Financial Measures below for definitions

- (1) Customer revenue by division – A customer-focused reporting view that reflects revenue from customers that are managed by the division
- (2) Revenue by solution category – A product-focused reporting view that reflects revenue by solution purchased
- (3) Internet Platform Customers – Six customers that are large Internet platform companies: Amazon, Apple, Facebook, Google, Microsoft and Netflix

### Quarterly Conference Call

Akamai will host a conference call today at 4:30 p.m. ET that can be accessed through 1-844-578-9671 (or 1-508-637-5655 for international calls) and using passcode 5649408. A live webcast of the call may be accessed at [www.akamai.com](http://www.akamai.com) in the Investor section. In addition, a replay of the call will be available for two weeks following the conference by calling 1-855-859-2056 (or 1-404-537-3406 for international calls) and using passcode 5649408. The archived webcast of this event may be accessed through the Akamai website.

### About Akamai

As the world's largest and most trusted cloud delivery platform, Akamai makes it easier for its customers to provide the best and most secure digital experiences on any device, anytime, anywhere. Akamai's massively distributed platform is unparalleled in scale with over 200,000 servers across 130 countries, giving customers superior performance and threat protection. Akamai's portfolio of web and mobile performance, cloud security, enterprise access, and video delivery solutions are supported by exceptional customer service and 24/7 monitoring. To learn why the top financial institutions, e commerce leaders, media & entertainment providers, and government organizations trust Akamai please visit [www.akamai.com](http://www.akamai.com), [blogs.akamai.com](http://blogs.akamai.com), or @Akamai on Twitter.

**AKAMAI TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| <i>(in thousands)</i>                       | December<br>31, 2017 | December<br>31, 2016 |
|---|----------------------|----------------------|
| <b>ASSETS</b>                               |                      |                      |
| Current assets:                             |                      |                      |
| Cash and cash equivalents                   | \$ 313,382           | \$ 324,169           |
| Marketable securities                       | 398,554              | 512,849              |
| Accounts receivable, net                    | 459,127              | 368,596              |
| Prepaid expenses and other current assets   | 137,809              | 104,303              |
| Total current assets                        | <u>1,308,872</u>     | <u>1,309,917</u>     |
| Property and equipment, net                 | 862,535              | 801,017              |
| Marketable securities                       | 567,592              | 779,311              |
| Goodwill                                    | 1,498,688            | 1,228,503            |
| Acquired intangible assets, net             | 201,259              | 149,463              |
| Deferred income tax assets                  | 51,069               | 8,982                |
| Other assets                                | 112,829              | 95,953               |
| Total assets                                | <u>\$ 4,602,844</u>  | <u>\$ 4,373,146</u>  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                      |                      |
| Current liabilities:                        |                      |                      |
| Accounts payable                            | \$ 80,278            | \$ 76,120            |
| Accrued expenses                            | 283,743              | 238,777              |
| Deferred revenue                            | 77,705               | 52,972               |
| Other current liabilities                   | 22,178               | 6,719                |
| Total current liabilities                   | <u>463,904</u>       | <u>374,588</u>       |
| Deferred revenue                            | 6,839                | 3,758                |
| Deferred income tax liabilities             | 15,510               | 11,652               |
| Convertible senior notes                    | 662,913              | 640,087              |
| Other liabilities                           | 142,955              | 118,691              |
| Total liabilities                           | <u>1,292,121</u>     | <u>1,148,776</u>     |
| Total stockholders' equity                  | <u>3,310,723</u>     | <u>3,224,370</u>     |
| Total liabilities and stockholders' equity  | <u>\$ 4,602,844</u>  | <u>\$ 4,373,146</u>  |

**AKAMAI TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

|  | Three Months Ended   |                       |                      | Year Ended           |                      |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2017 | September<br>30, 2017 | December<br>31, 2016 | December<br>31, 2017 | December<br>31, 2016 |
| <i>(in thousands, except per share data)</i> |                      |                       |                      |                      |                      |
| Revenue                                      | \$ 663,452           | \$ 621,399            | \$ 616,124           | \$ 2,502,996         | \$ 2,340,049         |
| Costs and operating expenses:                |                      |                       |                      |                      |                      |
| Cost of revenue <sup>(1)(2)</sup>            | 229,937              | 225,468               | 203,475              | 875,758              | 809,001              |
| Research and development <sup>(1)</sup>      | 59,673               | 57,226                | 46,755               | 222,434              | 167,628              |
| Sales and marketing <sup>(1)</sup>           | 140,414              | 120,220               | 118,907              | 493,632              | 426,967              |
| General and administrative <sup>(1)(2)</sup> | 146,115              | 124,523               | 116,775              | 509,165              | 439,916              |
| Amortization of acquired intangible assets   | 7,829                | 7,753                 | 6,617                | 30,904               | 26,642               |
| Restructuring charges                        | 51,581               | 332                   | 65                   | 54,884               | 10,301               |
| Total costs and operating expenses           | 635,549              | 535,522               | 492,594              | 2,186,777            | 1,880,455            |
| Income from operations                       | 27,903               | 85,877                | 123,530              | 316,219              | 459,594              |
| Interest income                              | 4,487                | 4,463                 | 4,180                | 17,855               | 14,702               |
| Interest expense                             | (4,850)              | (4,746)               | (4,680)              | (18,839)             | (18,638)             |
| Other income, net                            | 473                  | 535                   | 2,784                | 887                  | 3,788                |
| Income before provision for income taxes     | 28,013               | 86,129                | 125,814              | 316,122              | 459,446              |
| Provision for income taxes                   | 8,906                | 25,617                | 34,175               | 97,801               | 143,314              |
| Net income                                   | \$ 19,107            | \$ 60,512             | \$ 91,639            | \$ 218,321           | \$ 316,132           |
| Net income per share:                        |                      |                       |                      |                      |                      |
| Basic  | \$ 0.11              | \$ 0.35               | \$ 0.53              | \$ 1.27              | \$ 1.81              |
| Diluted                                      | \$ 0.11              | \$ 0.35               | \$ 0.52              | \$ 1.26              | \$ 1.79              |
| Shares used in per share calculations:       |                      |                       |                      |                      |                      |
| Basic  | 169,429              | 170,976               | 173,337              | 171,559              | 174,917              |
| Diluted                                      | 170,727              | 171,505               | 175,284              | 172,711              | 176,215              |

