UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

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	**04-3432319**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

8 Cambridge Center
Cambridge, MA 02142
(617) 444-3000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant’s Principal Executive Offices)

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 (the “Exchange Act”) 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 x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The number of shares outstanding of the registrant’s common stock as of August 6, 2013: 178,158,848

AKAMAI TECHNOLOGIES, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements (Unaudited)***

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

(In thousands, expect share data)	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents (including restricted cash of $200 at December 31, 2012)	$ 204,865	$ 201,989
Marketable securities (including restricted securities of $222 and $57 at June 30, 2013 and December 31, 2012, respectively)	326,077	235,592
Accounts receivable, net of reserves of $4,632 and $3,807 at June 30, 2013 and December 31, 2012, respectively	237,286	218,777
Prepaid expenses and other current assets	70,734	51,604
Deferred income tax assets	20,422	20,422
Total current assets	859,384	728,384
Property and equipment, net	405,653	345,091
Marketable securities (including restricted securities of $50 and $43 at June 30, 2013 and December 31, 2012, respectively)	587,470	657,659
Goodwill	729,386	731,325
Acquired intangible assets, net	68,562	84,554
Deferred income tax assets	14,527	13,803
Other assets	60,288	39,811
Total assets	$ 2,725,270	$ 2,600,627
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 50,370	$ 43,291
Accrued expenses and other current liabilities	143,652	133,087
Deferred revenue	32,019	26,291
Accrued restructuring	533	275
Total current liabilities	226,574	202,944
Other liabilities	47,928	49,364
Deferred revenue	2,895	2,565
Total liabilities	277,397	254,873
Commitments, contingencies and guarantees (Note 15)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued or outstanding	—	—
Common stock, $0.01 par value; 700,000,000 shares authorized; 202,712,865 shares issued and 178,115,006 shares outstanding at June 30, 2013 and 200,199,536 shares issued and 177,782,814 shares outstanding at December 31, 2012	2,045	2,015
Additional paid-in capital	5,256,348	5,195,543
Accumulated other comprehensive loss	(10,955)	(1,640)
Treasury stock, at cost, 24,597,859 shares at June 30, 2013 and 22,416,722 shares at December 31, 2012	(707,245)	(624,462)
Accumulated deficit	(2,092,320)	(2,225,702)
Total stockholders' equity	2,447,873	2,345,754
Total liabilities and stockholders' equity	$ 2,725,270	$ 2,600,627

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

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AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except per share data)	2013	2012	2013	2012
Revenues	$ 378,106	$ 331,306	$ 746,152	$ 650,754
Costs and operating expenses:				
Cost of revenues	124,705	131,260	245,097	256,185
Research and development	20,597	17,542	42,502	35,022
Sales and marketing	67,825	56,480	130,515	105,475
General and administrative	61,351	53,596	116,731	105,238
Amortization of acquired intangible assets	5,734	5,463	11,794	10,230
Restructuring charge (benefit)	391	(46)	822	14
Total costs and operating expenses	280,603	264,295	547,461	512,164
Income from operations	97,503	67,011	198,691	138,590
Interest income	1,446	1,622	3,002	3,255
Other income, net	341	1,131	209	690
Gain on investments, net	31	4	83	17
Income before provision for income taxes	99,321	69,768	201,985	142,552
Provision for income taxes	37,426	25,529	68,603	55,086
Net income	$ 61,895	$ 44,239	$ 133,382	$ 87,466
Net income per share:				
Basic	$ 0.35	$ 0.25	$ 0.75	$ 0.49
Diluted	$ 0.34	$ 0.24	$ 0.73	$ 0.48
Shares used in per share calculations:				
Basic	177,891	178,547	177,895	178,333
Diluted	181,388	181,817	181,475	182,080

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

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2013	2012	2013	2012
Net income	$ 61,895	$ 44,239	$ 133,382	$ 87,466
Other comprehensive loss:				
Foreign currency translation adjustments	(3,746)	(3,702)	(7,760)	(3,030)
Change in unrealized (loss) gain on investments, net of income tax benefit (expense) of $913, $62, $903 and $(113) for the three and six months ended June 30, 2013 and 2012, respectively	(1,626)	(99)	(1,555)	181
Other comprehensive loss	(5,372)	(3,801)	(9,315)	(2,849)
Comprehensive income	$ 56,523	$ 40,438	$ 124,067	$ 84,617

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

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Cash flows from operating activities:		
Net income	$ 133,382	$ 87,466
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	86,501	95,746
Stock-based compensation	47,732	46,545
Provision for doubtful accounts	1,199	284
Excess tax benefits from stock-based compensation	(9,622)	(15,049)
Loss (gain) on disposal of property and equipment, net	309	(204)
Gain on divestiture of a business	(1,188)	—
Unrealized gain on convertible note receivable	(1,093)	—
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable	(35,203)	6,387
Prepaid expenses and other current assets	(19,106)	8,972
Accounts payable, accrued expenses and other current liabilities	25,311	10,141
Deferred revenue	6,612	4,141
Accrued restructuring	(223)	(2,869)
Other non-current assets and liabilities	(1,849)	495
Net cash provided by operating activities	232,762	242,055
Cash flows from investing activities:		
Cash received (paid) for acquired businesses, net of cash acquired	80	(291,638)
Purchases of property and equipment	(100,847)	(72,620)
Capitalization of internal-use software costs	(35,127)	(26,263)
Purchases of short- and long-term marketable securities	(309,875)	(416,494)
Proceeds from sales of short- and long-term marketable securities	77,720	110,161
Proceeds from maturities of short- and long-term marketable securities	209,473	141,424
Proceeds from the sale of property and equipment	426	12
Net cash used in investing activities	(158,150)	(555,418)
Cash flows from financing activities:		
Proceeds from the issuance of common stock under stock option plans	28,050	22,569
Excess tax benefits from stock-based compensation	9,622	15,049
Employee taxes paid related to net share settlement of stock-based awards	(21,125)	(24,196)
Repurchases of common stock	(82,782)	(75,126)
Net cash used in financing activities	(66,235)	(61,704)
Effects of exchange rate changes on cash and cash equivalents	(5,501)	(1,134)
Net increase (decrease) in cash and cash equivalents	2,876	(376,201)
Cash and cash equivalents at beginning of period	201,989	559,197
Cash and cash equivalents at end of period	$ 204,865	$ 182,996

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS, continued

	Six Months Ended June 30,	
	2013	2012
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 35,796	$ 35,563
Non-cash financing and investing activities:		
Purchases of property and equipment included in accrued expenses	$ 14,344	$ 13,103
Capitalization of stock-based compensation, net of impairments	$ 6,183	$ 4,133
Convertible note receivable received for divestiture of a business	$ 18,882	$ —

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

AKAMAI TECHNOLOGIES, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Basis of Presentation

Akamai Technologies, Inc. ("Akamai" or the "Company") provides services for accelerating and improving the delivery of content and applications over the Internet. Akamai's globally-distributed platform comprises more than 130,000 servers in 1,100 networks in 87 countries. The Company was incorporated in Delaware in 1998 and is headquartered in Cambridge, Massachusetts. Akamai currently operates in one industry segment: providing services for accelerating and improving delivery of content and applications over the Internet.

The accompanying interim consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. These financial statements include the accounts of Akamai and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying financial statements.

Certain information and footnote disclosures normally included in the Company's annual audited consolidated financial statements and accompanying notes have been condensed or omitted in these interim financial statements. Accordingly, the unaudited consolidated financial statements included herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Akamai's annual report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on March 1, 2013.

The results of operations presented in this quarterly report on Form 10-Q are not necessarily indicative of the results of operations that may be expected for any future periods. In the opinion of management, these unaudited consolidated financial statements include all adjustments and accruals, consisting only of normal recurring adjustments, that are necessary for a fair statement of the results of all interim periods reported herein.

Revision of Prior Period Amounts

In the first quarter of 2013, the Company conducted a reevaluation of its business model. Following the review, the Company determined it was appropriate to change the classification of cost of services and support and cost of network build-out and support from sales and marketing and general and administrative expenses, respectively, to costs of revenues because such costs directly support the Company's revenues. The Company has concluded that the prior classification was an error and that it is immaterial to all annual and quarterly periods previously presented. However, to facilitate period-over-period comparisons, the Company has revised its prior period financial statements to reflect the corrections in the period in which the expenses were incurred.

The effect of the revisions to the consolidated statements of operations for the three and six months ended June 30, 2012, is as follows (in thousands):

	Three Months Ended			Six Months Ended		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 107,457	$ 23,803	$ 131,260	$ 210,023	$ 46,162	$ 256,185
Research and development	17,542	—	17,542	35,022	—	35,022
Sales and marketing	75,882	(19,402)	56,480	143,172	(37,697)	105,475
General and administrative	57,997	(4,401)	53,596	113,703	(8,465)	105,238
Amortization of acquired intangible assets	5,463	—	5,463	10,230	—	10,230
Restructuring (benefit) charge	(46)	—	(46)	14	—	14
Total costs and operating expenses	$ 264,295	$ —	$ 264,295	$ 512,164	$ —	$ 512,164

The classification error did not affect reported revenues, total costs and operating expenses, income from operations, net income or net income per share; our cash flows; or any balance sheet line item. See Item 5 of this quarterly report for the impact on the periods reported in our 2012 annual report and in our 2012 quarterly reports.

2. Changes to Significant Accounting Policies

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. Property and equipment generally includes purchases of items with a per-unit value greater than $1,000 and a useful life greater than one year. Depreciation and amortization are computed on a straight-line basis over the estimated 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 of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income from operations.

The Company implemented software and hardware initiatives to manage its global network more efficiently and, as a result, the expected average useful life of its network assets, primarily servers, increased from three to four years effective January 1, 2013. This change decreased depreciation on network assets in place at January 1, 2013 by approximately $9.0 million and $19.7 million on an after-tax basis, or $0.05 and $0.11 per share, for the three and six months ended June 30, 2013, respectively.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued guidance and disclosure requirements for reporting of comprehensive income: amounts reclassified out of accumulated other comprehensive income. The guidance requires that an entity provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP. The guidance became effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2012. The adoption of this guidance in the first quarter of 2013 did not have a material impact on the Company's consolidated financial results.

3. Business Acquisitions and Divestitures

During 2012, the Company completed four acquisitions, in each case by purchasing all of the outstanding capital stock of the acquired company. The consolidated financial statements include the operating results of each business from the date of acquisition. Pro forma results of operations for these acquisitions have not been presented because the effects of the acquisitions, individually or in the aggregate, were not material to the Company’s consolidated financial results. The total amount of acquisition-related costs for the acquisitions completed in 2012 was approximately $5.8 million for the year ended December 31, 2012. These costs were included in general and administrative costs in the consolidated statements of operations.

The acquisitions completed in 2012 were accounted for using the purchase method of accounting. The total purchase consideration was allocated to the assets acquired and liabilities assumed at their estimated fair values as of the date of each acquisition, as determined by management and, with respect to identified intangible assets, by management with the assistance of an appraisal provided by a third-party valuation firm. The excess of the purchase price over the amounts allocated to assets acquired and liabilities assumed has been recorded as goodwill. Goodwill associated with these acquisitions will not be amortized and will be tested for impairment at least annually as required by the accounting guidance for goodwill and other intangible assets (see Note 10).

Verivue Acquisition

On December 4, 2012, the Company acquired all of the outstanding common and preferred stock of Verivue, Inc. ("Verivue") in exchange for $30.9 million in cash. In addition, the Company recorded a liability of $1.2 million for contingent consideration related to expected achievement of post-closing milestones. The Company acquired Verivue with a goal of complementing its Aura Network Solutions and accelerating time to market in providing a comprehensive, licensed content delivery network solution for network operators. The Company allocated $20.7 million of the cost of the acquisition to goodwill and $7.5 million to acquired intangible assets. The allocation of the purchase price is preliminary, pending the finalization of deferred tax assets and liabilities. The total weighted average useful life of the intangible assets acquired from Verivue is 6.4 years. The value of the goodwill from the acquisition can be attributed to a number of business factors, including a trained technical workforce in place in the United States and cost synergies. The total amount of goodwill related to the acquisition of Verivue expected to be deducted for tax purposes is $5.6 million. As of March 31, 2013, the Company determined the agreed upon post-closing milestones were not expected to be achieved and therefore reversed the $1.2 million liability recorded at December 31, 2012 for the contingent consideration and recorded it as general and administrative expense in the consolidated statement of operations. As of June 30, 2013, the Company continues to believe the milestones will not be achieved.

FastSoft Acquisition

On September 13, 2012, the Company acquired all of the outstanding common and preferred stock of FastSoft, Inc. ("FastSoft") in exchange for $14.4 million in cash. The Company acquired FastSoft with a goal of complementing the Company's media delivery solutions with technology for optimizing the throughput of video and other digital content across IP networks. The Company allocated $8.9 million of the cost of the acquisition to goodwill and $3.7 million to acquired intangible assets. The allocation of the purchase price is preliminary, pending the finalization of deferred tax assets and liabilities. The total weighted average useful life of the intangible assets acquired from FastSoft is 9.0 years. The value of the goodwill from the acquisition can be attributed to a number of business factors including a trained technical workforce in place in the United States and cost synergies. The total amount of goodwill related to the acquisition of FastSoft expected to be deducted for tax purposes is $2.0 million.

Cotendo Acquisition

On March 6, 2012, the Company acquired all of the outstanding common and preferred stock, including vested and unvested stock options, of Cotendo, Inc. ("Contendo") in exchange for $278.9 million in cash and assumption of unvested options. The Company acquired Cotendo with the intention of increasing the Company's pace of innovation in the areas of site acceleration and mobile optimization. The Company allocated $233.8 million of the cost of the acquisition to goodwill and $43.8 million to acquired intangible assets. The allocation of the purchase price has been finalized. The value of the goodwill from the acquisition of Cotendo can be attributed to a number of business factors, including potential sales opportunities to provide services to Cotendo customers; a trained technical workforce in place in the United States and Israel; an existing sales pipeline and a trained sales force; and cost synergies expected to be realized. The total weighted average amortization period for the intangible assets acquired from Cotendo is 7.1 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized. The total amount of goodwill related to the acquisition of Cotendo expected to be deducted for tax purposes is $45.0 million.

Blaze Acquisition

On February 7, 2012, the Company acquired all of the outstanding common and preferred stock, including vested and unvested stock options, of Blaze Software, Inc. ("Blaze") in exchange for $19.3 million in cash and assumption of unvested options. The Company acquired Blaze with a goal of complementing the Company's site acceleration solutions with technology designed to optimize the speed at which a web page is rendered. The Company allocated $15.1 million of the cost of the acquisition to goodwill and $5.1 million to acquired intangible assets. The allocation of the purchase price has been finalized. The total weighted average useful life of the intangible assets acquired from Blaze is 5.3 years. The value of the goodwill from this acquisition can be attributed to a number of business factors, including a trained technical workforce in place in Canada and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Blaze expected to be deducted for tax purposes is $13.5 million.

ADS Divestiture

Consistent with its strategy to prioritize higher-margin businesses, the Company sold its Advertising Decision Solutions ("ADS") business to MediaMath, Inc. ("MediaMath") in exchange for a $25.0 million face value convertible note receivable that is due and payable on July 24, 2014 (see Note 4). The transaction closed during the first quarter of 2013. These operations were not material to the Company's annual net sales, net income or earnings per share. No significant gains or losses were realized on this transaction. The accompanying interim consolidated financial statements for the six months ended June 30, 2013 include the impact of approximately one month of ADS operations prior to the sale. All assets and liabilities used by the business have been excluded from the consolidated balance sheet presentation. Simultaneously with the sale, the Company entered into a multi-year relationship agreement whereby MediaMath will have exclusive rights to leverage the Company's pixel-free technology for use within digital advertising and marketing applications.

4. Fair Value Measurements

The Company accounts for financial assets and liabilities in accordance with a fair value measurement accounting standard. The accounting standard provides a framework for measuring fair value under GAAP and requires expanded disclosures regarding fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The accounting standard also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are inactive, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including certain pricing models, discounted cash flow methodologies and similar techniques.

The following is a summary of available-for-sale marketable securities held as of June 30, 2013 and December 31, 2012 (in thousands):

		Gross Unrealized			Classification on Balance Sheet	
	Amortized Cost	Gains	Losses	Aggregate Fair Value	Short-term Marketable Securities	Long-term Marketable Securities
As of June 30, 2013						
Certificates of deposit	$ 272	$ —	$ —	$ 272	$ 222	$ 50
Commercial paper	7,496	3	—	7,499	7,499	—
Corporate bonds	716,669	558	(1,477)	715,750	298,816	416,934
U.S. government agency obligations	190,455	6	(435)	190,026	19,540	170,486
	$ 914,892	$ 567	$ (1,912)	$ 913,547	$ 326,077	$ 587,470
As of December 31, 2012						
Certificates of deposit	$ 3,100	$ —	$ —	$ 3,100	$ 3,057	$ 43
Commercial paper	7,481	2	(1)	7,482	7,482	—
Corporate bonds	691,931	1,269	(205)	692,995	217,548	475,447
U.S. government agency obligations	189,607	95	(28)	189,674	7,505	182,169
	$ 892,119	$ 1,366	$ (234)	$ 893,251	$ 235,592	$ 657,659

Unrealized gains and unrealized temporary losses on investments classified as available-for-sale are included within accumulated other comprehensive loss. Upon realization, those amounts are reclassified from accumulated other comprehensive loss to gain on investments, net in the statements of operations. As of June 30, 2013, the Company did not hold any investment-related assets that have been in a continuous loss position for more than 12 months.

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The following table details the fair value measurements within the fair value hierarchy of the Company's financial assets, including investments and cash equivalents and liabilities, at June 30, 2013 and December 31, 2012 (in thousands):

		Fair Value Measurements at Reporting Date Using		
	Total Fair Value	Level 1	Level 2	Level 3
As of June 30, 2013				
Cash Equivalents and Marketable Securities:				
Money market funds	$ 4,550	$ 4,550	$ —	$ —
Certificates of deposit	4,436	4,436	—	—
Commercial paper	7,499	—	7,499	—
Corporate bonds	715,750	—	715,750	—
U.S. government agency obligations	190,026	—	190,026	—
	$ 922,261	$ 8,986	$ 913,275	$ —
Other Assets:				
Note receivable	$ 19,975	$ —	$ —	$ 19,975
As of December 31, 2012				
Cash Equivalents and Marketable Securities:				
Money market funds	$ 22,255	$ 22,255	$ —	$ —
Certificates of deposit	7,473	7,473	—	—
Commercial paper	9,482	—	9,482	—
Corporate bonds	692,995	—	692,995	—
U.S. government agency obligations	189,674	—	189,674	—
	$ 921,879	$ 29,728	$ 892,151	$ —
Other Liabilities:				
Contingent consideration obligation related to Verivue acquisition	$ (1,200)	$ —	$ —	$ (1,200)

As of June 30, 2013 and December 31, 2012, the Company had grouped money market funds and certificates of deposit using a Level 1 valuation because market prices for such investments are readily available in active markets. As of June 30, 2013 and December 31, 2012, the Company had grouped commercial paper, U.S. government agency obligations and corporate bonds using a Level 2 valuation because quoted prices for identical or similar assets are available in markets that are inactive.

