

Reconciliation of non-GAAP to GAAP financial measures

Akamai Technologies Inc.
June 30, 2004

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 (loss) before interest, taxes, depreciation, amortization, equity-related compensation, restructuring charges and benefits, certain gains and losses on equity investments, foreign exchange gains and losses, and loss on early extinguishment of debt

Adjusted-EBITDA	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Net income (loss)	\$ 6,803	\$ 2,921	\$ (14,646)	\$ (8,647)
Interest expense, net	2,045	3,158	4,268	4,228
Provision for income taxes	430	84	123	73
Depreciation	4,831	6,044	13,385	15,248
Amortization of intangible assets	12	12	12	2,198
Restructuring charges (benefits)	-	-	1,299	(9,820)
Equity-related compensation	274	533	3,268	2,971
Loss on early extinguishment of debt	3,264	2,018	-	-
(Gain) loss on investments, net	-	(11)	-	15
Other expense (income), net	85	138	(92)	295
Adjusted-EBITDA	\$ 17,744	\$ 14,897	\$ 7,617	\$ 6,561

Adjusted Gross EBITDA margin - defined as the percent of Adjusted EBITDA over revenue

Adjusted-EBITDA gross margin	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Revenue	\$ 50,786	\$ 48,367	\$ 37,759	\$ 36,564
Adjusted-EBITDA	17,744	14,897	7,617	6,561
Adjusted-EBITDA gross margin	35%	31%	20%	18%

Normalized net income (loss) - defined as net income (loss) before amortization on intangible assets, equity-related compensation, restructuring charges, benefits and certain gains and losses on equity investments, and loss on early extinguishment of debt

Normalized net income (loss)	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Net income (loss)	\$ 6,803	\$ 2,921	\$ (14,646)	\$ (8,647)
Amortization of intangible assets	12	12	12	2,198
Restructuring benefits	-	-	1,299	(9,820)
Equity-related compensation	274	533	3,268	2,971
Loss on early extinguishment of debt	3,264	2,018	-	-
(Gain) loss on investments, net	-	(11)	-	15
Normalized net income (loss)	<u>\$ 10,353</u>	<u>\$ 5,473</u>	<u>\$ (10,067)</u>	<u>\$ (13,283)</u>

Normalized net income (loss) per share - defined as normalized net income (loss) divided by the weighted average common shares outstanding

Normalized net income (loss) per share	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Normalized net income (loss)	\$ 10,353	\$ 5,473	\$ (10,067)	\$ (13,283)
Weighted-average common shares outstanding	123,645	122,104	117,109	116,398
Normalized net income (loss) per share	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ (0.09)</u>	<u>\$ (0.11)</u>

Cash cost of revenue or Network costs (excluding depreciation, amortization and equity related compensation) - defined as cost of revenue less depreciation, amortization and equity-related compensation

Network costs (excluding depreciation, amortization and equity-related compensation)	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Cost of revenue	\$ 11,151	\$ 12,215	\$ 15,832	\$ 17,885
Less: Depreciation and impairment of network-related equipment and amortization of internal-use software	3,793	4,519	9,146	10,890
Less: Equity-related compensation for employees who operate the network	1	3	135	129
Network costs (excluding depreciation, amortization and equity-related compensation)	<u>\$ 7,357</u>	<u>\$ 7,693</u>	<u>\$ 6,551</u>	<u>\$ 6,866</u>

Cash gross profit - defined as gross profit before network-related depreciation, amortization of internal-use software and equity-related compensation

Cash gross profit	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Revenue	\$ 50,786	\$ 48,367	\$ 37,759	\$ 36,564
Less: Network costs, excluding depreciation, amortization and equity-related compensation	7,357	7,693	6,551	6,866
Cash gross profit	<u>\$ 43,429</u>	<u>\$ 40,674</u>	<u>\$ 31,208</u>	<u>\$ 29,698</u>

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

Cash gross margin	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Revenue	\$ 50,786	\$ 48,367	\$ 37,759	\$ 36,564
Cash gross profit	43,429	40,674	31,208	29,698
Cash gross margin	86%	84%	83%	81%

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

Cash operating expenses (excluding equity-related compensation, amortization and depreciation allocation)	Three months ended			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Operating expenses:				
Research and development	\$ 2,832	\$ 2,656	\$ 2,227	\$ 2,445
Sales and marketing	13,548	13,681	11,382	10,109
General and administrative	9,305	9,440	9,982	10,583
Cash operating expenses	\$ 25,685	\$ 25,777	\$ 23,591	\$ 23,137
Cash gross profit	\$ 43,429	\$ 40,674	\$ 31,208	\$ 29,698
Less: Cash operating expenses	25,685	25,777	23,591	23,137
Adjusted-EBITDA	\$ 17,744	\$ 14,897	\$ 7,617	\$ 6,561

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			
	June 30, 2004	March 31, 2004	June 30, 2003	March 31, 2003
Purchases of property and equipment and capitalization of internal-use software	\$ 4,575	\$ 3,042	\$ 1,857	\$ 2,202