(1) Includes stock-based compensation (see supplemental table for figures)

(2) Includes depreciation and amortization (see supplemental table for figures)

**AKAMAI TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | Three Months Ended   |                       |                      | Year Ended           |                      |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
|   | December<br>31, 2017 | September<br>30, 2017 | December<br>31, 2016 | December<br>31, 2017 | December<br>31, 2016 |
| <i>(in thousands)</i>   |                      |                       |                      |                      |                      |
| <b>Cash flows from operating activities:</b>  |                      |                       |                      |                      |                      |
| Net income  | \$ 19,107            | \$ 60,512             | \$ 91,639            | \$ 218,321           | \$ 316,132           |
| Adjustments to reconcile net income to net cash provided by operating activities:                 |                      |                       |                      |                      |                      |
| Depreciation and amortization   | 99,396               | 97,178                | 84,008               | 372,313              | 334,302              |
| Stock-based compensation  | 42,205               | 41,848                | 39,202               | 164,308              | 144,506              |
| (Benefit) provision for deferred income taxes   | (26,171)             | (14,066)              | 21,169               | (869)                | 7,308                |
| Amortization of debt discount and issuance costs  | 4,850                | 4,746                 | 4,680                | 18,839               | 18,638               |
| Restructuring-related software charges  | 31,965               | —                     | —                    | 31,965               | 4,587                |
| Other non-cash reconciling items, net   | 6,413                | 2,046                 | 2,461                | 10,068               | 5,987                |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:     |                      |                       |                      |                      |                      |
| Accounts receivable   | (44,626)             | (1,326)               | (19,375)             | (63,825)             | 3,356                |
| Prepaid expenses and other current assets   | 11,884               | 15,913                | 19,867               | (22,311)             | 23,881               |
| Accounts payable and accrued expenses   | 11,082               | 39,691                | (36,401)             | 33,232               | 18,491               |
| Deferred revenue  | 151                  | (9,415)               | (8,098)              | 1,142                | (1,213)              |
| Other current liabilities   | 12,727               | (2,250)               | 814                  | 16,378               | 5,484                |
| Other non-current assets and liabilities  | 28,458               | 1,414                 | (15,744)             | 21,422               | (9,647)              |
| Net cash provided by operating activities   | 197,441              | 236,291               | 184,222              | 800,983              | 871,812              |
| <b>Cash flows from investing activities:</b>  |                      |                       |                      |                      |                      |
| Cash paid for acquired businesses, net of cash acquired   | (171,872)            | —                     | (92,503)             | (369,073)            | (95,439)             |
| Purchases of property and equipment and capitalization of internal-use software development costs | (106,852)            | (119,740)             | (75,938)             | (414,778)            | (316,289)            |
| Purchases of short- and long-term marketable securities   | (77,399)             | (67,879)              | (166,253)            | (326,497)            | (781,061)            |
| Proceeds from sales and maturities of short- and long-term marketable securities                  | 154,390              | 85,263                | 166,044              | 652,769              | 722,577              |
| Other non-current assets and liabilities  | (203)                | (646)                 | 3,927                | (2,098)              | 782                  |
| Net cash used in investing activities   | (201,936)            | (103,002)             | (164,723)            | (459,677)            | (469,430)            |
| <b>Cash flows from financing activities:</b>  |                      |                       |                      |                      |                      |
| Proceeds from the issuance of common stock under stock plans                                      | 13,940               | 16,060                | 17,221               | 55,680               | 59,560               |
| Employee taxes paid related to net share settlement of stock-based awards                         | (10,273)             | (6,784)               | (6,985)              | (58,395)             | (45,545)             |
| Repurchases of common stock   | (54,565)             | (129,014)             | (78,927)             | (361,194)            | (373,794)            |
| Other non-current assets and liabilities  | —                    | —                     | —                    | (1,096)              | —                    |
| Net cash used in financing activities   | (50,898)             | (119,738)             | (68,691)             | (365,005)            | (359,779)            |
| Effects of exchange rate changes on cash and cash equivalents                                     | 623                  | 2,100                 | (8,442)              | 12,912               | (7,907)              |
| Net (decrease) increase in cash and cash equivalents  | (54,770)             | 15,651                | (57,634)             | (10,787)             | 34,696               |
| Cash and cash equivalents at beginning of period  | 368,152              | 352,501               | 381,803              | 324,169              | 289,473              |
| Cash and cash equivalents at end of period  | \$ 313,382           | \$ 368,152            | \$ 324,169           | \$ 313,382           | \$ 324,169           |