When developing fair value estimates, we maximize the use of observable inputs and minimize the use of unobservable inputs. When available, we use quoted market prices to measure fair value. The valuation technique used to measure fair value for our Level 1 and Level 2 assets is a market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets. If market prices are not available, the fair value measurement is based on models that use primarily market based parameters including yield curves, volatilities, credit ratings and currency rates. In certain cases where market rate assumptions are not available, we are required to make judgments about assumptions market participants would use to estimate the fair value of a financial instrument.

The valuation technique used to measure fair value for our Level 3 asset, which consists of a $25.0 million face value convertible note receivable that is due and payable on July 24, 2014, is primarily an income approach, where the expected weighted average future cash flows are discounted back to present value. The significant unobservable inputs used in the fair value measurement of the convertible note receivable are the probability of conversion to equity and the fair value of equity in which the note is convertible into. The valuation assumed a 90% probability of being converted to equity. If a 70% probability of conversion was used, the fair value of the note would have been $21.1 million.

The valuation technique used to measure fair value of our Level 3 liability, which consists of contingent consideration related to the acquisition of Verivue, is primarily an income approach. The significant unobservable inputs used in the fair value measurement of the contingent consideration are the likelihood of achieving defined levels of specified and other customer revenue and payments to these levels.

Significant increases or decreases in the underlying assumptions used to value our Level 3 asset and liability held at June 30, 2013 and December 31, 2012, respectively, could significantly increase or decrease the fair value estimates recorded in the consolidated balance sheet.

Contractual maturities of the Company's available-for-sale marketable securities held at June 30, 2013 and December 31, 2012 were as follows (in thousands):

	June 30, 2013	December 31, 2012
Due in 1 year or less	$ 326,077	$ 235,592
Due after 1 year through 5 years	587,470	657,659
	$ 913,547	$ 893,251

The following tables reflect the activity for the Company's major classes of assets and liabilities measured at fair value using Level 3 inputs for the six months ended June 30, 2013 (in thousands):

	Other Assets: Note Receivable	Other Liabilities: Contingent Consideration Obligation
Balance as of January 1, 2013	$ —	$ (1,200)
Fair value adjustment to contingent consideration for acquisition of Verivue included in general and administrative expense	—	1,200
Convertible note receivable from divestiture of a business	18,882	—
Unrealized gain on convertible note receivable included in general and administrative expense	1,093	—
Balance as of June 30, 2013	$ 19,975	$ —

5. Accounts Receivable

Net accounts receivable consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Trade accounts receivable	$ 163,220	$ 143,533
Unbilled accounts	78,698	79,051
Gross accounts receivable	241,918	222,584
Allowance for doubtful accounts	(1,137)	(1,154)
Reserve for cash-basis customers	(3,495)	(2,653)
Total accounts receivable reserves	(4,632)	(3,807)
Accounts receivable, net	$ 237,286	$ 218,777

The Company's accounts receivable balance includes unbilled amounts that represent revenues recorded for customers that are typically billed monthly in arrears. The Company records reserves against its accounts receivable balance. These reserves consist of allowances for doubtful accounts and reserves for cash-basis customers. Increases and decreases in the allowance for doubtful accounts are included as a component of general and administrative expenses. The Company's reserve for cash-basis customers increases as services are provided to customers where collection is no longer assured. Increases to the reserve for cash-basis customers are recorded as reductions of revenues. The reserve decreases and revenue is recognized when and if cash payments are received.

Estimates are used in determining these reserves and are based upon the Company's review of outstanding balances on a customer-specific, account-by-account basis. The allowance for doubtful accounts is based upon a review of customer receivables from prior sales with collection issues where the Company no longer believes that the customer has the ability to pay for services previously provided. The Company also performs ongoing credit evaluations of its customers. If such an evaluation indicates that payment is no longer reasonably assured for services provided, any future services provided to that customer will result in the creation of a cash-basis reserve until the Company receives consistent payments. The Company does not have any off-balance sheet credit exposure related to its customers.

6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	June 30, 2013	December 31, 2012
Payroll and other related benefits	$ 52,293	$ 75,039
Bandwidth and co-location	20,838	27,260
Income, property and other taxes	61,458	22,093
Professional service fees	4,309	3,643
Other	4,754	5,052
Total	$ 143,652	$ 133,087

7. Net Income per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the applicable period. Diluted net income per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential common stock. Potential common stock consists of shares issuable pursuant to stock options, deferred stock units and restricted stock units ("RSUs") issued by the Company.

The following table sets forth the components used in the computation of basic and diluted net income per share (in thousands, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Numerator:				
Net income	$ 61,895	$ 44,239	$ 133,382	$ 87,466
Denominator:				
Shares used for basic net income per share	177,891	178,547	177,895	178,333
Effect of dilutive securities:				
Stock options	1,724	2,092	1,750	2,259
RSUs and deferred stock units	1,773	1,178	1,830	1,488
Shares used for diluted net income per share:	181,388	181,817	181,475	182,080
Basic net income per share	$ 0.35	$ 0.25	$ 0.75	$ 0.49
Diluted net income per share	$ 0.34	$ 0.24	$ 0.73	$ 0.48

For the three and six months ended June 30, 2013 and 2012, certain potential outstanding stock options and service-based RSUs were excluded from the computation of diluted earnings per share because the effect of including these options and RSUs would be anti-dilutive. Additionally, certain performance-based RSUs were excluded from the computation of diluted net income per share because the underlying performance conditions for such RSUs had not been met as of these dates. The number of potentially outstanding shares excluded from the computation of diluted earnings per share are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Options	1,888	3,084	2,018	2,883
Service-based RSUs	159	1,858	327	1,441
Performance-based RSUs	1,148	2,424	1,148	2,276
Total shares excluded from computation	3,195	7,366	3,493	6,600

The calculation of assumed proceeds used to determine the diluted weighted average shares outstanding under the treasury stock method in the periods presented was adjusted by tax windfalls and shortfalls associated with all of the Company’s outstanding stock awards. Such windfalls and shortfalls are computed by comparing the tax deductible amount of outstanding stock awards to their grant date fair values and multiplying the results by the applicable statutory tax rate. A positive result creates a windfall, which increases the assumed proceeds, and a negative result creates a shortfall, which reduces the assumed proceeds.

8. Stockholders’ Equity

Stock Repurchase Program

In April 2012, the Company's Board of Directors authorized a $150.0 million stock repurchase program covering a twelve-month period commencing on May 1, 2012. In January 2013, the Board of Directors authorized a $150.0 million extension of its share repurchase program, effective for a twelve-month period beginning February 1, 2013. The timing and amount of any future share repurchases will be determined by the Company’s management based on its evaluation of market conditions and other factors. Repurchases may also be made under a Rule 10b5-1 plan, which would permit the Company to repurchase shares when the Company might otherwise be precluded from doing so under insider trading laws. The Company may choose to suspend or discontinue the repurchase program at any time. Any purchases made under the program will be reflected as an increase in cash used for financing activities. Unused amounts from the May 2012 program were not carried over to the program approved in January 2013.

During the three and six months ended June 30, 2013, the Company repurchased 1.1 million and 2.2 million shares, respectively, of its common stock for $42.5 million and $82.8 million, respectively. During the three and six months ended June 30, 2012, the Company repurchased 2.2 million and 2.4 million shares, respectively, of its common stock for $67.2 million and $75.1 million, respectively. As of June 30, 2013, the Company had $76.8 million remaining available for future purchases of shares under the current repurchase program.

Stock-Based Compensation Expense

The following table summarizes the components of total stock-based compensation expense included in the Company's consolidated statements of operations for the three and six months ended June 30, 2013 and 2012 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Stock-based compensation by type of award:				
Stock options	$ 3,104	$ 4,366	$ 6,293	$ 7,466
Deferred stock units	1,705	1,885	1,705	1,885
RSUs	21,608	19,734	42,526	38,462
Shares issued under the Employee Stock Purchase Plan	1,629	1,471	3,391	2,865
Amounts capitalized as internal-use software	(3,245)	(1,835)	(6,183)	(4,133)
Total stock-based compensation before income taxes	24,801	25,621	47,732	46,545
Less: Income tax benefit	(9,345)	(9,375)	(16,309)	(17,872)
Total stock-based compensation, net of taxes	$ 15,456	$ 16,246	$ 31,423	$ 28,673
Effect of stock-based compensation on income by line item:				
Cost of revenues	$ 2,718	$ 3,063	$ 5,345	$ 5,769
Research and development expense	3,867	4,901	8,236	8,831
Sales and marketing expense	9,799	8,814	19,230	16,925
General and administrative expense	8,417	8,843	14,921	15,020
Provision for income taxes	(9,345)	(9,375)	(16,309)	(17,872)
Total cost related to stock-based compensation, net of taxes	$ 15,456	$ 16,246	$ 31,423	$ 28,673

In addition to the amounts of stock-based compensation reported in the table above, the Company's consolidated statements of operations for the three and six months ended June 30, 2013 include stock-based compensation reflected as a component of amortization of capitalized internal-use software of $2.0 million and $3.9 million, respectively, before taxes. The Company's consolidated statements of operations for the three and six months ended June 30, 2012 include stock-based compensation reflected as a component of amortization of capitalized internal-use software of $1.9 million and $3.7 million, respectively, before taxes.

9. Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, which is reported as a component of stockholders' equity, for the six months ended June 30, 2013 (in thousands):

	Foreign Currency Translation Adjustments	Net Unrealized Gain (Loss) on Investments	Total
Balance as of January 1, 2013	$ (2,354)	$ 714	$ (1,640)
Other comprehensive loss, net of tax	(7,760)	(1,555)	(9,315)
Balance as of June 30, 2013	$ (10,114)	$ (841)	$ (10,955)

The tax effect on accumulated unrealized gain (loss) on investments was $(0.5) million and $0.4 million as of June 30, 2013 and December 31, 2012, respectively. Amounts reclassified from accumulated other comprehensive loss to net income were insignificant for the six months ended June 30, 2013.

10. Goodwill and Acquired Intangible Assets

The Company has recorded goodwill and acquired intangible assets as a result of business acquisitions that occurred between 2000 and 2012. The Company also acquired license rights from the Massachusetts Institute of Technology in 1999. In February 2012, the Company recorded goodwill of $15.1 million and acquired intangible assets of $5.1 million as a result of the acquisition of Blaze. In March 2012, the Company recorded goodwill of $233.8 million and acquired intangible assets of $43.8 million as a result of the acquisition of Cotendo. In September 2012, the Company recorded goodwill of $8.9 million and acquired intangible assets of $3.7 million as a result of the acquisition of FastSoft. In December 2012, the Company recorded goodwill of $20.7 million and acquired intangible assets of $7.5 million as a result of the acquisition of Verivue (see Note 3).

In accordance with current accounting standards, goodwill is not amortized as it does not qualify as an amortizing intangible asset. The Company tests goodwill for impairment at least annually as required by the accounting guidance for goodwill and acquired intangible assets. Through the date the consolidated financial statements were issued, no triggering events had occurred that would indicate a potential impairment exists.

The changes in the carrying amount of goodwill were as follows (in thousands):

Balance as of January 1, 2013	$	731,325
Divestiture of Advertising Decision Solutions business		(1,939)
Balance as of June 30, 2013	$	729,386

Acquired intangible assets that are subject to amortization consist of the following (in thousands, except for years):

	June 30, 2013			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period in Years
Completed technology	$ 62,331	$ (30,666)	$ 31,665	6
Customer relationships	100,400	(71,533)	28,867	9
Non-compete agreements	9,170	(3,716)	5,454	4
Trademarks and trade names	3,400	(824)	2,576	9
Acquired license rights	490	(490)	—	10
Total	$ 175,791	$ (107,229)	$ 68,562	

	December 31, 2012			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period in Years
Completed technology	$ 71,531	$ (32,842)	$ 38,689	6
Customer relationships	104,700	(68,702)	35,998	9
Non-compete agreements	14,770	(7,645)	7,125	5
Trademarks and trade names	3,700	(958)	2,742	9
Acquired license rights	490	(490)	—	10
Total	$ 195,191	$ (110,637)	$ 84,554	

Aggregate expense related to amortization of acquired intangible assets for the three and six months ended June 30, 2013 was $5.7 million and $11.8 million, respectively. Aggregate expense related to amortization of acquired intangible assets for the three and six months ended June 30, 2012 was $5.5 million and $10.2 million, respectively. Based on the Company's acquired intangible assets as of June 30, 2013, aggregate expense related to amortization of acquired intangible assets is expected to be $9.6 million for the remainder of 2013, and $18.8 million, $16.2 million, $11.4 million and $7.6 million for 2014, 2015, 2016 and 2017, respectively.

11. Concentration of Credit Risk

Financial instruments that subject the Company to credit risk consist of cash and cash equivalents, marketable securities, accounts receivable and the convertible note receivable issued to it by MediaMath. The Company maintains the majority of its cash, cash equivalents and marketable securities balances with major financial institutions that the Company believes are of high credit standing.

Concentrations of credit risk with respect to accounts receivable are primarily limited to certain customers to which the Company makes substantial sales. The Company's customer base consists of a large number of geographically dispersed customers diversified across several industries. To reduce risk, the Company routinely assesses the financial strength of its customers. Based on such assessments, the Company believes that its accounts receivable credit risk exposure is limited. As of June 30, 2013 and December 31, 2012, one customer accounted for greater than 10% of the Company's accounts receivable. The Company believes that, at June 30, 2013, concentration of credit risk related to accounts receivable was not significant.

12. Segment and Geographic Information

The Company's chief decision-maker, as defined under the authoritative guidance that discusses disclosures about segments of an enterprise and related information, is its Chief Executive Officer and executive management team. As of June 30, 2013, the Company operated in one industry segment: providing services for accelerating and improving the delivery of content and applications over the Internet. The Company is managed and operated as one business and does not have separate reportable segments as defined in the guidance. A single management team that reports to the Chief Executive Officer comprehensively manages the entire business.

The Company deploys its servers into networks worldwide. As of June 30, 2013, the Company had $264.3 million and $141.4 million of property and equipment, net of accumulated depreciation, located in the United States and in foreign locations, respectively. As of December 31, 2012, the Company had $225.5 million and $119.6 million of property and equipment, net of accumulated depreciation, located in the United States and in foreign locations, respectively.

The Company sells its services through a direct sales force and through channel partners located both in the United States and abroad. The following table summarizes the percentage of the Company's revenues derived from operations outside of the United States:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues derived from outside of the United States	29%	27%	29%	28%
Revenues derived from Europe	17%	17%	17%	17%

No single country outside the United States accounted for 10% or more of revenues during these periods. For the three and six months ended June 30, 2013 and 2012, no customer accounted for 10% or more of total revenues.

13. Income Taxes

The Company’s effective income tax rate, including discrete items, was 34.0% and 38.6% for the six months ended June 30, 2013 and 2012, respectively. The effective income tax rate is based upon estimated income for the year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods, including retroactive changes in tax legislation, settlements of tax audits or assessments, the resolution or identification of tax position uncertainties, and acquisitions of other companies.

The discrete items include the tax effect of the reinstatement of the federal research and development credit at the beginning of 2013, which was retroactive to 2012, certain stock options and interest and penalties related to uncertain tax positions. For the six months ended June 30, 2013, the effective income tax rate was lower than the federal statutory tax rate mainly due to the composition of income in foreign jurisdictions that is taxed at lower rates compared to the statutory tax rates in the United States, as well as the reinstatement of the federal research and development credit at the beginning of 2013, which was retroactive to 2012. For the six months ended June 30, 2012, the effective income tax rate was higher than the federal statutory tax rate mainly due to the effects of accounting for stock-based compensation in accordance with the authoritative guidance for share-based payments and state income tax expense.

During 2012, the Company corrected errors in its reported income tax expense attributable to prior fiscal periods. During the six months ended June 30, 2013, the Company concluded the review which gave rise to the corrections and recorded an additional $1.4 million of income tax expense.

14. Forward Currency Contracts

The assets and liabilities of the Company's international 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. Resulting currency translation adjustments are recorded as a component of accumulated other comprehensive loss, a separate component of stockholders’ equity. Gains and losses on inter-company and other non-functional currency transactions are recorded in other income, net in the consolidated statements of operations. For the three and six months ended June 30, 2013, the Company recorded an immaterial amount of net foreign currency losses. For the three and six months ended June 30, 2012, the Company recorded net foreign currency gains of $1.0 million and $0.5 million, respectively, in the consolidated statement of operations.

The Company has entered into short-term foreign currency forward contracts to offset foreign exchange gains and losses generated by the re-measurement of certain assets and liabilities recorded in non-functional currencies. Changes in the fair value of these derivatives, as well as re-measurement gains and losses, are recognized in current earnings in other income, net in the consolidated statements of operations. As of June 30, 2013 and December 31, 2012, the fair value of the forward currency contracts and the underlying net loss for the three and six months ended June 30, 2013 and 2012 were immaterial.

The Company's foreign currency forward contracts include credit risk to the extent that the counterparties may be unable to meet the terms of the agreements. The Company seeks to minimize counterparty credit (or repayment) risk by entering into transactions only with major financial institutions of investment grade credit rating.

15. Commitments, Contingencies and Guarantees

Operating Lease Commitments

The Company leases its facilities under non-cancelable operating leases. These operating leases expire at various dates through May 2022 and generally require the payment of real estate taxes, insurance, maintenance and operating costs. The expected minimum aggregate future obligations under non-cancelable leases as of June 30, 2013 were as follows (in thousands):

Remaining 2013	$ 13,355
2014	25,846
2015	23,845
2016	19,961
2017	19,113
Thereafter	34,169
Total	$ 136,289

Purchase Commitments

The Company has long-term commitments for bandwidth usage and co-location services with various network and Internet service providers. The following table reflects the Company's minimum commitments pursuant to these contracts in effect as of June 30, 2013, as well as aggregate purchase order commitments with various vendors (in thousands):

	Payments Due by Period					
	Total	Remainder of 2013	2014	2015	2016	2017
Bandwidth and co-location agreements	$ 73,034	$ 53,032	$ 16,244	$ 3,000	$ 559	$ 199
Open vendor purchase orders	79,544	71,832	5,768	1,944	—	—
Total	$ 152,578	$ 124,864	$ 22,012	$ 4,944	$ 559	$ 199

Litigation

The Company is party to various litigation matters that management considers routine and incidental to its business. Management does not expect the results of any of these routine actions to have a material impact on the Company’s business, results of operations, financial condition or cash flows.

Guarantees

The Company has identified guarantees in accordance with the authoritative guidance for guarantor’s accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others, which is an interpretation of previous accounting statements and a rescission of previous guidance. This guidance elaborates on the existing disclosure requirements for most guarantees, including loan guarantees such as standby letters of credit. The guidance also clarifies that at the time an entity issues a guarantee, that entity must recognize an initial liability for the fair value, or market value, of the obligation it assumes under the guarantee and must disclose that information in its interim and annual financial statements. The Company evaluates losses for guarantees under the statement for accounting for contingencies, as interpreted by the guidance for guarantor's accounting and disclosure requirements for guarantees, including direct guarantees of indebtedness of others. The Company considers such factors as the degree of probability that the Company would be required to satisfy the liability associated with the guarantee and the ability to make a reasonable estimate of the amount of loss. To date, the Company has not incurred material costs as a result of such obligations and has not accrued any liabilities related to such obligations in its financial statements. The fair value of the Company's outstanding guarantees as of June 30, 2013 was determined to be immaterial.

16. Restructuring

In prior years, the Company implemented workforce reductions of employees from all areas of the Company. The Company recorded restructuring charges for the amount of one-time benefits provided to affected employees. Included in these costs was a net increase in non-cash, stock-based compensation reflecting a modification of certain stock-based awards previously granted to the affected employees. Additionally, in connection with excess and vacated facilities under long-term non-cancelable leases, the Company recorded a restructuring charge for the estimated future lease payments, less estimated sublease income, for these vacated facilities. For the six months ended June 30, 2013, the Company recorded additional restructuring charges related to workforce reductions and relocation expenses.

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

	Leases	Severance	Total
Beginning balance, January 1, 2013	$ 517	$ 124	$ 641
Restructuring charge	—	822	822
Cash payments	(61)	(560)	(621)
Ending balance, June 30, 2013	$ 456	$ 386	$ 842
Current portion of accrued restructuring	$ 147	$ 386	$ 533
Long-term portion of accrued restructuring	$ 309	$ —	$ 309

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

This quarterly report on Form 10-Q, particularly Management's Discussion and Analysis of Financial Condition and Results of Operations set forth below, and notes to our unaudited consolidated financial statements included herein contain "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 as of the date hereof based on information currently available to our management. Use of words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "should," "forecasts," "if," "continues," "goal," "likely" or similar expressions indicates a forward-looking statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions. Actual results may differ materially from the forward-looking statements we make. See "Risk Factors" elsewhere in this quarterly report on Form 10-Q for a discussion of certain risks associated with our business. We disclaim any obligation to update forward-looking statements as a result of new information, future events or otherwise.

We provide services for accelerating and improving the delivery of content and applications over the Internet. We primarily derive income from sales of services to customers executing contracts with terms of one year or longer, which we refer to as recurring revenue contracts or long-term contracts. This allows us to have a consistent and predictable base level of revenue which is important to our financial success. Accordingly, to be successful, we must maintain our base of recurring revenue contracts by minimizing customer cancellations or terminations and limiting the impact of price reductions reflected in contract renewals, and build on that base by adding new customers and increasing the number of services, features and functionalities that our existing customers purchase. Accomplishing these goals requires that we compete effectively in the marketplace on the basis of quality, price and the attractiveness of our services and technology.

Overview of Financial Results

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues	100.0%	100.0 %	100.0%	100.0%
Cost of revenues	33.0	39.6	32.8	39.3
Research and development expense	5.5	5.3	5.7	5.4
Sales and marketing expense	17.9	17.0	17.5	16.2
General and administrative expense	16.2	16.2	15.6	16.2
Amortization of acquired intangible assets	1.5	1.7	1.6	1.6
Restructuring charge (benefit)	0.1	—	0.1	—
Total costs and operating expenses	74.2	79.8	73.3	78.7
Income from operations	25.8	20.2	26.7	21.3
Interest income	0.4	0.5	0.4	0.5
Other income, net	0.1	0.4	—	0.1
Gain on investments, net	—	—	—	—
Income before provision for income taxes	26.3	21.1	27.1	21.9
Provision for income taxes	9.9	7.7	9.2	8.5
Net income	16.4%	13.4 %	17.9%	13.4%

We have observed the following trends and events that are likely to have an impact on our financial condition, results of operations or cash flows in the foreseeable future:

Revenues and Customers

- During each of the first two quarters of 2013, we were able to offset lost committed recurring revenues by adding new customers and increasing sales of incremental services to our existing customers. A continuation of this trend could lead to increased revenues. Overall revenues were also favorably impacted by amounts we were paid for traffic usage in excess of committed amounts and other one-time events.
- In recent years, our unit prices offered to some customers declined as a result of increased competition. These price reductions have primarily impacted customers for which we deliver high volumes of traffic over our network, such as

digital media customers. To increase or maintain revenues and our profit margin, it is important that we continue to offset price declines with increased traffic, increased sales of incremental services to existing customers, enhanced efficiencies in our network and lower co-location and bandwidth expenses.

- During each of the first two quarters of 2013, we experienced an increase in the rate of traffic in our video and software download solutions as compared to the first two quarters of 2012. Our ability to generate revenue growth would be enhanced if the rate of traffic continues to increase.
- We have historically experienced variations in revenue from quarter to quarter. We see seasonal impacts of higher revenues in the fourth quarter of the year and lower revenues during the summer months, which we primarily attribute such to patterns of usage of e-commerce services by our retail customers. We have also experienced quarterly variations in revenues attributable to our software download solutions due to the nature and timing of software releases by our customers. If these variable trends continue, our ability to generate quarterly revenue growth on a sequential basis could be impacted.
- For the six months ended June 30, 2013, revenues derived from customers outside the United States accounted for 29% of our total revenues. For the remainder of 2013, we anticipate revenues from such customers as a percentage of our total revenues to be consistent with the first half of 2013.

Costs and Expenses

- During each of the first two quarters of 2013, we continued to reduce our network bandwidth costs per unit and to invest in internal-use software development to improve the performance and efficiency of our network. We believe our total bandwidth costs will continue to increase as a result of expected higher traffic levels, but will be partially offset by anticipated continued reductions in bandwidth costs per unit. To achieve these lower bandwidth costs per unit, we must effectively route traffic over our network through lower cost providers and continue to reduce our overall bandwidth pricing.
- Co-location costs are a significant percentage of total cost of revenues. By improving our internal-use software and managing our hardware deployments to enable us to use servers more efficiently, we believe we can manage the growth of co-location costs by deploying fewer servers. We will need to continue to achieve such cost reductions to maintain and improve our profitability.
- Depreciation and amortization expense related to our network equipment and internal-use software development costs decreased by $13.4 million during the first two quarters of 2013 as compared to the first two quarters of 2012. We implemented software and hardware initiatives to manage our global network more efficiently, and as a result, the expected average useful life of our network assets, primarily servers, increased from three to four years, effective January 1, 2013. This change is expected to continue to decrease depreciation expense related to our network equipment during 2013, as compared to 2012. Conversely, we expect to continue to enhance and add functionality to our service offerings, which would increase our internal-use software development costs attributable to employees working on such projects. As a result, we believe that the amortization of internal-use software development costs, which we include in cost of revenues, will be higher in 2013 as compared to 2012.
- We expect to continue to grant restricted stock units, or RSUs, to employees in the future; therefore, we anticipate that stock-based compensation will increase in 2013 as compared to 2012. As of June 30, 2013, our total unrecognized compensation costs for stock-based awards were $164.0 million, which we expect to recognize as expense over a weighted average period of 1.3 years. We expect to recognize this expense through 2017.
- During the six months ended June 30, 2013, our effective income tax rate was 34.0%. We expect our annual effective income tax rate in 2013 to increase slightly in the remaining quarters of 2013. This expectation does not take into consideration the effect of other discrete items that may be recorded as a result of our compliance with the accounting guidance for stock-based compensation, any tax planning strategies or the effect of changes in tax laws and regulations.
- During the six months ended June 30, 2013, we have increased our headcount by 379 full-time employees and expect to continue to add resources as we continue to release new products and services, as well as continue our global expansion.

Based on our analysis of, among other things, the aforementioned trends and events, as of the date of this quarterly report on Form 10-Q, we expect to continue to generate net income on a quarterly and annual basis during 2013; however, our future results are likely to be affected by the factors discussed in the paragraphs above as well as those identified in the section captioned “Risk Factors” and elsewhere in this quarterly report on Form 10-Q, including our ability to:

- increase our revenue by adding customers through recurring revenue contracts and limiting customer cancellations and terminations;

- offset unit price declines for our services with higher volumes of traffic delivered over our network as well as increased sales of value-added services;
- prevent disruptions to our services and network due to accidents or intentional attacks; and
- maintain our network bandwidth and co-location costs and other operating expenses consistent with our revenues.

Our management's discussion and analysis of our financial condition and results of operations is based upon our unaudited consolidated financial statements included elsewhere in this quarterly report on Form 10-Q, which we have prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, for interim periods and with Regulation S-X promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act. The preparation of these unaudited consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related items, including, but not limited to, revenue recognition, accounts receivable and related reserves, valuation and impairment of investments, marketable securities and note receivable, goodwill and acquired intangible assets, capitalized internal-use software costs, impairment and useful lives of long-lived assets, tax reserves, loss contingencies and stock-based compensation costs. We base our estimates and judgments on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time they are made. Actual results may differ from our estimates. See the section entitled "Application of Critical Accounting Policies and Estimates" in our annual report on Form 10-K for the year ended December 31, 2012 for further discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board, or FASB, issued guidance and disclosure requirements for reporting of comprehensive income: amounts reclassified out of accumulated other comprehensive income. The guidance requires that an entity provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP. The guidance became effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2012. The adoption of this guidance in the first quarter of 2013 did not have a material impact on our consolidated financial results.

Results of Operations

Revenues

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2013	2012	% Change	2013	2012	% Change
Revenues	$ 378.1	$ 331.3	14.1%	$ 746.2	$ 650.8	14.7%

During the three and six months ended June 30, 2013, the increase in our revenues was driven by strong demand for our services across our solution categories and in each geographic region. The increase in our revenues is attributable to the addition of new customers, increased sales of incremental services to our existing customers, amounts earned for traffic usage in excess of committed amounts and other one-time events. These contributions to higher revenues were partially offset by lost committed recurring revenues and price declines. Changes in foreign currency exchange rates negatively impacted our revenues during the second quarter of 2013 as compared to 2012.

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The following table quantifies the contribution to revenues during the periods presented from our solution categories (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Media Delivery Solutions	$ 179.4	$ 158.0	13.5 %	$ 360.6	$ 313.0	15.2 %
Performance and Security Solutions	167.9	140.6	19.4	324.5	274.6	18.2
Service and Support Solutions	31.4	22.2	41.4	59.0	42.6	38.5
Advertising Decision Solutions and other	(0.6)	10.5	(105.7)	2.1	20.6	(89.8)
Total revenues	$ 378.1	$ 331.3	14.1 %	$ 746.2	$ 650.8	14.7 %

The increase in Media Delivery Solutions revenues for the three and six month periods ended June 30, 2013, as compared to the same periods in 2012, was due to increased online media consumption and higher software download volumes. The increase was partially offset by a large media customer finalizing the removal of its video content from our platform during the second quarter of 2013 and the resulting loss in revenues as compared to the same period in 2012.

The increase in Performance and Security Solutions revenues for the three and six month periods ended June 30, 2013, as compared to the same periods in 2012, was due to increase in demand for our performance and security solutions from both new and existing customers.

The increase in the Service and Support Solutions revenues for the three and six month period ended June 30, 2013, as compared to the same periods in 2012, was due to an increase in sales of our enterprise-class services and support offerings with our core solution offerings.

The following table quantifies the contribution to revenues during the periods presented from the industry verticals in which we sell our services (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Media and entertainment	$ 162.1	$ 139.6	16.1%	$ 322.3	$ 274.1	17.6%
Commerce	77.5	70.9	9.3	154.3	142.5	8.3
Enterprise	57.2	44.6	28.3	110.8	87.2	27.1
High tech	61.2	56.9	7.6	120.9	111.4	8.5
Public sector	20.1	19.3	4.1	37.9	35.6	6.5
Total revenues	$ 378.1	$ 331.3	14.1%	$ 746.2	$ 650.8	14.7%

A significant portion of the increase in revenues attributable to our media and entertainment vertical was driven by traffic growth stemming from increased online media consumption. Revenues from our commerce and enterprise verticals increased due to growth in application and cloud performance solutions, particularly security-related solutions, sold to customers in these verticals. Revenues from our high tech vertical grew due to increased demand for cloud performance solutions and a moderate increase in our software download volumes as compared to 2012.

For the three and six months ended June 30, 2013, approximately 29% of our revenues were derived from our operations located outside of the United States, including 17% derived from Europe. For the three and six months ended June 30, 2012, approximately 27% and 28%, respectively, of our revenues were derived from operations outside of the United States, including 17% derived from Europe. No single country outside of the United States accounted for 10% or more of revenues during any of these periods. During the quarter, we had strong growth in our Asia Pacific geography.

For the three and six months ended June 30, 2013, resellers accounted for 20% of revenues as compared to 21% of revenues for the three and six months ended June 30, 2012. For the three and six months ended June 30, 2013 and 2012, no single customer accounted for 10% or more of revenues.

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Cost of Revenues

Cost of revenues was comprised of the following for the periods presented (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Bandwidth, network build-out and support-related fees	$ 30.0	$ 33.2	(9.6)%	$ 59.2	$ 64.5	(8.2)%
Co-location fees	32.4	33.0	(1.8)	65.0	66.8	(2.7)
Payroll and related costs	27.5	22.1	24.4	52.8	42.9	23.1
Stock-based compensation, including amortization of prior capitalized amounts	4.6	5.0	(8.0)	9.0	9.4	(4.3)
Depreciation and impairment of network equipment	20.0	28.7	(30.3)	38.5	55.5	(30.6)
Amortization of internal-use software	10.2	9.3	9.7	20.6	17.1	20.5
Total cost of revenues	$ 124.7	$ 131.3	(5.0)%	$ 245.1	$ 256.2	(4.3)%
As a percentage of revenues	*33.0%*	*39.6%*		*32.8%*	*39.3%*	

We have continued to reduce our network bandwidth costs per unit, which contributed to the decrease in our cost of revenues in the three and six months ended June 30, 2013 as compared to the same periods in 2012. These decreases were the result of recent initiatives to manage our global network more efficiently.

This net decrease in cost of revenues was primarily due to decreases in:

- depreciation expense of network equipment of approximately $11.0 million and $25.1 million for the three and six months ended June 30, 2013, respectively, due to software and hardware initiatives we have implemented to manage our global network more efficiently, resulting in an increase in the expected average useful life of our network assets, primarily servers, from three to four years, effective January 1, 2013; and
- amounts paid to network providers due to lower bandwidth and service-related fees due to reduced bandwidth costs per unit.

These decreases were partially offset by increases in:

- payroll and related costs of service personnel due to headcount growth to support our revenue growth; and
- amortization of internal-use software as we continued to invest in our infrastructure.

Additionally, for each of the three and six months ended June 30, 2013 and 2012, cost of revenues included stock-based compensation expense and amortization of capitalized stock-based compensation. Such expense decreased for the three and six months ended June 30, 2013 as compared to the same period in 2012. Cost of revenues during the three and six months ended June 30, 2013 also included credits received of approximately $1.6 million and $5.0 million, respectively, from settlements and renegotiations entered into in connection with billing disputes related to bandwidth contracts. Cost of revenues during the three and six months ended June 30, 2012 included credits received of approximately $2.8 million and $4.8 million, respectively.

We have long-term purchase commitments for bandwidth usage and co-location services with various network and Internet service providers. For the remainder of 2013 and for the years ending December 31, 2014, 2015, 2016 and 2017, our minimum commitments related to bandwidth usage and co-location services as of June 30, 2013 were approximately $53.0 million, $16.2 million, $3.0 million, $0.6 million and $0.2 million, respectively.

We believe that cost of revenues will increase during the remaining quarters of 2013 as compared to the first two quarters of 2013. We expect to deploy more servers and deliver more traffic on our network, which will result in higher expenses associated with the increased traffic and additional co-location fees; however, such costs are likely to be partially offset by lower bandwidth costs per unit and continued efficiency in network deployment. Additionally, for the remainder of 2013, we anticipate amortization of internal-use software development costs to increase, along with increased payroll and related costs, as we continue to make investments in our network in the expectation that our customer base will continue to expand. We expect that the depreciation expense for the remainder of 2013 will be lower than depreciation expense reported in the same period in 2012 due to the change in estimated useful lives of our network equipment.

We have revised cost of revenues reported in 2012 in the table above as a result of a reevaluation of our business model. Costs which were previously classified as sales and marketing and general and administrative are now classified as cost of revenues. See Note 1 to the unaudited consolidated financial statements included in this quarterly report for additional information and amounts revised.

Research and Development Expenses

Research and development expenses were comprised of the following for the periods presented (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Payroll and related costs	$ 32.5	$ 24.3	33.7 %	$ 64.3	$ 49.2	30.7 %
Stock-based compensation	3.9	4.9	(20.4)	8.2	8.8	(6.8)
Capitalized salaries and related costs	(17.0)	(12.5)	36.0	(32.4)	(24.8)	30.6
Other expenses	1.2	0.8	50.0	2.4	1.8	33.3
Total research and development	$ 20.6	$ 17.5	17.7 %	$ 42.5	$ 35.0	21.4 %
As a percentage of revenues	*5.5%*	*5.3%*		*5.7%*	*5.4%*	

The increases during the three and six month periods ended June 30, 2013, as compared to the same periods in 2012, were due to increases in payroll and related costs as a result of continued growth in headcount to invest in new product development, partially offset by increases in capitalized salaries and related costs.

Research and development costs are expensed as incurred, other than certain internal-use software development costs eligible for capitalization. These development costs consisted of external consulting expenses and payroll and related costs for personnel involved in the development of internal-use software used to deliver our services and operate our network. During the three and six months ended June 30, 2013, we capitalized $3.1 million and $5.9 million, respectively, of stock-based compensation. For the three and six months ended June 30, 2012, we capitalized $1.7 million and $3.9 million, respectively, of stock-based compensation. These capitalized internal-use software costs are amortized to cost of revenues over their estimated useful lives of two years.

We believe that research and development expenses, in absolute dollar terms, will increase during the remaining quarters of 2013 as compared to the first two quarters of 2013 as we expect to continue to hire additional development personnel in order to make improvements to our core technology and develop new services.

Sales and Marketing Expenses

Sales and marketing expenses were comprised of the following for the periods presented (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Payroll and related costs	$ 44.1	$ 36.0	22.5%	$ 85.2	$ 66.8	27.5%
Stock-based compensation	9.8	8.8	11.4	19.2	16.9	13.6
Marketing and related costs	6.5	5.7	14.0	14.4	12.0	20.0
Other expenses	7.4	6.0	23.3	11.7	9.8	19.4
Total sales and marketing	$ 67.8	$ 56.5	20.0%	$ 130.5	$ 105.5	23.7%
As a percentage of revenues	*17.9%*	*17.0%*		*17.5%*	*16.2%*	

The increase in sales and marketing expenses during the three and six months ended June 30, 2013, as compared to the same periods in 2012, was primarily due to higher payroll and related costs, as we invested in our marketing strategy to support new product introductions and our ongoing geographic expansion.

We believe that sales and marketing expenses will increase, in absolute dollar terms, during the remaining quarters of 2013 as compared to the first two quarters of 2013 due to an expected increase in payroll and related costs as a result of continued headcount growth in our sales and marketing organization.

General and Administrative Expenses

General and administrative expenses were comprised of the following for the periods presented (in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2013	2012	% Change	2013	2012	% Change
Payroll and related costs	$ 24.6	$ 20.2	21.8 %	$ 48.4	$ 39.3	23.2 %
Stock-based compensation	8.4	8.8	(4.5)	14.9	15.0	(0.7)
Depreciation	6.2	4.8	29.2	11.8	9.3	26.9
Legal fees	1.5	1.9	(21.1)	3.0	3.0	—
Non-income taxes	1.4	1.4	—	2.1	2.0	5.0
Provision for doubtful accounts	0.2	(0.5)	(140.0)	0.5	(0.3)	(266.7)
Facilities-related costs	10.3	8.4	22.6	19.9	16.9	17.8
Acquisition-related costs	(1.1)	0.4	(375.0)	(0.7)	4.8	(114.6)
Consulting, advisory and other expenses	9.9	8.2	20.7	16.8	15.2	10.5
Total general and administrative	$ 61.4	$ 53.6	14.6 %	$ 116.7	$ 105.2	10.9 %
As a percentage of revenues	*16.2%*	*16.2%*		*15.6%*	*16.2%*	

The increase in general and administrative expenses for the three and six months ended June 30, 2013, as compared to the same periods in 2012, was primarily due to higher payroll and related costs due to headcount growth to support our continued global expansion and an increase in facilities-related costs due to office expansion. These increases were partially offset by a decrease in acquisition-related costs.