(1) On January 1, 2017, the Company adopted Accounting Standards Update No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*. Under this standard, excess tax benefits are no longer classified as a reduction of cash flows from operating activities. The Company retrospectively adopted this standard and revised cash flows from operating activities by \$2.4 million and \$5.5 million for the three months and year ended December 31, 2016, respectively. The increase caused a corresponding decrease to cash flows from financing activities.

**AKAMAI TECHNOLOGIES, INC.**  
**SUPPLEMENTAL REVENUE DATA BY DIVISION**

| <i>(in thousands)</i>  | Three Months Ended |                    |                   | Year Ended          |                     |
|--|--------------------|--------------------|-------------------|---------------------|---------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 | December 31, 2017   | December 31, 2016   |
| <b>Customer revenue by division<sup>(1)</sup>:</b>   |                    |                    |                   |                     |                     |
| Web Division   | \$ 354,889         | \$ 327,926         | \$ 304,196        | \$ 1,302,489        | \$ 1,132,858        |
| Media Division   | 284,395            | 273,415            | 292,394           | 1,119,282           | 1,136,150           |
| Enterprise and Carrier Division  | 24,168             | 20,058             | 19,534            | 81,225              | 71,041              |
| Total revenue  | <u>\$ 663,452</u>  | <u>\$ 621,399</u>  | <u>\$ 616,124</u> | <u>\$ 2,502,996</u> | <u>\$ 2,340,049</u> |
| <b>Revenue growth rates year-over-year:</b>  |                    |                    |                   |                     |                     |
| Web Division   | 17%                | 14%                | 13%               | 15%                 | 15%                 |
| Media Division   | (3)                | (1)                | (1)               | (1)                 | (2)                 |
| Enterprise and Carrier Division  | 24                 | 2                  | 26                | 14                  | 31                  |
| Total revenue  | <u>8%</u>          | <u>6%</u>          | <u>6%</u>         | <u>7%</u>           | <u>6%</u>           |
| <b>Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates<sup>(2)</sup>:</b> |                    |                    |                   |                     |                     |
| Web Division   | 15%                | 14%                | 13%               | 15%                 | 15%                 |
| Media Division   | (4)                | (1)                | —                 | (1)                 | (2)                 |
| Enterprise and Carrier Division  | 23                 | 1                  | 27                | 14                  | 31                  |
| Total revenue  | <u>6%</u>          | <u>6%</u>          | <u>7%</u>         | <u>7%</u>           | <u>7%</u>           |

**AKAMAI TECHNOLOGIES, INC.**  
**SUPPLEMENTAL REVENUE DATA BY SOLUTION CATEGORY**

| <i>(in thousands)</i>  | Three Months Ended |                    |                   | Year Ended          |                     |
|--|--------------------|--------------------|-------------------|---------------------|---------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 | December 31, 2017   | December 31, 2016   |
| <b>Revenue by solution category<sup>(3)</sup>:</b>   |                    |                    |                   |                     |                     |
| Performance and Security Solutions   | \$ 416,142         | \$ 381,461         | \$ 367,407        | \$ 1,542,558        | \$ 1,355,030        |
| Media Delivery Solutions   | 189,862            | 182,753            | 196,088           | 738,916             | 787,179             |
| Services and Support Solutions   | 57,448             | 57,185             | 52,629            | 221,522             | 197,840             |
| Total revenue  | <u>\$ 663,452</u>  | <u>\$ 621,399</u>  | <u>\$ 616,124</u> | <u>\$ 2,502,996</u> | <u>\$ 2,340,049</u> |
| <i>Cloud Security Solutions revenue</i>  | <u>\$ 135,202</u>  | <u>\$ 121,420</u>  | <u>\$ 102,072</u> | <u>\$ 481,515</u>   | <u>\$ 364,944</u>   |
| <b>Revenue growth rates year-over-year:</b>  |                    |                    |                   |                     |                     |
| Performance and Security Solutions   | 13%                | 11%                | 17%               | 14%                 | 17%                 |
| Media Delivery Solutions   | (3)                | (3)                | (10)              | (6)                 | (9)                 |
| Services and Support Solutions   | 9                  | 12                 | 14                | 12                  | 16                  |
| Total revenue  | <u>8%</u>          | <u>6%</u>          | <u>6%</u>         | <u>7%</u>           | <u>6%</u>           |
| <i>Cloud Security Solutions revenue growth rates</i>   | <u>32%</u>         | <u>27%</u>         | <u>41%</u>        | <u>32%</u>          | <u>43%</u>          |
| <b>Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates<sup>(2)</sup>:</b> |                    |                    |                   |                     |                     |
| Performance and Security Solutions   | 12%                | 10%                | 17%               | 14%                 | 17%                 |
| Media Delivery Solutions   | (4)                | (3)                | (10)              | (6)                 | (10)                |
| Services and Support Solutions   | 8                  | 12                 | 14                | 12                  | 16                  |
| Total revenue  | <u>6%</u>          | <u>6%</u>          | <u>7%</u>         | <u>7%</u>           | <u>7%</u>           |
| <i>Cloud Security Solutions revenue growth rates<sup>(2)</sup></i>   | <u>31%</u>         | <u>27%</u>         | <u>41%</u>        | <u>32%</u>          | <u>44%</u>          |

(1) See customer revenue by division definition in press release

(2) See Use of Non-GAAP Financial Measures below for a definition

(3) See revenue by solution category definition in press release

**AKAMAI TECHNOLOGIES, INC.**  
**SUPPLEMENTAL REVENUE DATA BY GEOGRAPHY**

| <i>(in thousands)</i>  | Three Months Ended |                    |                   | Year Ended          |                     |
|--|--------------------|--------------------|-------------------|---------------------|---------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 | December 31, 2017   | December 31, 2016   |
| <b>Revenue by geography:</b>   |                    |                    |                   |                     |                     |
| U.S.   | \$ 429,754         | \$ 408,544         | \$ 423,588        | \$ 1,647,948        | \$ 1,620,724        |
| International  | 233,698            | 212,855            | 192,536           | 855,048             | 719,325             |
| Total revenue  | <u>\$ 663,452</u>  | <u>\$ 621,399</u>  | <u>\$ 616,124</u> | <u>\$ 2,502,996</u> | <u>\$ 2,340,049</u> |
| <b>Revenue growth rates year-over-year:</b>  |                    |                    |                   |                     |                     |
| U.S.   | 1%                 | 1%                 | 2%                | 2%                  | 1%                  |
| International  | 21                 | 18                 | 18                | 19                  | 21                  |
| Total revenue  | <u>8%</u>          | <u>6%</u>          | <u>6%</u>         | <u>7%</u>           | <u>6%</u>           |
| <b>Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates<sup>(1)</sup>:</b> |                    |                    |                   |                     |                     |
| U.S.   | 1%                 | 1%                 | 2%                | 2%                  | 1%                  |
| International  | 17                 | 18                 | 19                | 19                  | 22                  |
| Total revenue  | <u>6%</u>          | <u>6%</u>          | <u>7%</u>         | <u>7%</u>           | <u>7%</u>           |

**AKAMAI TECHNOLOGIES, INC.**  
**SUPPLEMENTAL REVENUE DATA FOR INTERNET PLATFORM CUSTOMERS**

| <i>(in thousands)</i>  | Three Months Ended |                    |                   | Year Ended         |                    |
|--|--------------------|--------------------|-------------------|--------------------|--------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 | December 31, 2017  | December 31, 2016  |
| Revenue from Internet Platform Customers <sup>(2)</sup>  | \$ 49,790          | \$ 50,567          | \$ 58,468         | \$ 202,893         | \$ 250,509         |
| Revenue excluding Internet Platform Customers  | 613,662            | 570,832            | 557,656           | 2,300,103          | 2,089,540          |
| Total revenue  | <u>\$ 663,452</u>  | <u>\$ 621,399</u>  | <u>\$ 616,124</u> | <u>\$2,502,996</u> | <u>\$2,340,049</u> |
| <b>Revenue growth rates year-over-year:</b>  |                    |                    |                   |                    |                    |
| Revenue from Internet Platform Customers   | (15)%              | (13)%              | (36)%             | (19)%              | (34)%              |
| Revenue excluding Internet Platform Customers  | 10                 | 9                  | 14                | 10                 | 15                 |
| Total revenue  | <u>8 %</u>         | <u>6 %</u>         | <u>6 %</u>        | <u>7 %</u>         | <u>6 %</u>         |
| <b>Revenue growth rates year-over-year, adjusted for the impact of foreign exchange rates<sup>(1)</sup>:</b> |                    |                    |                   |                    |                    |
| Revenue from Internet Platform Customers   | (15)%              | (13)%              | (36)%             | (19)%              | (34)%              |
| Revenue excluding Internet Platform Customers  | 9                  | 8                  | 15                | 10                 | 15                 |
| Total revenue  | <u>6 %</u>         | <u>6 %</u>         | <u>7 %</u>        | <u>7 %</u>         | <u>7 %</u>         |