During the remaining quarters of 2013, we expect general and administrative expenses to increase in absolute dollars terms as compared to the first two quarters of 2013 due to anticipated higher payroll and related costs and facilities-related costs attributable to increased hiring, investment in information technology (IT) and planned facility expansion.

Amortization of Acquired Intangible Assets

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	2013	2012	% Change	2013	2012	% Change
Amortization of acquired intangible assets	$ 5.7	$ 5.5	3.6%	$ 11.8	$ 10.2	15.7%
As a percentage of revenues	*1.5%*	*1.7%*		*1.6%*	*1.6%*	

Amortization of acquired intangible assets consists of amortization of intangible assets acquired in business combinations and amortization of acquired license rights.

The increase in amortization of acquired intangible assets for the three and six months ended June 30, 2013 as compared to the same periods in 2012 was primarily due to the amortization of assets related to the acquisitions of Blaze, Cotendo, FastSoft and Verivue during 2012, partially offset by the write-off of intangible assets recorded as part of the divestiture of our ADS business in 2013. Based on our intangible assets at June 30, 2013, we expect amortization of acquired intangible assets to be approximately $9.6 million for the remainder of 2013, and $18.8 million, $16.2 million, $11.4 million and $7.6 million for 2014, 2015, 2016 and 2017, respectively.

Restructuring Charge (Benefit)

(in millions)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Three Months Ended June 30, % Change	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, % Change
Restructuring charge (benefit)	$ 0.4	$ —	—%	$ 0.8	$ —	—%
As a percentage of revenues	*0.1%*	*— %*		*0.1%*	*—%*	

Restructuring charge (benefit) is the result of workforce reductions and relocation expenses. Charges recorded in the first six months of 2013 relate to workforce reductions and relocation expenses.

Interest Income

(in millions)	Three Months Ended June 30, 2013		Three Months Ended June 30, 2012	Three Months Ended June 30, % Change	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, % Change
Interest income	$ 1.4	1,400,000	$ 1.6	(12.5)%	$ 3.0	$ 3.3	(9.1)%
As a percentage of revenues	*0.4%*		*0.5%*		*0.4%*	*0.5%*	

Interest income consists of interest earned on invested cash balances and marketable securities.

Other Income, Net

(in millions)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Three Months Ended June 30, % Change	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, % Change
Other income, net	$ 0.3	$ 1.1	(72.7)%	$ 0.2	$ 0.7	(71.4)%
As a percentage of revenues	*0.1%*	*0.4%*		*—%*	*0.1%*	

Other income, net primarily represents net foreign exchange gains and losses incurred and other non-operating expense and income items. The decrease in other income, net for the three and six months ended June 30, 2013 as compared to the same periods in 2012 was primarily due to foreign currency exchange rate fluctuations on inter-company and other non-functional currency transactions. Other income, net may fluctuate in the future based upon changes in foreign exchange rates or other events.

Provision for Income Taxes

(in millions)	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Three Months Ended June 30, % Change	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012	Six Months Ended June 30, % Change
Provision for income taxes	$ 37.4	$ 25.5	46.7%	$ 68.6	$ 55.1	24.5%
As a percentage of revenues	*9.9%*	*7.7%*		*9.2%*	*8.5%*	
Effective income tax rate	*37.7%*	*36.6%*		*34.0%*	*38.6%*	

For the six months ended June 30, 2013, our effective income tax rate was lower than the federal statutory tax rate mainly due to the reinstatement of the federal research and development credit at the beginning of 2013, which included a one-time retroactive impact for fiscal year 2012, as well as the composition of income in foreign jurisdictions that is taxed at lower rates compared to the statutory tax rates in the United States. For the six months ended June 30, 2012, the effective income tax rate was higher than the federal statutory tax rate mainly due to the effects of accounting for stock-based compensation in accordance with the authoritative guidance for share-based payments and state income tax expense. The effective income tax rate is based upon the estimated income for the year, the estimated composition of the income in different jurisdictions and discrete adjustments, if any, in the applicable quarterly periods, including settlements of tax audits or assessments, the resolution or identification of tax position uncertainties and acquisitions of other companies.

The increase in the provision for income taxes in the six months ended June 30, 2013 as compared to the same period in 2012 was mainly due to the increase in operating income, partially offset by the federal research and development credit and a change in the composition of projected income in different jurisdictions.

While we expect our effective income tax rate to increase slightly during the remaining quarters of 2013, this expectation does not take into consideration the effect of one-time discrete items that may be recorded in the future. The effective tax rate could be materially different depending on the nature and timing of dispositions of incentive stock options and other employee equity awards. Further, our effective tax rate may fluctuate within a fiscal year and from quarter to quarter due to items arising from discrete events, including settlements of tax audits and assessments, the resolution or identification of tax position uncertainties and acquisitions of other companies.

In determining our net deferred tax assets and valuation allowances, annualized effective tax rates and cash paid for income taxes, management is required to make judgments and estimates about domestic and foreign profitability, the timing and extent of the utilization of net operating loss carryforwards, applicable tax rates, transfer pricing methodologies and tax planning strategies. Judgments and estimates related to our projections and assumptions are inherently uncertain; therefore, actual results could differ materially from our projections.

We have recorded certain tax reserves to address potential exposures involving our income tax and sales and use tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different taxing jurisdictions. Our estimate of the value of these tax reserves reflects assumptions based on past experiences and judgments about the interpretation of statutes, rules and regulations by taxing jurisdictions. It is possible that the ultimate tax liability or benefit from these matters may be materially greater or less than the amount that we have estimated.

Non-GAAP Financial Measures

In addition to providing financial measurements based on generally accepted accounting principles in the United States of America, or GAAP, we publicly discuss additional financial metrics that are not prepared in accordance with GAAP, or 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 our financial performance. These non-GAAP financial measures are non-GAAP net income, non-GAAP net income per diluted share and Adjusted EBITDA, as discussed below.

Management believes that these non-GAAP financial measures reflect our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in our business, as they exclude expenses and gains that may be infrequent, unusual in nature or otherwise not reflective of our ongoing operating results. Management also believes that these non-GAAP financial measures provide useful information to investors in understanding and evaluating our 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 our GAAP financial results and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP.

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

- **Amortization of acquired intangible assets** - We have incurred amortization of intangible assets, included in our GAAP financial statements, related to various acquisitions we made. The amount of an acquisition's purchase price allocated to intangible assets and the term of its related amortization can vary significantly and are unique to each acquisition. Therefore, we exclude amortization of acquired intangible assets from 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 we pay to our 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 our current financial results to previous and future periods difficult to interpret. Therefore, we believe it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from non-GAAP financial measures in order to better understand the performance of our core business performance and to be consistent with the way the investors evaluate our performance and compare our operating results to those of peer companies.

- **Acquisition related costs** - Acquisition related costs include transaction fees, due diligence costs and other one-time direct costs associated with strategic activities. In addition, subsequent adjustments to our initial estimated amount of contingent consideration associated with specific acquisitions are included within acquisition related costs. These amounts are impacted by the timing and size of the acquisitions. We exclude acquisition-related costs from non-GAAP financial measures to provide a useful comparison of our operating results to prior periods and to our peer companies because such amounts vary significantly based on magnitude of our acquisition transactions.

- **Restructuring charge (benefits)** - We have incurred restructuring charges and benefits, included in our GAAP financial statements, primarily due to workforce reductions and estimated costs of exiting facility lease commitments. We exclude these items from non-GAAP financial measures when evaluating our continuing business performance as such items are not consistently recurring and not do reflect expected future operating expense nor, in our view, do they provide meaningful insight into the fundamentals of our current or past operations.

- **Gain and other activity related to divestiture of a business** - We recognized gains associated with the divestiture of our Advertising Decisions Solutions business. In addition, subsequent adjustments to the fair value of the convertible note receivable received in the transaction are included as other activity related to the divestiture of our Advertising Decisions Solutions business. We exclude gains and other activity related to divestiture of a business from our non-GAAP financial measures because sales of this nature occur infrequently and are not considered part of our core business operations.

- **Income tax-effect of non-GAAP adjustments** - The non-GAAP adjustments described above and listed in the table below 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 release of valuation allowances), if any. We believe that applying the non-GAAP adjustments and their related income tax effect allows us to more properly reflect the income attributable to our core operations.

The following table reconciles GAAP net income to non-GAAP net income and non-GAAP net income per diluted share for the periods presented (in millions, except per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	$ 61.9	$ 44.2	$ 133.4	$ 87.5
Amortization of acquired intangible assets	5.7	5.5	11.8	10.2
Stock-based compensation	24.8	25.6	47.7	46.5
Amortization of capitalized stock-based compensation	2.0	1.9	3.9	3.7
Acquisition related costs	—	0.4	0.4	4.8
Restructuring charge (benefit)	0.4	—	0.8	—
Gain and other activity related to divestiture of a business, net	(1.1)	—	(2.3)	—
Income tax effect of above non-GAAP adjustments	(9.7)	(10.4)	(18.5)	(20.3)
Total non-GAAP net income	$ 84.0	$ 67.2	$ 177.2	$ 132.4
Non-GAAP net income per diluted share	$ 0.46	$ 0.37	$ 0.98	$ 0.73
Shares used in per share calculations	181.4	181.8	181.5	182.1

We consider Adjusted EBITDA to be another important indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Adjusted EBITDA eliminates items that are either not part of our core operations or do not require a cash outlay. We define Adjusted EBITDA as GAAP net income excluding the following items: interest, income taxes, depreciation and amortization of tangible and intangible assets, stock-based compensation; amortization of capitalized stock-based compensation; restructuring charges and benefits; acquisition related costs; certain gains and losses on investments; gains, losses and other activity related to divestiture of a business; 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.

The following table reconciles GAAP net income to Adjusted EBITDA for the periods presented (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net income	$ 61.9	$ 44.2	$ 133.4	$ 87.5
Amortization of acquired intangible assets	5.7	5.5	11.8	10.2
Stock-based compensation	24.8	25.6	47.7	46.5
Amortization of capitalized stock-based compensation	2.0	1.9	3.9	3.7
Acquisition related costs	—	0.4	0.4	4.8
Restructuring charge (benefit)	0.4	—	0.8	—
Gain and other activity related to divestiture of a business, net	(1.1)	—	(2.3)	—
Interest income, net	(1.5)	(1.6)	(3.1)	(3.3)
Provision for income taxes	37.4	25.5	68.6	55.1
Depreciation and amortization	36.4	42.7	70.8	81.8
Other income, net	(0.3)	(1.1)	(0.2)	(0.7)
Adjusted EBITDA	$ 165.8	$ 143.1	$ 331.8	$ 285.6

Liquidity and Capital Resources

To date, we have financed our operations primarily through public and private sales of debt and equity securities, proceeds from exercises of stock awards and cash generated by operations.

As of June 30, 2013, our cash, cash equivalents and marketable securities, which consisted of commercial paper, corporate bonds and U.S. government agency securities, totaled $1.1 billion. We place our cash investments in instruments that meet high quality credit standards, as specified in our investment policy. Our investment policy also limits the amount of our credit exposure to any one issue or issuer and seeks to manage these assets to achieve our goals of preserving principal and maintaining adequate liquidity at all times.

We believe our strong balance sheet and cash position are important competitive differentiators that provide the financial flexibility necessary to make the best investments at the most opportune times. As always, we continue to evaluate strategic investments to strengthen our business on an ongoing basis.

As of June 30, 2013, we had cash and cash equivalents of $98.1 million held in accounts outside the United States. An immaterial amount of these funds would be subject to United States federal taxation if repatriated, with such tax liability partially offset by foreign tax credits. The remainder of our cash and cash equivalents held outside the United States are subject to, or offset by, inter-company obligations to our parent company in the United States and, therefore, are not subject to United States federal taxation. As a result, our liquidity is not materially impacted by the amount of cash and cash equivalents held in accounts outside the United States.

Cash Provided by Operating Activities

	Six Months Ended June 30,	
(in millions)	2013	2012
Net income	$ 133.4	$ 87.5
Non-cash reconciling items included in net income	123.9	127.3
Changes in operating assets and liabilities	(24.5)	27.3
Net cash flows provided by operating activities	$ 232.8	$ 242.1

The decrease in cash provided by operating activities for the six months ended June 30, 2013 as compared to the same period in 2012 was primarily due to an increase in accounts receivable and prepaid expenses during the six months ended June 30, 2013, and the resulting timing of collections and payments as compared to the same period in 2012, partially offset by higher net income. We expect that cash provided by operating activities will increase due to an expected increase in cash collections related to anticipated higher revenues, partially offset by an anticipated increase in operating expenses that require cash outlays such as salaries and commissions.

Cash Used in Investing Activities

	Six Months Ended June 30,	
(in millions)	2013	2012
Cash received (paid) for acquired businesses, net of cash acquired	$ 0.1	$ (291.6)
Purchases of property and equipment and capitalization of internal-use software costs	(136.0)	(98.9)
Net marketable securities activity	(22.7)	(164.9)
Other investing activity	0.4	—
Net cash used in investing activities	$ (158.2)	$ (555.4)

Cash used in investing activities for the six months ended June 30, 2013 reflects cash paid for purchases of marketable securities of $309.9 million, partially offset by proceeds from sales and maturities of marketable securities of $287.2 million, and purchases of property and equipment of $136.0 million, including $35.1 million related to the capitalization of internal-use software development costs. Cash used in investing activities for the six months ended June 30, 2012 reflects cash paid for the acquisitions of Blaze and Cotendo of $291.6 million, net of cash acquired, purchases of marketable securities of $416.5 million, partially offset by proceeds from sales and maturities of marketable securities of $251.6 million, and purchases of property and equipment of $98.9 million, including $26.3 million related to the capitalization of internal-use software development costs. During 2013, we expect total capital expenditures to increase as a percentage of revenue as compared to 2012. We expect to fund such capital expenditures through cash generated from operations.

Cash Used in Financing Activities

	Six Months Ended June 30,	
(in millions)	2013	2012
Activity related to stock-based compensation	$ 16.6	$ 13.4
Repurchases of common stock	(82.8)	(75.1)
Net cash used in financing activities	$ (66.2)	$ (61.7)

Cash used in financing activities during the six months ended June 30, 2013 consisted of $82.8 million related to our common stock repurchase program as described more fully below, as well as $21.1 million used for taxes paid related to net share settlements of equity awards. This was partially offset by cash provided by financing activities for the six months ended June 30, 2013 of $9.6 million related to excess tax benefits resulting from the exercise of stock options and vesting of RSUs and proceeds of $28.1 million from exercises of stock options under our stock option plans. Cash used in financing activities during the six months ended June 30, 2012 consisted of $75.1 million related to our common stock repurchase program, as well as $24.2 million used for taxes paid related to net share settlements of equity awards. This was partially offset by cash provided by financing activities during the six months ended June 30, 2012 of $15.0 million related to excess tax benefits resulting from the exercise of stock options and vesting of RSUs and proceeds of $22.6 million from exercises of stock options under our stock option plans.

Changes in cash, cash equivalents and marketable securities are dependent upon changes in, among other things, working capital items such as deferred revenues, accounts payable, accounts receivable and various accrued expenses, as well as changes in our capital and financial structure due to common stock repurchases, debt repurchases and issuances, stock option exercises, purchases and sales of equity investments and similar events.

The following table presents the net inflows and outflows of cash, cash equivalents and marketable securities for the periods presented (in millions):

	Six Months Ended June 30,	
	2013	2012
Cash, cash equivalents and marketable securities balance at the beginning of the period	$ 1,095.2	$ 1,230.0
Changes in cash, cash equivalents and marketable securities:		
Receipts from customers	745.1	686.4
Payments to vendors	(408.8)	(372.8)
Payments for employee payroll	(198.2)	(173.5)
Stock option exercises	17.5	22.6
Cash used in business acquisitions, net of cash acquired	0.1	(291.6)
Employee taxes paid related to net share settlement of equity awards	(38.4)	(24.2)
Common stock repurchases	(82.8)	(75.1)
Realized and unrealized gains on marketable investments, net	(2.4)	—
Interest income	3.1	3.3
Other	(12.0)	13.3
Net decrease	23.2	(211.6)
Cash, cash equivalents and marketable securities balance at the end of the period	$ 1,118.4	$ 1,018.4

In April 2012, our Board of Directors authorized a one-year $150.0 million stock repurchase program commencing on May 1, 2012. In January 2013, our Board of Directors authorized a $150.0 million extension of the share repurchase program, effective for a twelve-month period beginning February 1, 2013. Unused amounts under the May 2012 program were not carried over to the program approved in January 2013. The goal of our share repurchase program is to both offset dilution from our equity compensation plans and to return value to shareholders.

During the six months ended June 30, 2013, we repurchased 2.2 million shares of common stock at an average price of $37.95 per share for an aggregate of $82.8 million. During the six months ended June 30, 2012, we repurchased 2.4 million shares of common stock at an average price of $31.21 per share for an aggregate of $75.1 million. The timing and amount of any future share repurchases will be determined by our management based on its evaluation of market conditions and other factors. Repurchases may also be made under a Rule 10b5-1 plan, which would permit us to repurchase shares when we might otherwise be precluded from doing so under insider trading laws. Subject to applicable securities laws requirements, we may choose to suspend or discontinue the repurchase program at any time. Any purchases made under the program will be reflected as an increase in cash used in financing activities. See Item 2 of Part II of this quarterly report on Form 10-Q for more detailed information about our repurchases.

We believe, based on our present business plan, that our current cash, cash equivalents and marketable securities and forecasted cash flows from operations 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 expenses change, if we are unable to liquidate our marketable securities, or if unexpected opportunities or needs arise, we may seek to raise additional cash by selling equity or debt securities. We may not, however, be able to sell equity or debt securities on terms we consider reasonable, or at all. If additional funds are raised through the issuance of equity or debt securities, these securities could have rights, preferences and privileges senior to those accruing to holders of common stock, and the terms of any such debt could impose restrictions on our operations. The sale of additional equity or convertible debt securities could result in additional dilution to our existing stockholders. See “Risk Factors” in Item 1A of Part II of this quarterly report on Form 10-Q for a discussion of additional factors that could affect our liquidity.

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Contractual Obligations, Contingent Liabilities and Commercial Commitments

The following table presents our contractual obligations and commercial commitments, as of June 30, 2013, for the next five years and thereafter (in millions):

	Payments Due by Period				
	Total	Less than 12 Months	12-36 Months	36-60 Months	More than 60 Months
Bandwidth and co-location agreements	$ 73.2	$ 64.5	$ 8.3	$ 0.3	$ 0.1
Real estate operating leases	136.3	26.3	46.8	37.5	25.7
Open vendor purchase orders	79.5	74.3	5.2	—	—
Total	$ 289.0	$ 165.1	$ 60.3	$ 37.8	$ 25.8

In accordance with authoritative guidance issued by the FASB, as of June 30, 2013, we had unrecognized tax benefits of $27.8 million, which included approximately $6.3 million of accrued interest and penalties. We do not expect to recognize any material tax benefits in 2013, but we are not otherwise able to provide a reasonably reliable estimate of the timing of future payments relating to these unrecognized tax benefits and related obligations.