(1) See Use of Non-GAAP Financial Measures below for a definition

(2) See Internet Platform Customers definition in press release



**AKAMAI TECHNOLOGIES, INC.**  
**SUPPLEMENTAL OPERATING EXPENSE DATA**

| <i>(in thousands)</i>  | Three Months Ended |                    |                   | Year Ended        |                   |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|
|  | December 31, 2017  | September 30, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| <b>General and administrative expenses:</b>                          |                    |                    |                   |                   |                   |
| Payroll and related costs  | \$ 50,187          | \$ 51,605          | \$ 40,981         | \$ 194,199        | \$ 163,348        |
| Stock-based compensation   | 11,359             | 10,780             | 10,250            | 44,884            | 41,073            |
| Depreciation and amortization  | 19,845             | 19,686             | 17,699            | 76,128            | 65,780            |
| Facilities-related costs   | 21,071             | 20,399             | 19,004            | 80,452            | 72,549            |
| Provision for doubtful accounts                                      | 805                | 1,499              | 129               | 3,209             | 1,235             |
| Acquisition-related costs  | 19,995             | 530                | 538               | 23,373            | 1,028             |
| License of patent  | (4,169)            | (4,128)            | (4,162)           | (16,421)          | (8,577)           |
| Professional and other expenses                                      | 27,022             | 24,152             | 32,336            | 103,341           | 103,480           |
| Total general and administrative expenses                            | <u>\$ 146,115</u>  | <u>\$ 124,523</u>  | <u>\$ 116,775</u> | <u>\$ 509,165</u> | <u>\$ 439,916</u> |
| <b>General and administrative expenses—functional<sup>(1)</sup>:</b> |                    |                    |                   |                   |                   |
| Global functions   | \$ 52,818          | \$ 50,355          | \$ 51,826         | \$ 201,539        | \$ 189,485        |
| <i>As a percentage of revenue</i>                                    | 8%                 | 8%                 | 8%                | 8%                | 8%                |
| Infrastructure   | 76,666             | 76,267             | 68,444            | 297,465           | 255,855           |
| <i>As a percentage of revenue</i>                                    | 12%                | 12%                | 11%               | 12%               | 11%               |
| Other  | 16,631             | (2,099)            | (3,495)           | 10,161            | (5,424)           |
| Total general and administrative expenses                            | <u>\$ 146,115</u>  | <u>\$ 124,523</u>  | <u>\$ 116,775</u> | <u>\$ 509,165</u> | <u>\$ 439,916</u> |
| <i>As a percentage of revenue</i>                                    | 22%                | 20%                | 19%               | 20%               | 19%               |
| <b>Stock-based compensation:</b>                                     |                    |                    |                   |                   |                   |
| Cost of revenue  | \$ 5,259           | \$ 5,296           | \$ 5,063          | \$ 20,314         | \$ 18,287         |
| Research and development   | 10,121             | 10,100             | 8,822             | 38,864            | 29,739            |
| Sales and marketing  | 15,466             | 15,672             | 15,067            | 60,246            | 55,407            |
| General and administrative   | 11,359             | 10,780             | 10,250            | 44,884            | 41,073            |
| Total stock-based compensation                                       | <u>\$ 42,205</u>   | <u>\$ 41,848</u>   | <u>\$ 39,202</u>  | <u>\$ 164,308</u> | <u>\$ 144,506</u> |

(1) Global functions includes payroll, stock-based compensation and other employee-related costs for administrative functions, including finance, purchasing, order entry, human resources, legal, information technology and executive personnel, as well as third-party professional service fees. Infrastructure includes payroll, stock-based compensation and other employee-related costs for the Company's network and global facilities infrastructure functions, as well as facility rent expense, depreciation and amortization of facility and IT-related assets, software and software-related costs, business insurance and taxes. The Company's network infrastructure function is responsible for network planning, sourcing, architecture evaluation and platform security. Other includes acquisition-related costs, provision for doubtful accounts and the license of a patent.

**AKAMAI TECHNOLOGIES, INC.**  
**OTHER SUPPLEMENTAL FINANCIAL DATA**

|  | Three Months Ended   |                       |                      | Year Ended           |                      |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2017 | September<br>30, 2017 | December<br>31, 2016 | December<br>31, 2017 | December<br>31, 2016 |
| <i>(in thousands, except end of period statistics)</i>   |                      |                       |                      |                      |                      |
| <b>Depreciation and amortization:</b>  |                      |                       |                      |                      |                      |
| Network-related depreciation   | \$ 66,319            | \$ 64,369             | \$ 56,205            | \$ 246,702           | \$ 227,515           |
| Other depreciation and amortization  | 19,498               | 19,320                | 17,409               | 74,754               | 64,706               |
| Depreciation of property and equipment   | 85,817               | 83,689                | 73,614               | 321,456              | 292,221              |
| Capitalized stock-based compensation amortization  | 5,029                | 5,046                 | 3,323                | 17,518               | 13,752               |
| Capitalized interest expense amortization  | 721                  | 690                   | 454                  | 2,435                | 1,687                |
| Amortization of acquired intangible assets   | 7,829                | 7,753                 | 6,617                | 30,904               | 26,642               |
| Total depreciation and amortization  | <u>\$ 99,396</u>     | <u>\$ 97,178</u>      | <u>\$ 84,008</u>     | <u>\$ 372,313</u>    | <u>\$ 334,302</u>    |
| <b>Capital expenditures, excluding stock-based compensation and interest expense<sup>(1)(2)</sup>:</b> |                      |                       |                      |                      |                      |
| Purchases of property and equipment  | \$ 50,716            | \$ 62,755             | \$ 44,646            | \$ 234,493           | \$ 196,771           |
| Capitalized internal-use software development costs  | 43,074               | 45,213                | 33,114               | 166,329              | 140,081              |
| Total capital expenditures, excluding stock-based compensation and interest expense                    | <u>\$ 93,790</u>     | <u>\$ 107,968</u>     | <u>\$ 77,760</u>     | <u>\$ 400,822</u>    | <u>\$ 336,852</u>    |
| <b>End of period statistics:</b>   |                      |                       |                      |                      |                      |
| Number of employees  | 7,650                | 7,438                 | 6,490                |                      |                      |