Letters of Credit

As of June 30, 2013, we had $6.8 million in outstanding irrevocable letters of credit in favor of third-party beneficiaries, primarily related to facility leases. These irrevocable letters of credit are unsecured and are expected to remain in effect until December 2019.

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 which we license technology. Generally, these indemnification agreements require us to reimburse losses suffered by a 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 the authoritative guidance for guarantor’s accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. See also Note 11 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2012 for further discussion of these indemnification agreements. The fair value of guarantees issued or modified during the three months ended June 30, 2013 was determined to be immaterial.

As of June 30, 2013, we did not have any additional material off-balance sheet arrangements.

Litigation

We are party to litigation that we consider to be routine and incidental to our business. Management does not expect the results of any of these actions to have a material impact on our business, results of operations, financial condition, or cash flows.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Interest Rate Risk

Our portfolio of cash equivalents and short- and long-term investments is maintained in a variety of securities, including U.S. government agency obligations, high quality corporate debt securities and money market funds. Investments are classified as available-for-sale securities and carried at their fair market value with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss within stockholders' equity. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio. We do not currently hedge our interest rate exposure and do not enter into financial instruments for trading or speculative purposes.

Foreign Currency Risk

Growth in our international operations will incrementally increase our exposure to foreign currency fluctuations as well as other risks typical of international operations that could impact our business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures and other regulations and restrictions. Foreign exchange rate fluctuations may adversely impact our consolidated results of operations as exchange rate fluctuations on transactions denominated in currencies other than our functional currencies result in gains and losses that are reflected in our consolidated statements of operations. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased net revenues and operating expenses. Conversely, our net revenues and operating expenses will decrease when the U.S. dollar strengthens against foreign currencies. We do not enter into financial instruments for trading or speculative purposes.

Transaction Exposure

The Company enters into short-term foreign currency forward contracts to offset foreign exchange gains and losses generated by the re-measurement of certain assets and liabilities recorded in non-functional currencies. Changes in the fair value of these derivatives, as well as re-measurement gains and losses, are recognized in other income, net. Foreign currency transaction gains and losses from these forward contracts were determined to be immaterial during the three and six months ended June 30, 2013.

Translation Exposure

Foreign exchange rate fluctuations may adversely impact our consolidated financial condition as the assets and liabilities of our foreign operations are translated into U.S. dollars in preparing our consolidated balance sheet. These gains or losses are recognized as an adjustment to stockholders' equity which is reflected in our balance sheet as accumulated other comprehensive loss.

Credit Risk

Concentrations of credit risk with respect to accounts receivable are limited to certain customers to which we make substantial sales. Our customer base consists of a large number of geographically dispersed customers diversified across numerous industries. To reduce risk, we routinely assess the financial strength of our customers. Based on such assessments, we believe that our accounts receivable credit risk exposure is limited. As of June 30, 2013 and December 31, 2012, one customer had an account receivable balance of 10% of our accounts receivable. We believe that, at June 30, 2013, concentration of credit risk related to accounts receivable was not significant.

Item 4. *Controls and Procedures*

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2013. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of June 30, 2013, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

We are party to litigation that we consider routine and incidental to our business. We do not currently expect the results of any of these litigation matters to have a material adverse effect on our business, results of operations or financial condition.

Item 1A. *Risk Factors*

The following are important factors, among others, that could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this quarterly report on Form 10-Q or presented elsewhere by management from time to time. We have not made any material changes in the risk factors previously disclosed in our annual report on Form 10-K for the year ended December 31, 2012.

We face intense competition, the consequences of which could adversely affect our business.

We compete in markets that are intensely competitive and rapidly changing. The competitive landscape is varied and presents numerous different challenges including:

- Current and potential competitors may have greater name recognition, broader customer relationships and substantially greater financial, technical and marketing resources than we do.
- Some competitors may attract customers by offering less-sophisticated versions of services than we provide at lower prices than those we charge.
- Nimbler companies may be able to respond more quickly than we can to new or emerging technologies and changes in customer requirements, resulting in superior offerings.
- Some current or potential competitors may bundle their offerings with other services, software or hardware in a manner that may discourage enterprises from purchasing any service we offer.
- Both existing and potential customers may decide to purchase or develop their own hardware, software and other technology solutions rather than rely on an external provider like Akamai. As a result, our competitors include hardware manufacturers, software companies and other entities that offer Internet-related solutions that are not service-based.

Ultimately, increased competition of all types could result in price and revenue reductions, loss of customers and loss of market share, each of which could materially impact our business, profitability, financial condition, results of operations and cash flows.

We depend on the development of new services and enhancement to existing services. If we fail to innovate and respond to emerging technological trends and customers' changing needs, our operating results and market share may suffer.

The market for our services is characterized by rapidly changing technology, evolving industry standards and new product and service introductions. Our ability to provide new and innovative solutions to address the evolving ways enterprises use the Internet is important to our future growth and profitability. If we fail to do so, our operating results will likely be significantly harmed. If other companies develop technological or business model innovations in the markets we seek to address that are, or are perceived to be, equivalent or superior to our services, then we could lose market share and our revenue and profitability would also suffer. In addition, our customers' business models may change in ways that we do not anticipate, and the failure to address these changes could reduce or eliminate our customers' needs for our services. The process of developing new technologies is complex and uncertain; we must commit significant resources to developing new services or enhancements to our existing services before knowing whether our investments will result in services the market will accept. Furthermore, we may not successfully execute our technology initiatives because of errors in planning or timing, technical or operational hurdles that we fail to overcome in a timely fashion, misunderstandings about market demand or a lack of appropriate resources.

Numerous factors could cause our revenue growth rate and profitability to decline.

Our revenue growth rate may decline in future periods as a result of a number of factors, including increasing competition, pricing pressure, the decline in growth rate percentages as our revenues increase to higher levels and macroeconomic factors affecting certain aspects of our business. We also believe our profitability may decrease because we have large fixed expenses and expect to continue to incur significant bandwidth, co-location and other expenses, including increased depreciation on network equipment purchased in recent years. As a result, we may not be able to continue to maintain our current level of profitability in 2013 or on a quarterly or annual basis thereafter.

There are numerous factors that could, alone or in combination with other factors, impede our ability to increase revenues and/or moderate expenses, including:

- continuing market pressure to decrease our prices, particularly in our media business;
- the impact of lower pricing and other terms in renewal agreements we enter into with existing customers;
- failure to experience traffic growth and increase sales of our core services and advanced features to offset price declines;
- significant increases in co-location and bandwidth costs, head count or other operating expenses;
- increased competition;
- inability to increase sales to new and existing customers faster than the rate of loss of existing customers and revenues; and
- failure of a significant number of customers to pay our fees on a timely basis or at all or failure to continue to purchase our services in accordance with their contractual commitments.

We have been increasing our investment in engineering, sales, service and marketing activities. These investments may achieve delayed or lower than expected benefits which could harm our operating results.

We have been increasing our investment in personnel and other resources related to our engineering, sales, service and marketing functions as we focus on innovation and expansion of our operations, particularly in areas such as web acceleration services, media delivery services, carrier products, hybrid cloud optimization services, and security solutions. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we do not achieve the benefits anticipated from these investments, or if the achievement of these benefits is delayed, our operating results may be adversely affected.

We may be unable to replace lost revenues due to customer cancellations or renewals at lower rates.

Our customers have no obligation to renew their agreements for our services after the expiration of their existing terms, which are typically 12 to 24 months. We cannot predict our renewal rates. Some may elect not to renew and others may renew at lower prices, lower committed traffic levels, or for shorter contract lengths. Historically, a significant percentage of our renewals, particularly with larger customers, have involved unit price declines as competition has increased and the market for certain parts of our business has matured. If that trend continues in the future, we will need to sell more services or attract new customers to increase our revenues and improve or maintain profitability. Our renewal rates may decline as a result of a number of factors, including competitive pressures, customer dissatisfaction with our service, customers' inability to continue their operations and spending levels, the impact of dual vendor policies, customers implementing or increasing their use of in-house technology solutions and general economic conditions. It is key to our profitability that we offset lost committed recurring revenue due to customer cancellations, terminations, price reductions or other less favorable terms by adding new customers and increasing the number of services, features and functionalities that our existing customers purchase. If we are unable to do so, our revenue will decline and our business will suffer.

We may be unable to develop robust strategic relationships with third parties that expand our distribution channels and increase revenues; such failure could significantly limit our long-term growth.

Our future success will likely require us to maintain and increase the number and depth of our relationships with resellers, systems integrators and other strategic partners and to leverage those relationships to expand our distribution channels and increase revenues. The need to develop such relationships can be particularly acute in areas outside of the United States. We have not always been successful at developing these relationships due to the complexity of our services, our historical reliance on an internal sales force, a past lack of strategic focus on such arrangements and other factors. Recruiting and retaining qualified channel partners and training them in the use of our technology and services requires significant time and resources. In order to develop and expand our distribution channel, we must continue to expand and improve our portfolio of solutions as well as the systems, processes and procedures that support our channel. Those systems, processes and procedures may become increasingly complex and difficult to manage. The time and expense required for sales and marketing organizations of our channel partners to become familiar with our offerings, including our new services developments, may make it more difficult to introduce those products to enterprises. Our failure to maintain and increase the number of relationships with channel partners -- and any inability to successfully execute on the partnerships we initiate -- could significantly impede our revenue growth prospects in the short and long term.

If we fail to manage effectively our operations, expected growth, diversification and changes to our business could harm us.

Our future operating results will depend on our ability to manage our operations. We hired a new Chief Executive Officer effective January 1, 2013, and he has made and may want to make further changes to our strategic plan, service offerings, organizational structure, or other aspects of the company. These initiatives may not work as intended, or may take longer to be effective, which could have a negative impact on our results of operations and growth projections.

As a result of the diversification of our business, personnel growth, acquisitions and international expansion in recent years, many of our employees are now based outside of our Cambridge, Massachusetts headquarters. However, most management decisions are made by a relatively small group of individuals based primarily at our headquarters. If we are unable to appropriately increase management depth, enhance succession planning and decentralize our decision-making at a pace commensurate with our actual or desired growth rates, we may not be able to achieve our financial or operational goals.

We have greatly increased our employee base in recent years. We expect that by the end of 2013 more than 50% of our employee population will have been at Akamai for fewer than two years. It is important to our continued success that we hire qualified employees, properly train them and manage out poorly-performing personnel, all while maintaining our corporate culture and spirit of innovation. If we are not successful at these efforts, our growth and operations could be adversely affected.

As our business evolves, we must also expand and adapt our operational infrastructure. Our business relies on our data systems, billing systems, and other operational and financial reporting and control systems. All of these systems have become increasingly complex in the recent past due to the diversification and complexity of our business, acquisitions of new businesses with different systems and increased regulation over controls and procedures. To manage our technical support infrastructure effectively and improve our sales efficiency, we will need to continue to upgrade and improve our data systems, billing systems, ordering processes and other operational and financial systems, procedures and controls. These upgrades and improvements will require a dedication of resources and in some cases are likely to be complex. If we are unable to adapt our systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, our business may be adversely affected.

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 that we do not control. From time to time, we have needed to correct errors and defects in the software that underlies our services and platform. In the future, there may be additional errors and defects in our software that may adversely affect our operations. We may not have in place adequate quality assurance procedures to ensure that we detect errors in our software in a timely manner. If we are unable to efficiently and cost-effectively fix errors or other problems that may be identified, or if there are unidentified errors that allow persons to improperly access our services, we could experience loss of revenues and market share, damage to our reputation, increased expenses and legal actions by our customers. If we elect to move into new areas that involve handling personally identifiable information or other important assets or transactions entrusted to us by our customers, the potential risks we face and magnitude of losses could increase.

Any unplanned interruption in the functioning of our network or services or attacks on our internal information technology systems could lead to significant costs and disruptions that could reduce our revenues and harm our business, financial results and reputation.

Our business is dependent on providing our customers with fast, efficient and reliable distribution of applications and content over the Internet. For our core services, we currently provide a standard guarantee that our networks will deliver Internet content 24 hours a day, 7 days a week, 365 days a year. If we do not meet this standard, affected customers may be entitled to credits. Our network or services could be disrupted by numerous events, including natural disasters, unauthorized access to our servers, failure or refusal of our third-party network providers to provide the necessary capacity, power losses and intentional disruptions of our services, such as disruptions caused by software viruses or attacks by unauthorized users.

Cybersecurity attacks and other security breaches could expose us to liability and our reputation and business could suffer.

We are in the information technology business, and our services and network transmit and store our customers' information and data as well as our own. We have a reputation for a secure and reliable platform and services and have invested a great deal of time and resources in protecting the integrity and security of our services and internal and external data that we manage. Nevertheless, there have been, and in the future are likely to be, attempts to gain unauthorized access to our information technology systems in order to steal information about our technology, financial data or other information or take other actions that would be damaging to our customers and us. Such attacks may be pursued through viruses, worms and other malicious software programs that attack our platform, exploit potential security vulnerabilities of our services, create system disruptions and cause shutdowns or denials of service. Data may also be accessed or modified improperly as a result of employee or supplier error or malfeasance, and third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data, our customers' data or our IT systems.

As we expand our emphasis on selling security-related solutions, we may become a more attractive target for attacks on our infrastructure. Security risks for us will also increase as we continue to grow our cloud-based offerings and services, especially in customer sectors involving particularly sensitive data such as health sciences, financial services and the government. We have acquired a number of companies over the years and may continue to do so in the future. While we make significant efforts to address any IT security issues with respect to our acquisitions, we may still inherit such risks when we integrate these acquisitions within Akamai.

There can be no assurance that attacks by unauthorized users will not be attempted in the future, that our security measures will be effective, that we will quickly detect an attack, or that a successful attack would not be damaging. Any widespread interruption of the functioning of our network or services would reduce our revenues and could harm our business, financial results and reputation. Any insurance coverage we carry may not be sufficient to cover all or a significant portion of the losses we could suffer from an attack. Any breach of the security of our information systems could lead to the unauthorized release of valuable confidential information, including trade secrets, material nonpublic information about our customers, personally identifiable information about individuals, financial information and sensitive data that others could use to compete against us. Such events could likely harm our business and reputation. If the security solutions we offer to address the Internet security needs of our customers fail to operate effectively or to provide benefits promised by us, we could suffer from reduced revenues and harm to our business and reputation.

We may have insufficient transmission and co-location space, 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 and access to co-location facilities to house our servers. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth demands by our customers. The bandwidth we have contracted to purchase may become unavailable for a variety of reasons, including payment disputes, network providers going out of business or networks imposing traffic limits. In some regions, network providers may choose to compete with us and become unwilling to sell us adequate transmission capacity at fair market prices. Any failure of network providers on which we rely 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 and ultimately loss of those customers. In recent years, it has become increasingly expensive to house our servers at network facilities. We expect this trend to continue. These increased expenses have made, and will make, it more costly for us to expand our operations and more difficult for us to maintain or improve our profitability.

The potential exhaustion of the supply of unallocated IPv4 addresses and the inability of Akamai and other Internet users to successfully transition to IPv6 could harm our operations and the functioning of the Internet as a whole.

An Internet Protocol address, or IP address, is a numerical label that is assigned to any device connecting to the Internet. Today, the functioning of the Internet is dependent on the use of Internet Protocol version 4, or IPv4, the fourth version of the Internet Protocol, which uses 32-bit addresses. We currently rely on the acquisition of IP addresses for the functioning and expansion of our network and expect such reliance to continue in the future. There are, however, only a finite number of IPv4 addresses. The supply of unallocated IPv4 addresses is likely to be exhausted in the near future. Internet Protocol version 6, or IPv6, uses 128-bit addresses and has been designed to succeed IPv4 and alleviate the expected exhaustion of unallocated addresses under that version. While IPv4 and IPv6 will co-exist for some period of time, eventually all Internet users and companies will need to transition to IPv6. There can be no guarantee that the plans we have been developing for the transition to IPv6 will be effective. If we are unable to obtain the IPv4 addresses we need, on financial terms acceptable to us or at all, before we or other entities that rely on the Internet can transition to IPv6, our current and future operations could be materially harmed. If there is not a timely and successful transition to IPv6 by Internet users generally, the Internet could function less effectively, which could damage numerous businesses, the economy generally and the prospects for future growth of the Internet as a medium for transacting business. This could, in turn, be harmful to our financial condition, results of operations and cash flows.

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

We have completed numerous acquisitions in recent years. If attractive acquisition opportunities arise in the future, we may seek to enter into additional business combinations or purchases. We may also enter into other types of strategic relationships that involve technology sharing or close cooperation with other companies. Acquisitions and other complex transactions are accompanied by a number of risks, including the following:

- the difficulty of integrating the operations and personnel of acquired companies;
- the potential disruption of our ongoing business;
- the potential distraction of management;
- expenses related to the transactions;
- that accounting charges such as impairment of goodwill or intangible assets, amortization of intangible assets acquired and a reduction in the useful lives of intangible assets acquired; and
- potential unknown liabilities associated with acquired businesses.

Any inability to integrate completed acquisitions or combinations in an efficient and timely manner could have an adverse impact on our results of operations. In addition, we may not be able to recognize any expected synergies or benefits in connection with a future acquisition or combination. If we are not successful in completing acquisitions or other strategic transactions that we may pursue in the future, we may incur substantial expenses and devote significant management time and resources without a successful result. Future acquisitions could require use of substantial portions of our available cash or result in dilutive issuances of securities. Technology sharing or other strategic relationships we enter into may give rise to disputes over intellectual property ownership, operational responsibilities and other significant matters. Such disputes may be expensive and time-consuming to resolve.

Our stock price has been, and may continue to be, volatile, and your investment could lose value.

The market price of our common stock has been volatile. Trading prices may continue to fluctuate in response to a number of events and factors, including the following:

- quarterly variations in operating results;
- introduction of new products, services and strategic developments by us or our competitors;
- market speculation about whether we are a takeover target;
- changes in financial estimates and recommendations by securities analysts;
- failure to meet the expectations of securities analysts;
- purchases or sales of our stock by our officers and directors;
- macro-economic factors;
- repurchases of shares of our common stock;
- performance by other companies in our industry; and
- geopolitical conditions such as acts of terrorism or military conflicts.

Furthermore, our revenues, particularly those attributable to usage of our services beyond customer commitments, can be difficult to forecast, and, as a result, our quarterly operating results can fluctuate substantially. This concern is particularly acute with respect to our media customers and commerce customers for which holiday sales are a key but unpredictable driver of usage of our services. As we introduce new services and potentially increase software licensing, we expect to face additional challenges with our forecasting processes. Also, because a significant portion of our cost structure is largely fixed in the short-term, revenue shortfalls tend to have a disproportionately negative impact on our profitability. If we announce revenue or profitability results that do not meet or exceed our guidance or make changes in our guidance with respect to future operating results, our stock price may decrease significantly in reaction.