(1) Capital expenditures presented in this table are reported on an accrual basis, which differs from the cash-basis presentation in the statements of cash flows. The primary difference between the two is the change in purchases of property and equipment and capitalization of internal-use software development costs accrued for, but not paid, at period end.

(2) See Use of Non-GAAP Financial Measures below for a definition

**AKAMAI TECHNOLOGIES, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP INCOME FROM OPERATIONS, NET INCOME AND NET**  
**INCOME PER DILUTED SHARE**

|   | Three Months Ended   |                       |                      | Year Ended           |                      |
|---|----------------------|-----------------------|----------------------|----------------------|----------------------|
|   | December<br>31, 2017 | September<br>30, 2017 | December<br>31, 2016 | December<br>31, 2017 | December<br>31, 2016 |
| <i>(in thousands, except per share data)</i>  |                      |                       |                      |                      |                      |
| Income from operations  | \$ 27,903            | \$ 85,877             | \$ 123,530           | \$ 316,219           | \$ 459,594           |
| GAAP operating margin   | 4%                   | 14%                   | 20%                  | 13%                  | 20%                  |
| Amortization of acquired intangible assets  | 7,829                | 7,753                 | 6,617                | 30,904               | 26,642               |
| Stock-based compensation  | 42,205               | 41,848                | 39,202               | 164,308              | 144,506              |
| Amortization of capitalized stock-based compensation and capitalized interest expense | 5,750                | 5,736                 | 3,777                | 19,953               | 15,439               |
| Restructuring charges   | 51,581               | 332                   | 65                   | 54,884               | 10,301               |
| Acquisition-related costs   | 19,995               | 530                   | 541                  | 23,374               | 1,064                |
| Legal matter costs  | —                    | —                     | —                    | —                    | 890                  |
| Operating adjustments   | 127,360              | 56,199                | 50,202               | 293,423              | 198,842              |
| Non-GAAP income from operations   | \$ 155,263           | \$ 142,076            | \$ 173,732           | \$ 609,642           | \$ 658,436           |
| Non-GAAP operating margin   | 23%                  | 23%                   | 28%                  | 24%                  | 28%                  |
| Net income  | \$ 19,107            | \$ 60,512             | \$ 91,639            | \$ 218,321           | \$ 316,132           |
| Operating adjustments (from above)  | 127,360              | 56,199                | 50,202               | 293,423              | 198,842              |
| Amortization of debt discount and issuance costs                                      | 4,850                | 4,746                 | 4,680                | 18,839               | 18,638               |
| Gain loss on investments  | (450)                | —                     | (4,807)              | (450)                | (4,807)              |
| Income tax-effect of above non-GAAP adjustments and certain discrete tax items        | (33,142)             | (14,802)              | (15,567)             | (77,385)             | (52,661)             |
| Non-GAAP net income   | 117,725              | 106,655               | 126,147              | 452,748              | 476,144              |
| GAAP net income per diluted share   | \$ 0.11              | \$ 0.35               | \$ 0.52              | \$ 1.26              | \$ 1.79              |
| Amortization of acquired intangible assets  | 0.05                 | 0.05                  | 0.04                 | 0.18                 | 0.15                 |
| Stock-based compensation  | 0.25                 | 0.24                  | 0.22                 | 0.95                 | 0.82                 |
| Amortization of capitalized stock-based compensation and capitalized interest expense | 0.03                 | 0.03                  | 0.02                 | 0.12                 | 0.09                 |
| Restructuring charges   | 0.30                 | —                     | —                    | 0.32                 | 0.06                 |
| Acquisition-related costs   | 0.12                 | —                     | —                    | 0.14                 | 0.01                 |
| Legal matter costs  | —                    | —                     | —                    | —                    | 0.01                 |
| Amortization of debt discount and issuance costs                                      | 0.03                 | 0.03                  | 0.03                 | 0.11                 | 0.11                 |
| Gain on investments   | —                    | —                     | (0.03)               | —                    | (0.03)               |
| Income tax effect of above non-GAAP adjustments and certain discrete tax items        | (0.19)               | (0.09)                | (0.09)               | (0.45)               | (0.30)               |
| Non-GAAP net income per diluted share   | \$ 0.69              | \$ 0.62               | \$ 0.72              | \$ 2.62              | \$ 2.70              |
| Shares used in diluted per share calculations   | 170,727              | 171,505               | 175,284              | 172,711              | 176,215              |

**AKAMAI TECHNOLOGIES, INC.**
**RECONCILIATION OF GAAP NET INCOME TO ADJUSTED EBITDA**

|  | Three Months Ended   |                       |                      | Year Ended           |                      |
|--|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2017 | September<br>30, 2017 | December<br>31, 2016 | December<br>31, 2017 | December<br>31, 2016 |
| <i>(in thousands, except per share data)</i>   |                      |                       |                      |                      |                      |
| Net income   | \$ 19,107            | \$ 60,512             | \$ 91,639            | \$ 218,321           | \$ 316,132           |
| Interest income  | (4,487)              | (4,463)               | (4,180)              | (17,855)             | (14,702)             |
| Provision for GAAP income taxes  | 8,906                | 25,617                | 34,175               | 97,801               | 143,314              |
| Depreciation and amortization  | 85,817               | 83,689                | 73,614               | 321,456              | 292,221              |
| Amortization of capitalized stock-based<br>compensation and capitalized interest expense | 5,750                | 5,736                 | 3,777                | 19,953               | 15,439               |
| Amortization of acquired intangible assets   | 7,829                | 7,753                 | 6,617                | 30,904               | 26,642               |
| Stock-based compensation   | 42,205               | 41,848                | 39,202               | 164,308              | 144,506              |
| Restructuring charges  | 51,581               | 332                   | 65                   | 54,884               | 10,301               |
| Acquisition-related costs  | 19,995               | 530                   | 541                  | 23,374               | 1,064                |
| Legal matter costs   | —                    | —                     | —                    | —                    | 890                  |
| Amortization of debt discount and issuance costs   | 4,850                | 4,746                 | 4,680                | 18,839               | 18,638               |
| Other income, net  | (473)                | (535)                 | (2,784)              | (887)                | (3,788)              |
| Adjusted EBITDA  | <u>\$ 241,080</u>    | <u>\$ 225,765</u>     | <u>\$ 247,346</u>    | <u>\$ 931,098</u>    | <u>\$ 950,657</u>    |
| <i>Adjusted EBITDA margin</i>  | <i>36%</i>           | <i>36%</i>            | <i>40%</i>           | <i>37%</i>           | <i>41%</i>           |

## Use of Non-GAAP Financial Measures

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, to measure executive compensation and to evaluate Akamai's financial performance. These non-GAAP financial measures are non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per share, Adjusted EBITDA, Adjusted EBITDA margin, capital expenditures and impact of foreign currency exchange rates, as discussed below.

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 the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. Management also believes that these non-GAAP financial measures enable investors to evaluate Akamai's operating results and future prospects in the same manner as management. These non-GAAP financial measures may exclude expenses and gains that may be unusual in nature, infrequent or not reflective of Akamai's ongoing operating results.

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

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

- **Amortization of acquired intangible assets** – Akamai has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions Akamai has made. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization can vary significantly and are unique to each acquisition; therefore, Akamai excludes amortization of acquired intangible assets from its non-GAAP financial measures 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 paid to Akamai's employees, the grant date fair value varies based on the stock price at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award types. This makes the comparison of Akamai's current financial results to previous and future periods difficult to interpret; therefore, Akamai believes it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from its non-GAAP financial measures in order to highlight the performance of Akamai's core business and to be consistent with the way many investors evaluate its performance and compare its operating results to peer companies.
- **Acquisition-related costs** – Acquisition-related costs include transaction fees, advisory fees, due diligence costs and other direct costs associated with strategic activities. In addition, subsequent adjustments to Akamai's initial estimated amounts of contingent consideration and indemnification associated with specific acquisitions are included within acquisition-related costs. These amounts are impacted by the timing and size of the acquisitions. Akamai excludes acquisition-related costs from its non-GAAP financial measures to provide a useful comparison of Akamai's operating results to prior periods and to its peer companies because such amounts vary significantly based on the magnitude of the acquisition transactions.
- **Restructuring charges** – Akamai has incurred restructuring charges that are included in its GAAP financial statements, primarily related to workforce reductions and estimated costs of exiting facility lease commitments. Akamai excludes these items from its non-GAAP financial measures when evaluating its continuing business performance as such items vary significantly based on the magnitude of the restructuring action and do not reflect expected future operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or past operations of its business.