Any of these events, as well as other circumstances discussed in these Risk Factors, may cause the price of our common stock to fall. In addition, the stock market in general, and the market prices for technology companies in particular, have experienced significant volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating performance.

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. There is significant competition for talented individuals in the regions in which our primary offices are located, which affects both our ability to retain key employees and hire new ones. None of our officers or key employees is bound by an employment agreement for any specific term. Members of our senior management team have left Akamai over the years for a variety of reasons, and we cannot be certain that there will not be additional departures, which may be disruptive to our operations. We compensate our officers and employees in part through equity incentives, including stock options. Some of these stock options held by our officers and employees have exercise prices in excess of the current market price of our common stock, which has diminished the retentive value of such options. The loss of the services of any of our key employees could hinder or delay the implementation of our business model and the development and introduction of, and negatively impact our ability to sell, our services.

We may need to defend against patent or copyright infringement claims, which would cause us to incur substantial costs.

Other companies or individuals, including our competitors, may hold or obtain patents or other proprietary rights that would prevent, limit or interfere with our ability to make, use or sell our services or develop new services, which could make it more difficult for us to increase revenues and improve or maintain profitability. Persons holding Internet-related patents or other intellectual property rights are increasingly bringing suits alleging infringement of such rights against both technology providers and customers that use such technology. Any such action naming Akamai could be costly to defend or lead to an expensive settlement or judgment against us.

We have agreed to indemnify our customers if our services infringe specified intellectual property rights; therefore, we could become involved in litigation brought against customers if our services and technology are implicated. Any litigation or claims, whether or not valid, brought against us or pursuant to which we indemnify our customers 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;
- pay substantial damages and incur significant litigation expenses;
- obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; or
- redesign products or services.

If we are forced to take any of these actions, our business may be seriously harmed. In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology, our business and operating results could be materially adversely affected.

Our business will be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

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. We have previously brought lawsuits against entities that we believed were infringing our intellectual property rights but have not always prevailed. Such lawsuits can be expensive and require a significant amount of attention from our management and technical personnel, and the outcomes are unpredictable. Developments and changes in patent law, such as changes in interpretations of the joint infringement standard, could also restrict how we enforce certain patents we hold. 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 from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. Such licenses may also be non-exclusive, meaning our competition may also be able to access such technology. 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 protect our proprietary rights from unauthorized use, the value of our intellectual property assets may be reduced.

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

We have licensed from the Massachusetts Institute of Technology, or MIT, technology that is covered by various patents and copyrights relating to Internet content delivery technology. Some of our core technology is based in part on the technology covered by these patents, patent applications and copyrights. Our license is effective for the life of the patents 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 rely on certain "open-source" software the use of which could result in our having to distribute our proprietary software, including our source code, to third parties on unfavorable terms, which could materially affect our business.

Certain of our service offerings use software that is subject to open-source licenses. Open-source code is software that is freely accessible, usable and modifiable. Certain open-source code is governed by license agreements, the terms of which could require users of such software to make any derivative works of such software available to others on unfavorable terms or at no cost. Because we use open-source code, we may be required to take remedial action in order to protect our proprietary software. Such action could include replacing certain source code used in our software, discontinuing certain of our products or taking other actions that could divert resources away from our development efforts. In addition, the terms relating to disclosure of derivative works in many open-source licenses are unclear. We periodically review our compliance with the open-source licenses we use and do not believe we will be required to make our proprietary software freely available. However, if a court interprets one or more such open-source licenses in a manner that is unfavorable to us, we could be required to make certain of our key software available at no cost.

If our ability to deliver media files in popular proprietary content formats were to become restricted or cost-prohibitive, demand for our content delivery services could decline, we could lose customers and our financial results could suffer.

Significant portions of our business depend on our ability to deliver media content in all major formats. If our legal right or technical ability to store and deliver content in one or more popular proprietary content formats, such as Adobe® Flash® or Windows® Media, were to become limited, our ability to serve our customers in these formats would be impaired and the demand for our content delivery services would decline by customers using these formats. Owners of proprietary content formats may be able to block, restrict or impose fees or other costs on our use of such formats, which could lead to additional expenses for us and for our customers, or which could prevent our delivery of this type of content altogether. Such interference could result in a loss of existing customers, increased costs and impairment of our ability to attract new customers, which would harm our revenue, operating results and growth.

If the accounting estimates we make, and the assumptions on which we rely, in preparing our financial statements prove inaccurate, our actual results may be adversely affected.

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 about, among other things, taxes, revenue recognition, stock-based compensation costs, capitalization of internal-use software, investments, contingent obligations, allowance for doubtful accounts, intangible assets and restructuring charges. These estimates and judgments affect the reported amounts of our assets, liabilities, revenues and expenses, the amounts of charges accrued by us, 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 and at the time they are made. If our estimates or the assumptions underlying them are not correct, actual results may differ materially from our estimates and we may need to, among other things, accrue additional charges that could adversely affect our results of operations, which in turn could adversely affect our stock price. In addition, new accounting pronouncements and interpretations of accounting pronouncements have occurred and may occur in the future that could adversely affect our reported financial results.

We may have exposure to greater-than-anticipated tax liabilities.

Our future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items such as equity-related compensation. We have recorded certain tax reserves to address potential exposures involving our income, sales and use and franchise tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different jurisdictions. Our reserves, however, may not be adequate to cover our total actual liability. Although we believe our estimates and reserves are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.

We have complied with Section 404 of the Sarbanes-Oxley Act of 2002 by assessing, strengthening and testing our system of internal controls. Even though we concluded our internal controls over financial reporting were effective as of the end of the period covered by this report, we need to continue to maintain our processes and systems and adapt them to changes as our business evolves and we rearrange management responsibilities and reorganize our business accordingly. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive and time-consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404. Furthermore, as our business changes and if we expand through acquisitions of other companies, our internal controls may become more complex and we will require significantly more resources to ensure our internal controls remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses, the disclosure of that fact, even if quickly remediated, could reduce the market's confidence in our financial statements and harm our stock price.

General global market and economic conditions may have an adverse impact on our operating performance, results of operations and cash flows.

Our business has been and could continue to be affected by general global economic and market conditions. Weakness in the United States and/or worldwide economy has had and could continue to have a negative effect on our operating results, including decreases in revenues and operating cash flows. If the U.S. government fails to reach a budget compromise in 2013, automatic spending cuts and tax increases could impact the economy and the businesses of our customers. In addition, the current sovereign debt crisis concerning certain European countries, including Greece, Italy, Ireland, Portugal and Spain and related European financial restructuring efforts, may cause the value of European currencies, including the Euro, to deteriorate, thus reducing the purchasing power of European customers, which could limit the amount of services they purchase from us. To the extent economic conditions impair our customers' ability to profitably monetize the content we deliver on their behalf, they may reduce or eliminate the traffic we deliver for them. Such reductions in traffic would lead to a reduction in our revenues. Additionally, in a down-cycle economic environment, we may experience the negative effects of increased competitive pricing pressure, customer loss, a slow down in commerce over the Internet and corresponding decrease in traffic delivered over our network and failures by customers to pay amounts owed to us on a timely basis or at all. Suppliers on which we rely for servers, bandwidth, co-location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on our operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on our operating results.

Fluctuations in foreign currency exchange rates affect our operating results in U.S. dollar terms.

A portion of our revenues is derived from international operations. Revenues generated and expenses incurred by our international subsidiaries are often denominated in the currencies of the local countries. As a result, our consolidated U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. In addition, our financial results are subject to changes in exchange rates that impact the settlement of transactions in non-functional currencies. While we have implemented a foreign currency hedging program, there is no guarantee that such program will be fully effective.

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

We have operations in numerous foreign countries and may continue to expand our sales and support organizations internationally. Such expansion could require us to make significant expenditures, which could harm our profitability. 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:

- currency exchange rate fluctuations and limitations on the repatriation and investment of funds;
- inability to repatriate funds held by our foreign subsidiaries to the United States at favorable tax rates;
- difficulties in transferring funds from or converting currencies in certain countries;
- unexpected changes in regulatory requirements resulting in unanticipated costs and delays;
- interpretations of laws or regulations that would subject us to regulatory supervision or, in the alternative, require us to exit a country, which could have a negative impact on the quality of our services or our results of operations;
- uncertainty regarding liability for content or services;
- adjusting to different employee/employer relationships and different regulations governing such relationships;
- corporate and personal liability for alleged or actual violations of laws and regulations;
- difficulty in staffing, developing and managing foreign operations as a result of distance, language and cultural differences; and
- potentially adverse tax consequences.

In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous, rapidly-changing and sometimes conflicting laws and regulations include internal control and disclosure rules, data privacy and filtering requirements, anti-corruption laws, such as the Foreign Corrupt Practices Act, the UK Bribery Act and local laws prohibiting corrupt payments to governmental officials, and antitrust and competition regulations, among others. Violations of these laws and regulations could result in fines and penalties, criminal sanctions against us, our officers, or our employees, prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries, and could also materially affect our brand, our international expansion efforts, our ability to attract and retain employees, our business, and our operating results. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors or agents will not violate our policies.

Changes in regulations or user concerns regarding privacy and protection of user data could adversely affect our business.

Federal, state, foreign and international laws and regulations may govern the collection, use, retention, sharing and security of data that we receive from our customers, visitors to their websites and others. In addition, we have a publicly-available privacy policy concerning collection, use and disclosure of user data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any privacy-related laws, government regulations or directives, or industry self-regulatory principles could result in damage to our reputation or proceedings or actions against us by governmental entities or others, which could potentially have an adverse effect on our business.

A large number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concern data privacy and retention issues related to our business. It is not possible to predict whether, when, or the extent to which such legislation may be adopted. In addition, the interpretation and application of user data protection laws are currently unsettled. These laws may be interpreted and applied inconsistently from jurisdiction to jurisdiction and inconsistently with our current data protection policies and practices. Complying with potentially varying international requirements could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Internet-related and other 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 copyright protection, tax, consumer protection, cybersecurity, content, anti-discrimination and privacy laws, both in the United States and abroad, that may impose additional burdens on companies conducting business online or providing Internet-related services such as ours. Other potential regulatory proposals could seek to mandate changes to the economic relationships among participants in the Internet ecosystem. The adoption of any of these measures could negatively affect both our business directly as well as the businesses of our customers, which could reduce their demand for our services. In addition, domestic and foreign government attempts to regulate the operation of the Internet through legislation, treaties or regulations could negatively impact our business.

Global climate change regulations could adversely impact our business.

Recent scientific studies and other news reports suggest the possibility of global climate change. In response, governments may adopt new regulations affecting the use of fossil fuels or requiring the use of alternative fuel sources. In addition, our customers may require us to take steps to demonstrate that we are taking ecologically responsible measures in operating our business. Our deployed network of tens of thousands of servers consumes significant energy resources, including those generated by the burning of fossil fuels. It is possible that future regulatory or legislative initiatives or customer demands could affect the costs of operating our network of servers and our other operations. Such costs and any expenses we incur to make our network more energy efficient could make us less profitable in future periods. Failure to comply with applicable laws and regulations or other requirements imposed on us could lead to fines, lost revenues and damage to our reputation.

Our sales to government clients subject us to risks including early termination, audits, investigations, sanctions and penalties.

We derive revenues from contracts with the U.S. government, as well as foreign, state and local governments and their respective agencies. Such government entities often have the right to terminate these contracts at any time, without cause. There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Most of our government contracts are subject to legislative approval of appropriations to fund the expenditures under these contracts. If the U.S. government fails to reach a budget compromise in 2013, automatic spending cuts could reduce the budgets of agencies that buy our services.

These factors may join to limit the revenues we derive from government contracts in the future. Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

Provisions of our charter documents 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, amended and restated 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. These provisions include:

- A classified board structure so that only approximately one-third of our board of directors is up for re-election in any one year;
- Our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- Stockholders must provide advance notice to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting; such provisions may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; and
- Our board of directors may issue, without stockholder approval, shares of undesignated preferred stock; the ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

Further, as a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our board of directors could rely on Delaware law to prevent or delay an acquisition of us.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

(c) Issuer Purchases of Equity Securities

The following is a summary of our repurchases of our common stock in the second quarter of 2013:

Period [1]	(a) Total Number of Shares Purchased [2]	(b) Average Price Paid per Share [3]	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [4]	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under Plans or Programs
April 1, 2013 – April 30, 2013	559,586	$ 34.57	559,586	$ 99,971,725 [5]
May 1, 2013 – May 31, 2013	170,300	45.41	170,300	92,239,083 [5]
June 1, 2013 – June 30, 2013	356,500	43.27	356,500	76,813,240 [5]
Total	1,086,386	$ 39.12	1,086,386	$ 76,813,240

(1) Information is based on settlement dates of repurchase transactions.
(2) Consists of shares of our common stock, par value $0.01 per share. All repurchases were made pursuant to a previously-announced program. All repurchases were made in open market transactions.
(3) Includes commissions paid.
(4) In January 2013, the Board of Directors authorized a $150.0 million share repurchase program, effective for a twelve-month period beginning February 1, 2013. See Note 8 to our unaudited consolidated financial statements included elsewhere in this quarterly report on Form 10-Q.
(5) Reflects $150.0 million from the repurchase program minus the total aggregate amount purchased thereunder to date and the aggregate commissions paid in connection therewith.

Item 5. ***Other Information***

Revision of Prior Period Amounts

In the first quarter of 2013, the Company conducted a reevaluation of its business model. Following the review, the Company determined it was appropriate to change the classification of cost of services and support and cost of network build-out and support from sales and marketing and general and administrative expenses, respectively, to costs of revenues because such costs directly support the Company's revenues. The Company has concluded that the prior classification was an error and that it is immaterial to all annual and quarterly periods previously presented. However, to facilitate period-over-period comparisons, the Company has revised its prior period financial statements to reflect the corrections in the period in which the expenses were incurred.

The effect of the revisions to the consolidated statements of operations for the years ended below is as follows (in thousands):

	Year Ended December 31, 2012		
	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 431,911	$ 97,989	$ 529,900
Research and development	74,744	—	74,744
Sales and marketing	304,404	(81,056)	223,348
General and administrative	227,033	(16,933)	210,100
Amortization of acquired intangible assets	20,962	—	20,962
Restructuring charge	406	—	406
Total costs and operating expenses	$ 1,059,460	$ —	$ 1,059,460

	Year Ended December 31, 2011		
	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 374,543	$ 79,162	$ 453,705
Research and development	52,333	—	52,333
Sales and marketing	227,331	(64,314)	163,017
General and administrative	191,726	(14,848)	176,878
Amortization of acquired intangible assets	17,070	—	17,070
Restructuring charge	4,886	—	4,886
Total costs and operating expenses	$ 867,889	$ —	$ 867,889

	Year Ended December 31, 2010		
	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 303,403	$ 72,957	$ 376,360
Research and development	54,766	—	54,766
Sales and marketing	226,704	(59,822)	166,882
General and administrative	167,779	(13,135)	154,644
Amortization of acquired intangible assets	16,657	—	16,657
Total costs and operating expenses	$ 769,309	$ —	$ 769,309

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The effect of the revisions to the consolidated statements of operations for each of the periods ended below is as follows (in thousands):

	Three Months Ended March 31, 2012		
	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 102,566	$ 22,359	$ 124,925
Research and development	17,480	—	17,480
Sales and marketing	67,290	(18,295)	48,995
General and administrative	55,706	(4,064)	51,642
Amortization of acquired intangible assets	4,767	—	4,767
Restructuring charge	60	—	60
Total costs and operating expenses	$ 247,869	$ —	$ 247,869

	Three Months Ended June 30, 2012			Six Months Ended June 30, 2012		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 107,457	$ 23,803	$ 131,260	$ 210,023	$ 46,162	$ 256,185
Research and development	17,542	—	17,542	35,022	—	35,022
Sales and marketing	75,882	(19,402)	56,480	143,172	(37,697)	105,475
General and administrative	57,997	(4,401)	53,596	113,703	(8,465)	105,238
Amortization of acquired intangible assets	5,463	—	5,463	10,230	—	10,230
Restructuring (benefit) charge	(46)	—	(46)	14	—	14
Total costs and operating expenses	$ 264,295	$ —	$ 264,295	$ 512,164	$ —	$ 512,164

	Three Months Ended September 30, 2012			Nine Months Ended September 30, 2012		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 109,995	$ 24,226	$ 134,221	$ 320,018	$ 70,388	$ 390,406
Research and development	19,351	—	19,351	54,373	—	54,373
Sales and marketing	75,924	(20,718)	55,206	219,096	(58,415)	160,681
General and administrative	54,511	(3,508)	51,003	168,214	(11,973)	156,241
Amortization of acquired intangible assets	5,381	—	5,381	15,611	—	15,611
Restructuring charge	—	—	—	14	—	14
Total costs and operating expenses	$ 265,162	$ —	$ 265,162	$ 777,326	$ —	$ 777,326

	Three Months Ended December 31, 2012		
	As Previously Reported	Adjustment	As Revised
Cost of revenues	$ 111,893	$ 27,601	$ 139,494
Research and development	20,371	—	20,371
Sales and marketing	85,308	(22,641)	62,667
General and administrative	58,819	(4,960)	53,859
Amortization of acquired intangible assets	5,351	—	5,351
Restructuring charge	392	—	392
Total costs and operating expenses	$ 282,134	$ —	$ 282,134

The classification error did not affect reported revenues, total costs and operating expenses, income from operations, net income or net income per share; our cash flows; or any balance sheet item.

Item 6. ***Exhibits***

The exhibits filed as part of this quarterly report on Form 10-Q are listed in the exhibit index immediately preceding the exhibits and are incorporated herein.

SIGNATURES

Pursuant to the requirements 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.

Akamai Technologies, Inc.

August 9, 2013	By: /s/ James Benson
	James Benson
	Chief Financial Officer (Duly Authorized Officer, Principal Financial Officer)

EXHIBIT INDEX

Exhibit 3.1*	Amended and Restated Certificate of Incorporation of the Registrant
Exhibit 3.2	Amended and Restated Bylaws of the Registrant
Exhibit 10.1**	Akamai Technologies, Inc. 2013 Stock Incentive Plan
Exhibit 10.2	Form of Restricted Stock Unit Agreement for use under the 2013 Stock Incentive Plan (time vesting)
Exhibit 10.3	Form of Restricted Stock Unit Agreement for use under the 2013 Stock Incentive Plan (performance vesting)
Exhibit 10.4	Form of Stock Option Agreement for use under the 2013 Stock Incentive Plan
Exhibit 10.5	Form of Deferred Stock Unit Agreement for use under the 2013 Stock Incentive Plan
Exhibit 31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
Exhibit 31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/ Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
Exhibit 32.1	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
Exhibit 32.2	Certification 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
101.INS	XBRL Instance Document.***
101.SCH	XBRL Taxonomy Extension Schema Document.***
101.CAL	XBRL Taxonomy Calculation Linkbase Document.***
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.***
101.LAB	XBRL Taxonomy Label Linkbase Document.***
101.PRE	XBRL Taxonomy Presentation Linkbase Document.***

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

** Incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 20, 2012.

*** Submitted electronically herewith

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at June 30, 2013 and December 31, 2012, (ii) Consolidated Statements of Operations for the three and six months ended June 30, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2013 and 2012, (iv) Consolidated Statements of Cash Flows for the six months ended June 30, 2013 and 2012 and (v) Notes to Unaudited Consolidated Financial Statements.

EXHIBIT 3.2

Amendment No. 1 to the

AMENDED AND RESTATED

BY-LAWS

OF

AKAMAI TECHNOLOGIES, INC.

Effective March 4, 2008

Section 1.9 of Article I of these Amended and Restated By-laws is hereby amended by deleting the last sentence of such section in its entirety and substituting therefor the following:

1.9 When a quorum is present at any meeting, for the election of directors, a nominee for director shall be elected by the stockholders at such meeting if the votes cast “for” such nominee's election exceed the votes cast “against” such nominee's election (with “abstentions”, “broker non-votes” and “withheld” votes not counted as a vote either “for” or “against” that director's election); provided, that directors shall be elected by a plurality of the votes cast when a quorum is present at any meeting of stockholders for which (i) the secretary of the corporation receives a notice that a stockholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 1.10 of these By-laws and (ii) such nomination has not been withdrawn by such stockholder on or before the tenth business day before the corporation first mails its notice of meeting to the stockholders.

BY ORDER OF THE BOARD OF DIRECTORS

Dated March 4, 2008

Attested:

/s/ Melanie Haratunian

Melanie Haratunian, Corporate Secretary

AMENDED AND RESTATED

BY-LAWS

OF

AKAMAI TECHNOLOGIES, INC.

ARTICLE 1 - Stockholders

1.1 Place of Meetings. All meetings of stockholders shall be held at such place within or without the State of Delaware as may be designated from time to time by the Board of Directors, the Chairman of the Board or the President or, if not so designated, at the registered office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on a date to be fixed by the Board of Directors, the Chairman of the Board or the President (which date shall not be a legal holiday in the place where the meeting is to be held) at the time and place to be fixed by the Board of Directors, the Chairman of the Board or the President and stated in the notice of the meeting. If no annual meeting is held in accordance with the foregoing provisions, the Board of Directors shall cause the meeting to be held as soon thereafter as convenient. If no annual meeting is held in accordance with the foregoing provisions, a special meeting may be held in lieu of the annual meeting, and any action taken at that special meeting shall have the same effect as if it had been taken at the annual meeting, and in such case all references in these By-Laws to the annual meeting of the stockholders shall be deemed to refer to such special meeting.

1.3 Special Meetings. Special meetings of stockholders may be called at any time only by the Chairman of the Board of Directors, the President or the Board of Directors. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

1.4 Notice of Meetings. Except as otherwise provided by law, written notice of each meeting of stockholders, whether annual or special, shall be given not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. The notices of all meetings shall state the place, date and hour of the meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the corporation.

1.5 Voting List. The officer who has charge of the stock ledger of the corporation shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at a place within the city where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and may be inspected by any stockholder who is present.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business.

1.7 Adjournments. Any meeting of stockholders may be adjourned to any other time and to any other place at which a meeting of stockholders may be held under these By-Laws by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum, or, if no stockholder is present, by any officer entitled to preside at or to act as Secretary of such meeting. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law, the Certificate of Incorporation or these By-Laws. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by proxy executed in writing (or in such other manner permitted by the General Corporation Law of the State of Delaware) by the stockholder or his authorized agent and delivered to the Secretary of the corporation. No such proxy shall be voted or acted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, the holders of a majority of the stock present or represented and voting on a matter (or if there are two or more classes of stock entitled to vote as separate classes, then in the case of each such class, the holders of a majority of the stock of that class present or represented and voting on a matter) shall decide any matter to be voted upon by the stockholders at such meeting, except when a different vote is required by express provision of law, the Certificate of Incorporation or these By-Laws. Any election by stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote at the election.

1.10 Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nomination for election to the Board of Directors of the corporation at a meeting of stockholders may be made by the Board of Directors or by any stockholder of the corporation entitled to vote for the election of directors at such meeting who complies with the notice procedures set forth in this Section 1.10. Such nominations, other than those made by or on behalf of the Board of Directors, shall be made by timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the corporation not less than 70 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (i) in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 70 days, from such anniversary date, notice by the stockholder to be timely must be so delivered or received not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of the seventieth day prior to such annual meeting or the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs, and (ii) with respect to the annual meeting of stockholders of the corporation to be held in the year 2000, to be timely, a stockholder's notice must be so received not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of (A) the sixtieth day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth (a) as to each proposed nominee (i) the name, age, business address and, if known, residence address of each such nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the corporation which are beneficially owned by each such nominee, and (iv) any other information concerning the nominee that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to be named as a nominee and to serve as a director if elected); and (b) as to the stockholder giving the notice (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class and number of shares of the corporation which are beneficially owned by such stockholder. In addition, to be effective, the stockholder's notice must be accompanied by the written consent of the proposed nominee to serve as a director if elected. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as a director of the corporation.

The chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

1.11 Notice of Business at Annual Meetings. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before an annual meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, if such business relates to the election of directors of the corporation, the procedures in Section 1.10 must be complied with. If such business relates to any other matter, the stockholder must have given timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice must be delivered to, or mailed and received by, the Secretary at the principal executive offices of the corporation not less than 70 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that (i) in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 70 days, from such anniversary date, notice by the stockholder to be timely must be so delivered or received not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of the seventieth day prior to such annual meeting or the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs, and (ii) with respect to the annual meeting of stockholders of the corporation to be held in the year 2000, to be timely, a stockholder's notice must be so received not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of (A) the sixtieth day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 1.11 and except that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Securities Exchange Act of 1934, as amended, and is to be included in the corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the requirements of this Section 1.11.

The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 1.11, and if he should so determine, the chairman shall so declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

1.12 Action without Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted to be taken by stockholders for or in connection with any corporate action may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in Delaware by hand or certified or registered mail, return receipt requested, to its principal place of business or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Each such written consent shall bear the date of signature of each stockholder who signs the consent. No written consent shall be effective to take the corporate action referred to therein unless written consents signed by a number of stockholders sufficient to take such action are delivered to the corporation in the manner specified in this paragraph within sixty days of the earliest dated consent so delivered.

If action is taken by consent of stockholders and in accordance with the foregoing, there shall be filed with the records of the meetings of stockholders the writing or writings comprising such consent.

If action is taken by less than unanimous consent of stockholders, prompt notice of the taking of such action without a meeting shall be given to those who have not consented in writing and a certificate signed and attested to by the Secretary of the corporation that such notice was given shall be filed with the records of the meetings of stockholders.

In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the General Corporation Law of the State of Delaware, if such action had been voted upon by the stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning a vote of stockholders, that written consent has been given under Section 228 of said General Corporation Law and that written notice has been given as provided in such Section 228.

Notwithstanding the foregoing, if at any time the corporation shall have a class of stock registered pursuant to the provisions of the Securities Exchange Act of 1934, as amended, for so long as such class is registered, any action by the stockholders of such class must be taken at an annual or special meeting of stockholders and may not be taken by written consent.

1.13 Organization. The Chairman of the Board, or in his absence the Vice Chairman of the Board designated by the Chairman of the Board, or the President, in the order named, shall call meetings of the stockholders to order, and shall act as chairman of such meeting; provided, however, that the Board of Directors may appoint any stockholder to act as chairman of any meeting in the absence of the Chairman of the Board. The Secretary of the corporation shall act as secretary at all meetings of the stockholders; but in the absence of the Secretary at any meeting of the stockholders, the presiding officer may appoint any person to act as secretary of the meeting.

ARTICLE 2 - Directors

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law, the Certificate of Incorporation or these By-Laws. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, may exercise the powers of the full Board until the vacancy is filled.

2.2 Number; Election and Qualification. The number of directors which shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors, but in no event shall be less than three. The number of directors may be decreased at any time and from time to time by a majority of the directors then in office, but only to eliminate vacancies existing by reason of the death, resignation, removal or expiration of the term of one or more directors. The directors shall be elected at the annual meeting of stockholders by such stockholders as have the right to vote on such election. Directors need not be stockholders of the corporation.

2.3 Classes of Directors. The Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. No one class shall have more than one director more than any other class. If a fraction is contained in the quotient arrived at by dividing the designated number of directors by three, then, if such fraction is one-third, the extra director shall be a member of Class I, and if such fraction is two-thirds, one of the extra directors shall be a member of Class I and one of the extra directors shall be a member of Class II, unless otherwise provided from time to time by resolution adopted by the Board of Directors.

2.4 Terms of Office. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, that each initial director in Class I shall serve for a term ending on the date of the annual meeting of stockholders in 2000; each initial director in Class II shall serve for a term ending on the date of the annual meeting of stockholders in 2001; and each initial director in Class III shall serve for a term ending on the date of the annual meeting of stockholders in 2002; and provided further, that the term of each director shall be subject to the election and qualification of his successor and to his earlier death, resignation or removal.

2.5 Allocation of Directors Among Classes in the Event of Increases or Decreases in the Number of Directors. In the event of any increase or decrease in the authorized number of directors, (i) each director then serving as such shall nevertheless continue as a director of the class of which he or she is a member and (ii) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to ensure that no one class has more than one director more than any other class. To the extent possible, consistent with the foregoing rule, any newly created directorships shall be added to those classes whose terms of office are to expire at the latest dates following such allocation, and any newly eliminated directorships shall be subtracted from those classes whose terms of offices are to expire at the earliest dates following such allocation, unless otherwise provided from time to time by resolution adopted by the Board of Directors.

2.6 Vacancies. Any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the size of the Board, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his successor and to his earlier death, resignation or removal.

2.7 Resignation. Any director may resign by delivering his written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

2.8 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place, either within or without the State of Delaware, as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.9 Special Meetings. Special meetings of the Board of Directors may be held at any time and place, within or without the State of Delaware, designated in a call by the Chairman of the Board, President, two or more directors, or by one director in the event that there is only a single director in office.

2.10 Notice of Special Meetings. Notice of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (i) by giving notice to such director in person or by telephone at least 24 hours in advance of the meeting, (ii) by sending a telegram, telecopy, telex or electronic mail message, or delivering written notice by hand, to his last known business or home address at least 24 hours in advance of the meeting, or (iii) by mailing written notice to his last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.11 Meetings by Telephone Conference Calls. Directors or any members of any committee designated by the directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.12 Quorum. A majority of the total number of the whole Board of Directors shall constitute a quorum at all meetings of the Board of Directors. In the event one or more of the directors shall be disqualified to vote at any meeting, then the required quorum shall be reduced by one for each such director so disqualified; provided, however, that in no case shall less than one-third (1/3) of the number so fixed constitute a quorum. In the absence of a quorum at any such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.13 Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of those present shall be sufficient to take any action, unless a different vote is specified by law, the Certificate of Incorporation or these By-Laws.

2.14 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee of the Board of Directors may be taken without a meeting, if all members of the Board or committee, as the case may be, consent to the action in writing, and the written consents are filed with the minutes of proceedings of the Board or committee.

2.15 Removal. Directors of the corporation may be removed only for cause by the affirmative vote of the holders of at least two-thirds of the shares of the capital stock of the corporation issued and outstanding and entitled to vote.

2.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors.

2.17 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary corporations in any other capacity and receiving compensation for such service.

ARTICLE 3 - Officers

3.1 Enumeration. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including a Chairman of the Board, a Vice Chairman of the Board, and one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, each officer shall hold office until his successor is elected and qualified, unless a different term is specified in the vote choosing or appointing him, or until his earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering his or her written resignation to the corporation at its principal office or to the President or Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Any officer may be removed at any time, with or without cause, by vote of a majority of the entire number of directors then in office.

Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise, unless such compensation is expressly provided in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of his predecessor and until his successor is elected and qualified, or until his earlier death, resignation or removal.

3.7 Chairman of the Board and Vice Chairman of the Board. The Board of Directors may appoint a Chairman of the Board. If the Board of Directors appoints a Chairman of the Board, he shall perform such duties and possess such powers as are assigned to him by the Board of Directors. Unless otherwise provided by the Board of Directors, he shall preside at all meetings of the stockholders and at all meetings of the Board of Directors. If the Board of Directors appoints a Vice Chairman of the Board, he shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board and shall perform such other duties and possess such other powers as may from time to time be vested in him by the Board of Directors.

3.8 President. The President shall, subject to the direction of the Board of Directors, have general charge and supervision of the business of the corporation. Unless the Board of Directors has designated the Chairman of the Board or another officer as Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The President shall perform such other duties and shall have such other powers as the Board of Directors may from time to time prescribe.

3.9 Vice Presidents. Any Vice President shall perform such duties and possess such powers as the Board of Directors or the President may from time to time prescribe. In the event of the absence, inability or refusal to act of the President, the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the President and when so performing shall have all the powers of and be subject to all the restrictions upon the President. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.10 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the President may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the President or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary secretary to keep a record of the meeting.

3.11 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned to him or her by the Board of Directors or the President. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-Laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the President or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.12 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

ARTICLE 4 - Capital Stock

4.1 Issuance of Stock. Unless otherwise voted by the stockholders and subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any unissued balance of the authorized capital stock of the corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

4.2 Certificates of Stock. Every holder of stock of the corporation shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, certifying the number and class of shares owned by him or her in the corporation. Each such certificate shall be signed by, or in the name of the corporation by, the Chairman or Vice Chairman, if any, of the Board of Directors, or the President or a Vice President, and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Any or all of the signatures on the certificate may be a facsimile.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, the By-Laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

4.3 Transfers. Except as otherwise established by rules and regulations adopted by the Board of Directors, and subject to applicable law, shares of stock may be transferred on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-Laws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the Board of Directors may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity as the Board of Directors may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 5 - General Provisions

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever any notice whatsoever is required to be given by law, by the Certificate of Incorporation or by these By-Laws, a waiver of such notice either in writing signed by the person entitled to such notice or such person's duly authorized attorney, or by telegraph, cable or any other available method, whether before, at or after the time stated in such waiver, or the appearance of such person or persons at such meeting in person or by proxy, shall be deemed equivalent to such notice.

5.4 Voting of Securities. Except as the directors may otherwise designate, the President or Treasurer may waive notice of, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at any meeting of stockholders or shareholders of any other corporation or organization, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-Laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the corporation, as amended and in effect from time to time.

5.7 Transactions with Interested Parties. No contract or transaction between the corporation and one or more of the directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or a committee of the Board of Directors which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum;

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee of the Board of Directors, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

5.8 Severability. Any determination that any provision of these By-Laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-Laws.

5.9 Pronouns. All pronouns used in these By-Laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

ARTICLE 6 - Amendments

6.1 By the Board of Directors. These By-Laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present.

6.2 By the Stockholders. Except as otherwise provided in Section 6.3, these By-Laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of the holders of a majority of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at any regular or special meeting of stockholders, provided notice of such alteration, amendment, repeal or adoption of new by-laws shall have been stated in the notice of such regular or special meeting.

6.3 Certain Provisions. Notwithstanding any other provision of law, the Certificate of Incorporation or these By-Laws, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the shares of the capital stock of the corporation issued and outstanding and entitled to vote shall be required to amend or repeal, or to adopt any provision inconsistent with Section 1.3, Section 1.10, Section 1.11, Section 1.12, Section 1.13, Article 2 or Article 6 of these By-Laws.

AKAMAI TECHNOLOGIES, INC.

Restricted Stock Unit Agreement

Granted Under the 2013 Stock Incentive Plan

1. Grant of Award.

This Agreement evidences the grant by Akamai Technologies, Inc., a Delaware corporation (the "Company") on ___________, ____ (the "Grant Date") to you (the "Participant") of ________ restricted stock units of the Company (individually, an "RSU" and collectively, the "RSUs"), subject to the terms and conditions set forth in this Restricted Stock Unit Agreement (the "Agreement") and the 2013 Stock Incentive Plan (the "Plan"). Each RSU represents the right to receive one share of the common stock, par value $.01 per share, of the Company ("Common Stock") as provided in this Agreement. The shares of Common Stock that are issuable upon vesting of the RSUs are referred to in this Agreement as "Shares." Capitalized terms used but not defined in this Agreement shall have the meanings specified in the Plan.

2. Vesting; Forfeiture.

Subject to the terms and conditions of this Agreement and provided that the Participant continues to provide services until the Vesting Date (as defined below):

(a) This award shall vest over ____ years as follows: ____.

(b) Except as otherwise provided in this Section 2, RSUs shall not continue to vest unless the Participant is, and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company.

(c) Except as reflected in Section 6 below, in the event that the Participant's employment with the Company ceases or is terminated for any reason other than "Cause" (as defined below), other than by reason of death or disability, then the number of RSUs which shall be vested shall be the number that are vested as of the date of actual termination. For purposes of this Agreement, "Cause" shall mean (i) any act or omission by the Participant that has a significant adverse effect on Akamai's business or on the Participant's ability to perform services for Akamai, including, without limitation, the commission of any crime (other than ordinary traffic violations), or (ii) refusal or failure to perform assigned duties, serious misconduct, or excessive absenteeism, or (iii) refusal or failure to comply with Akamai's Code of Business Ethics. In the event that the Participant's employment with the Company is terminated for Cause, all unvested RSUs shall be forfeited effective as of the date of termination. In the event that the Participant's employment with the Company ceases due to death or disability (as defined under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")), then all unvested RSUs shall vest as of the date of death or disability.

(d) For purposes of this Agreement, employment with the Company shall include employment with a parent, subsidiary, affiliate or division of the Company.

3. Distribution of Shares.

(a) The Company will distribute to the Participant (or to the Participant's estate in the event that his or her death occurs after a Vesting Date but before distribution of the corresponding Shares), the Shares of Common Stock represented by RSUs that vested on such vesting date as soon as administratively practicable after each vesting date (each such date of distribution is hereinafter referred to as a "Settlement Date") but in any event within the period ending on the later to occur of the date that is two and one-half months from the end of (i) Participant's tax year that includes the applicable Vesting Date or (ii) the Company's tax year that includes the applicable Vesting Date.

(b) The Company shall not be obligated to issue to the Participant the Shares upon the vesting of any RSU (or otherwise) unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal or state securities laws and the requirements of any stock exchange upon which shares of Common Stock may then be listed.

(c) Neither the Company nor the Participant shall have the right to accelerate or defer the delivery of any shares under this Agreement except to the extent specifically permitted under the Code.

4. Restrictions on Transfer.

The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any RSUs, or any interest therein, except by will or the laws of descent and distribution.

5. Dividend and Other Shareholder Rights.

Except as set forth in the Plan, neither the Participant nor any person claiming under or through the Participant shall be, or have any rights or privileges of, a stockholder of the Company in respect of the Shares issuable pursuant to the RSUs granted hereunder until the Shares have been delivered to the Participant.

6. Provisions of the Plan; Acquisition Event or Change in Control Event.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is made available to the Participant with this Agreement.

(b) Upon the occurrence of an Acquisition Event (as defined in the Plan) that is not a Change in Control Event (as defined in the Plan), each RSU (whether vested or unvested) shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Acquisition Event in the same manner and to the same extent as they applied to the Common Stock subject to such RSU.

(c) Upon the occurrence of a Change in Control Event (regardless of whether such event also constitutes an Acquisition Event), each RSU shall continue to be subject to the vesting schedule set forth in Section 2(a); provided, however, in the event that upon the occurrence of Change in Control Event, the RSUs represented by this Agreement are not exchanged for a Replacement Award (as defined below), then each RSU shall immediately become fully vested as of immediately prior to the closing of the Change in Control Event.