- **Amortization of debt discount and issuance costs and amortization of capitalized interest expense** – In February 2014, Akamai issued \$690 million of convertible senior notes due 2019 with a coupon interest rate of 0%. The imputed interest rate of the convertible senior notes was approximately 3.2%. This is a result of the debt discount recorded for the conversion feature that is required to be separately accounted for as equity under GAAP, thereby reducing the carrying value of the convertible debt instrument. The debt discount is amortized as interest expense together with the issuance costs of the debt. All of Akamai's interest expense is comprised of these non-cash components and is excluded from management's assessment of the company's operating performance because management believes the non-cash expense is not representative of ongoing operating performance.
- **Legal matter costs** – Akamai has incurred losses from the settlement of legal matters and costs with respect to its internal U.S. Foreign Corrupt Practices Act ("FCPA") investigation in addition to the disgorgement Akamai was required to pay to resolve it. Akamai believes excluding these amounts from its non-GAAP financial measures is useful to investors as the types of events giving rise to them are not representative of Akamai's core business operations.
- **Income tax effect of non-GAAP adjustments and certain discrete tax items** – The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments is the difference between GAAP and non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes certain discrete tax items (such as recording or releasing of valuation allowances), if any. Akamai believes that applying the non GAAP adjustments and their related income tax effect allows Akamai to highlight income attributable to its core operations.

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

**Non-GAAP income from operations** – GAAP income from operations adjusted for the following items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; amortization of capitalized interest expense; acquisition-related costs; restructuring charges; benefit from adoption of software development activities; gains and other activity related to divestiture of a business; gains and losses on legal settlements; costs incurred with respect to Akamai's internal FCPA investigation; and other non-recurring or unusual items that may arise from time to time.

**Non-GAAP operating margin** – Non-GAAP income from operations stated as a percentage of revenue.

**Non-GAAP net income** – GAAP net income adjusted for the following tax-affected items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; acquisition-related costs; restructuring charges; benefit from adoption of software development activities; gains and other activity related to divestiture of a business; gains and losses on legal settlements; costs incurred with respect to Akamai's internal FCPA investigation; loss on early extinguishment of debt; amortization of debt discount and issuance costs; amortization of capitalized interest expense; certain gains and losses on investments; and other non-recurring or unusual items that may arise from time to time.

**Non-GAAP net income per share** – Non-GAAP net income divided by basic weighted average or diluted common shares outstanding. Basic weighted average shares outstanding are those used in GAAP net income per share calculations. Diluted weighted average shares outstanding are adjusted in non-GAAP per share calculations for the shares that would be delivered to Akamai pursuant to the note hedge transaction entered into in connection with the issuance of \$690 million of convertible senior notes due 2019. Under GAAP, shares delivered under hedge transactions are not considered offsetting shares in the fully-diluted share calculation until they are delivered. However, the company would receive a benefit from the note hedge transaction and would not allow the dilution to occur, so management believes that adjusting for this benefit provides a meaningful view of operating performance. Unless and until Akamai's weighted average stock price is greater than \$89.56, the initial conversion price, there will be no difference between GAAP and non-GAAP diluted weighted average common shares outstanding.

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

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

**Capital expenditures, or capex, excluding stock-based compensation and interest expense** – Purchases of property and equipment and capitalization of internal-use software development costs presented on an accrual basis, which differs from the cash-basis presentation included in the statements of cash flows. The primary difference between the two is the change in purchases of property and equipment and capitalization of internal-use software development costs accrued for, but not paid, at period end.

**Impact to GAAP EPS per diluted share from provisional charges associated with US tax reform** – Provisional charges recorded in the fourth quarter of 2017, as a result of US tax reform, impacted the Company's earnings per share. To calculate the per share impact, the one-time \$26 million net charge is divided by diluted weighted-average shares outstanding for the corresponding period.

**Impact of foreign currency exchange rates** – Revenue and earnings from international operations have historically been an important contributor to Akamai's financial results. Consequently, Akamai's financial results have been impacted, and management expects they will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, when the local currencies of our foreign subsidiaries weaken, our consolidated results stated in U.S. dollars are negatively impacted.

Because exchange rates are a meaningful factor in understanding period-to-period comparisons, management believes the presentation of the impact of foreign currency exchange rates on revenue and earnings enhances the understanding of our financial results and evaluation of performance in comparison to prior periods. The dollar impact of changes in foreign currency exchange rates presented is calculated by translating current period results using monthly average foreign currency exchange rates from the comparative period and comparing them to the reported amount. The percentage change at constant currency presented is calculated by comparing the prior period amounts as reported and the current period amounts translated using the same monthly average foreign currency exchange rates from the comparative period.

#### **Akamai Statement Under the Private Securities Litigation Reform Act**

This release and/or our quarterly earnings conference call scheduled for later today contain information about future expectations, plans and prospects of Akamai's management that constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995, including statements about expected revenue growth and margin improvement. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors including, but not limited to, failure of our investments in innovation to generate solutions that are accepted in the market; inability to increase our revenue and manage our expenses as planned; delay in developing or failure to develop new service offerings or functionalities, and if developed, lack of market acceptance of such service offerings and functionalities or failure of such solutions to operate as expected, and other factors that are discussed in the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, and other documents periodically filed with the SEC.

In addition, the statements in this press release and on such call represent Akamai's expectations and beliefs as of the date of this press release. Akamai anticipates that subsequent events and developments may cause these expectations and beliefs to change. However, while Akamai may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Akamai's expectations or beliefs as of any date subsequent to the date of this press release.