(d) For purposes of this Agreement, an award issuing by the acquiring company in a Change in Control Event shall qualify as a "Replacement Award" if (i) it has a value at least equal to the value of the RSUs represented by this Agreement (the "Replaced Award") as determined by the Committee in its sole discretion; (ii) it relates to publicly traded equity securities of the Company or its successor in the Change in Control Event or another entity that is affiliated with the Company or its successor following the Change in Control Event; and (iii) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this clause (d) are satisfied shall be made by the Committee, as constituted immediately before the Change in Control Event, in its sole discretion.

(e) In the event that Participant's employment is terminated by the Company for a reason other than Cause (as defined above), including the Participant's voluntary resignation for Good Reason (as defined below), within twelve months after a Change in Control Event, all then-unvested RSUs shall vest as of the date of termination of employment. For purposes of this Agreement, "Good Reason" shall mean (i) a material reduction in the Participant's compensation and benefits (including without limitation any bonus plan or indemnity agreement) not agreed to in writing by the Participant; (ii) the assignment to the Participant of duties and/or responsibilities that are materially inconsistent with those associated with the Participant's position; or (iii) a requirement, not agreed to in writing by the Participant, that the Participant relocate to, or perform his or her principal job functions at, an office that is more than twenty-five (25) miles from the office at which the Participant was previously performing his or her principal job functions.

7. Withholding Taxes.

(a) Regardless of any action the Company or the Participant's employer ("Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by him or her is and remains the Participant's responsibility and that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Unit award, including the grant and vesting of the Restricted Stock Units, the receipt of cash or any dividends or dividend equivalents; and (2) do not commit to structure the terms of the award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) In the event that the Company, subsidiary, affiliate or division is required to withhold any Tax-Related Items as a result of the award or vesting of the Restricted Stock Units, or the receipt of cash or any dividends or dividend equivalents, the Participant shall pay or make adequate arrangements satisfactory to the Company, subsidiary, affiliate or division to satisfy all withholding and payment on account obligations of the Company, subsidiary, affiliate or division. The obligations of the Company under this Agreement, including the delivery of shares upon vesting, shall be conditioned on compliance by the Participant with this Section 7. In this regard, the Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by the Participant from his or her wages or other cash compensation paid to the Participant by the Company and/or the Employer. Alternatively, or in addition, if permissible under local law, the Company may withhold in shares of Common Stock an amount of shares sufficient to cover the Participant's tax liability.

(c) The Participant will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan or the Participant's award that cannot be satisfied by the means previously described.

(d) As a condition to receiving any Shares, on the date of this Agreement, Participant must execute the Irrevocable Standing Order to Sell Shares attached hereto, which authorizes the Company and Charles Schwab & Co., Inc. (or such substitute brokerage firm as is contracted to manage the Company's employee equity award program, the "Broker") to take the actions described in Section 7(b) and this Section 7(d) (the "Standing Order").

(e) Participant understands and agrees that the number of Shares that the Broker will sell will be based on the closing price of the Common Stock on the last trading day before the applicable Vesting Date. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Section 7.

(f) Participant agrees that the proceeds received from the sale of Shares pursuant to Section 7(d) will be used to satisfy the Tax-Related Items and, accordingly, Participant hereby authorizes the Broker to pay such proceeds to the Company for such purpose. Participant understands that to the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the Tax-Related Items, such excess proceeds shall be deposited into the Participants account with Broker. Participant further understands that any remaining Shares shall be deposited into such account.

(g) The Participant represents to the Company that, as of the date hereof, he is not aware of any material nonpublic information about the Company or the Common Stock. The Participant and the Company have structured this Agreement to constitute a “binding contract” relating to the sale of Common Stock pursuant to this Section 7, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

8. Miscellaneous.

(a) No Rights to Employment. The Participant acknowledges and agrees that the vesting of the RSUs pursuant to Section 2 hereof is earned only by continuing service as an employee at the will of the Company (not through the act of being hired or purchasing shares hereunder). The Participant further acknowledges and agrees that the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as an employee or consultant for the vesting period, for any period, or at all.

(b) 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.

(c) Waiver. 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 of Directors of the Company.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(e) Notice. 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, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his 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 8(e).

(f) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(g) Entire Agreement; Conflicts and Interpretation. This Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement. In the event of any conflict between this Agreement and the Plan, the Plan shall control. In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Board of Directors (or a committee thereof) has the power, among other things, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan.

(h) Amendment. The Company may modify, amend or waive the terms of this Agreement prospectively or retroactively, but no such modification, amendment or waiver shall impair the rights of the Participant without his or her consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. 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 of Directors (or a committee thereof) of the Company. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

(i) 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.

(j) Unfunded Rights. The right of the Participant to receive Common Stock pursuant to this Agreement is an unfunded and unsecured obligation of the Company. The Participant shall have no rights under this Agreement other than those of an unsecured general creditor of the Company.

(k) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs awarded under and participation in the Plan or future options that may be awarded under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written. Electronic acceptance of this Agreement pursuant to the Company's instructions to Participant (including through an online acceptance process managed by the Company's agent) is acceptable.

AKAMAI TECHNOLOGIES, INC.

By:____________________________
Name:
Title:

____
[Name of Participant]

Address:

IRREVOCABLE STANDING ORDER TO SELL SHARES

The Participant has been granted restricted stock units ("RSUs") by Akamai Technologies, Inc. ("Akamai"), which is evidenced by a restricted stock unit agreement between me and Akamai (the "Agreement," copy attached). Provided that I remain employed by Akamai on each vesting date, the shares vest according to the provisions of the Agreement.

I understand that on each vesting date, the shares issuable in respect of vested RSUs (the "Shares") will be deposited into my account at Charles Schwab & Co., Inc. ("Schwab") and that I will recognize taxable ordinary income as a result. Pursuant to the terms of the Agreement and as a condition of my receipt of the Shares, I understand and agree that, for each vesting date, I must sell a number of shares sufficient to satisfy all withholding taxes applicable to that ordinary income. Therefore, **I hereby direct Schwab to sell, at the market price and on each vesting date listed above (or the first business day thereafter if a vesting date should fall on a day when the market is closed), the number of Shares that Akamai informs Schwab is sufficient to satisfy the applicable withholding taxes, which shall be calculated based on the closing price of Akamai's common stock on the last trading day before each vesting date.** I understand that Schwab will remit the proceeds to Akamai for payment of the withholding taxes.

I hereby agree 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 any (i) negligent act, omission or willful misconduct by Akamai in carrying out actions pursuant to the third sentence of the preceding paragraph and (ii) any action taken or omitted by Schwab in good faith reliance upon instructions herein or upon instructions or information transmitted to Schwab by Akamai pursuant to the third sentence of the preceding paragraph.

I understand and agree that by signing below or effecting an online acceptance of the Agreement, I am making an Irrevocable Standing Order to Sell Shares which will remain in effect until all of the shares have vested. I also agree that this Irrevocable Standing Order to Sell Shares is in addition to and subject to the terms and conditions of any existing Account Agreement that I have with Schwab.

____
Signature

____
Print Name

AKAMAI TECHNOLOGIES, INC.

Performance-Based Restricted Stock Unit Agreement

Granted Under the 2013 Stock Incentive Plan

1. Grant of Award.

This Agreement evidences the grant by Akamai Technologies, Inc., a Delaware corporation (the "Company") on _____________ (the "Grant Date") to you (the "Participant") of restricted stock units of the Company (individually, an "RSU" and collectively, the "RSUs"), subject to the terms and conditions set forth in this Restricted Stock Unit Agreement (the "Agreement") and the Company's 2013 Stock Incentive Plan (the "Plan"). Each RSU represents the right to receive one share of the common stock, par value $.01 per share, of the Company ("Common Stock") as provided in this Agreement. The maximum number of shares issuable is _____________ (the "Maximum Number of Shares"). The number shares of Common Stock that are issuable upon vesting of the RSUs shall be calculated pursuant to the provisions of Schedule 1 and are referred to in this Agreement as "Shares." Capitalized terms used but not defined in this Agreement shall have the meanings specified in the Plan.

2. Vesting; Forfeiture.

(a) Subject to the terms and conditions of this Agreement including, without limitation, Paragraph 2(b) below, the number of Shares issuable pursuant to the calculation set forth in Schedule 1 to this Agreement shall vest as follows: ____. Such date or any other date on which shares vest under this Agreement may be referred to herein as a "Vesting Date."

(b) Except as otherwise provided in Schedule 1, RSUs shall not continue to vest unless the Participant is, and has been at all times since the Grant Date, an employee, officer or director of, or consultant or advisor to, the Company. For purposes of this Agreement, employment with the Company shall include employment with a parent, subsidiary, affiliate or division of the Company.

3. Distribution of Shares.

(a) The Company will distribute to the Participant the Shares of Common Stock represented by vested RSUs as follows: within 30 days of the Vesting Date.

(b) The Company shall not be obligated to issue to the Participant the Shares upon the vesting of any RSU (or otherwise) unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal or state securities laws and the requirements of any stock exchange upon which shares of Common Stock may then be listed.

(c) Neither the Company nor the Participant shall have the right to accelerate or defer the delivery of any shares under this Agreement except to the extent specifically permitted under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

4. Restrictions on Transfer.

The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any RSUs, or any interest therein, except by will or the laws of descent and distribution.

5. Dividend and Other Shareholder Rights.

Except as set forth in the Plan, neither the Participant nor any person claiming under or through the Participant shall be, or have any rights or privileges of, a stockholder of the Company in respect of the Shares issuable pursuant to the RSUs granted hereunder until the Shares have been delivered to the Participant.

6. Provisions of the Plan; Acquisition Event or Change in Control Event.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is made available to the Participant with this Agreement.

(b) Upon the occurrence of an Acquisition Event (as defined in the Plan), each RSU (whether vested or unvested) shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Acquisition Event in the same manner and to the same extent as they applied to the Common Stock subject to such RSU.

(c) Upon the occurrence of a Change in Control Event (regardless of whether such event also constitutes an Acquisition Event), effective as of immediately prior to the Change in Control Event, a pro rated number of then-unvested RSUs, equal to 100% of the then-outstanding number of unvested RSUs issuable upon achievement of target performance metrics as set forth on Schedule I, shall vest; pro ration shall be based on the percentage of the vesting period that has elapsed as of the closing date of the Change in Control Event since the Grant Date (e.g., if the closing date of the Change in Control Event were April 1, 2020 and the Vesting Date for a three year vesting period was October 1, 2021, then the number of Shares issuable would be 50% of the Shares issuable at target performance (18 months/36 months)).

7. Withholding Taxes.

(a) Regardless of any action the Company or the Participant's employer (“Employer”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by him or her is and remains the Participant's responsibility and that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Unit award, including the grant and vesting of the Restricted Stock Units, the receipt of cash or any dividends or dividend equivalents; and (2) do not commit to structure the terms of the award or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items.

(b) In the event that the Company, subsidiary, affiliate or division is required to withhold any Tax-Related Items as a result of the award or vesting of the Restricted Stock Units, or the receipt of cash or any dividends or dividend equivalents, the Participant shall pay or make adequate arrangements satisfactory to the Company, subsidiary, affiliate or division to satisfy all withholding and payment on account obligations of the Company, subsidiary, affiliate or division. The obligations of the Company under this Agreement, including the delivery of shares upon vesting, shall be conditioned on compliance by the Participant with this Section 7. In this regard, the Participant authorizes the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by the Participant from his or her wages or other cash compensation paid to the Participant by the Company and/or the Employer. Alternatively, or in addition, if permissible under local law, the Company may withhold in shares of Common Stock an amount of shares sufficient to cover the Participant's tax liability.

(c) The Participant will pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan or the Participant's award that cannot be satisfied by the means previously described.

(d) As a condition to receiving any Shares, on the date of this Agreement, Participant must execute the Irrevocable Standing Order to Sell Shares attached hereto, which authorizes the Company and Charles Schwab & Co., Inc. (or such substitute brokerage firm as is contracted to manage the Company's employee equity award program, the “Broker”) to take the actions described in Section 7(b) and this Section 7(d) (the “Standing Order”).

(e) Participant understands and agrees that the number of Shares that the Broker will sell will be based on the closing price of the Common Stock on the last trading day before the applicable Vesting Date. The Participant agrees to execute and deliver such documents, instruments and certificates as may reasonably be required in connection with the sale of the Shares pursuant to this Section 7.

(f) Participant agrees that the proceeds received from the sale of Shares pursuant to Section 7(d) will be used to satisfy the Tax-Related Items and, accordingly, Participant hereby authorizes the Broker to pay such proceeds to the Company for such purpose. Participant understands that to the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the Tax-Related Items, such excess proceeds shall be deposited into the Participants account with Broker. Participant further understands that any remaining Shares shall be deposited into such account.

(g) The Participant represents to the Company that, as of the date hereof, he is not aware of any material nonpublic information about the Company or the Common Stock. The Participant and the Company have structured this Agreement to constitute a “binding contract” relating to the sale of Common Stock pursuant to this Section 7, consistent with the affirmative defense to liability under Section 10(b) of the Securities Exchange Act of 1934 under Rule 10b5-1(c) promulgated under such Act.

8. Miscellaneous.

(a) No Rights to Employment. The Participant acknowledges and agrees that the vesting of the RSUs pursuant to Section 2 hereof is earned only by continuing service as an employee at the will of the Company (not through the act of being hired or purchasing shares hereunder). The Participant further acknowledges and agrees that the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as an employee or consultant for the vesting period, for any period, or at all.

(b) 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.

(c) Waiver. 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 of Directors of the Company.

(d) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(e) Notice. 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, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his 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 8(e).

(f) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(g) Entire Agreement; Conflicts and Interpretation. This Agreement and the Plan constitute the entire agreement between the parties and supersede all prior agreements and understandings relating to the subject matter of this Agreement. In the event of any conflict between this Agreement and the Plan, the Plan shall control.

In the event of any ambiguity in this Agreement, or any matters as to which this Agreement is silent, the Plan shall govern including, without limitation, the provisions thereof pursuant to which the Board of Directors (or a committee thereof) has the power, among other things, to (i) interpret the Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Plan and (iii) make all other determinations deemed necessary or advisable for the administration of the Plan.

(h) Amendment. The Company may modify, amend or waive the terms of this Agreement prospectively or retroactively, but no such modification, amendment or waiver shall impair the rights of the Participant without his or her consent, except as required by applicable law, NASDAQ or stock exchange rules, tax rules or accounting rules. 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 of Directors (or a committee thereof) of the Company. The waiver by either party of compliance with any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

(i) 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.

(j) Unfunded Rights. The right of the Participant to receive Common Stock pursuant to this Agreement is an unfunded and unsecured obligation of the Company. The Participant shall have no rights under this Agreement other than those of an unsecured general creditor of the Company.

(k) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs awarded under and participation in the Plan or future options that may be awarded under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written. Electronic acceptance of this Agreement pursuant to the Company's instructions to Participant (including through an online acceptance process managed by the Company's agent) is acceptable.

AKAMAI TECHNOLOGIES, INC.

By:___________________________
Name:
Title:

____
[Name of Participant]

Address:

IRREVOCABLE STANDING ORDER TO SELL SHARES

The Participant has been granted restricted stock units ("RSUs") by Akamai Technologies, Inc. ("Akamai"), which is evidenced by a restricted stock unit agreement between me and Akamai (the "Agreement," copy attached). Provided that I remain employed by Akamai on each vesting date, the shares vest according to the provisions of the Agreement.

I understand that on each vesting date, the shares issuable in respect of vested RSUs (the "Shares") will be deposited into my account at Charles Schwab & Co., Inc. ("Schwab") and that I will recognize taxable ordinary income as a result. Pursuant to the terms of the Agreement and as a condition of my receipt of the Shares, I understand and agree that, for each vesting date, I must sell a number of shares sufficient to satisfy all withholding taxes applicable to that ordinary income. Therefore, **I hereby direct Schwab to sell, at the market price and on each vesting date listed above (or the first business day thereafter if a vesting date should fall on a day when the market is closed) or as soon as practicable thereafter, the number of Shares that Akamai informs Schwab is sufficient to satisfy the applicable withholding taxes, which shall be calculated based on the closing price of Akamai's common stock on the last trading day before each vesting date.** I understand that Schwab will remit the proceeds to Akamai for payment of the withholding taxes.

I hereby agree 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 any (i) negligent act, omission or willful misconduct by Akamai in carrying out actions pursuant to the third sentence of the preceding paragraph and (ii) any action taken or omitted by Schwab in good faith reliance upon instructions herein or upon instructions or information transmitted to Schwab by Akamai pursuant to the third sentence of the preceding paragraph.

I understand and agree that by signing below or effecting an online acceptance of the Agreement, I am making an Irrevocable Standing Order to Sell Shares which will remain in effect until all of the shares have vested. I also agree that this Irrevocable Standing Order to Sell Shares is in addition to and subject to the terms and conditions of any existing Account Agreement that I have with Schwab.

____
Signature

____
Print Name

AKAMAI CONFIDENTIAL

SCHEDULE 1

VESTING CRITERIA FOR RSUs

EXHIIBIT 10.4

AKAMAI TECHNOLOGIES, INC.

Non-Qualified Stock Option Agreement
Granted Under 2013 Stock Incentive Plan

1. Grant of Option.

This Non-Qualified Stock Option Agreement (this "Agreement") evidences the grant by Akamai Technologies, Inc., a Delaware corporation (the "Company"), on _____________ (the "Grant Date") to _________________, 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 2013 Stock Incentive Plan (the "Plan"), a total of __________________ shares (the "Shares") of common stock, $0.01 par value per share, of the Company ("Common Stock") at «Exercise_Price» per Share. Unless earlier terminated, this option shall expire on the seventh anniversary of the Grant Date (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). 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) General. This option will become exercisable ("vest") as to ___________________ _________________________________. For purposes of this Section 2(a) the Vesting Start Date shall be the Grant Date.

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.

(i) Upon a Change in Control Event (as defined in the Plan), notwithstanding anything to the contrary in the Plan, this option shall continue to be subject to the vesting provisions of Section 2(a). In the event that Participant's employment with the Company is terminated by the Company for a reason other than Cause (as defined below), including the Participant's voluntary resignation for Good Reason (as defined below) within twelve months after a Change in Control Event, then 100% of the unvested portion of this option shall vest as of the date of termination of employment.

(ii) For purposes of this Agreement, "Good Reason" shall mean (A) a material reduction in the Participant's compensation and benefits (including without limitation any bonus plan or indemnity agreement) not agreed to in writing by the Participant; (B) the assignment to the Participant of duties and/or responsibilities that are materially inconsistent with those associated with the Participant's position; or (C) a requirement, not agreed to in writing by the Participant, that the Participant relocate to, or perform his or her principal job functions at, an office that is more than twenty-five (25) miles from the office at which the Participant was previously performing his or her principal job functions.

(iii) For purposes of this Agreement, "Cause" shall mean (A) any act or omission by the Participant that has a significant adverse effect on Akamai's business or on the Participant's ability to perform services for Akamai, including, without limitation, the commission of any crime (other than ordinary traffic violations), or (B) refusal or failure to perform assigned duties, serious misconduct, or excessive absenteeism, or (C) refusal or failure to comply with Akamai's Code of Business Ethics

(iv) If this option is not assumed as part of a Change in Control Event, the provisions of Section 9(c)(2) of the Plan shall apply.

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 of 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 this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. 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 409A 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 in full, within the period of one year following the date of death or disability of the Participant by the Participant, provided that this option shall not be exercisable after the Final Exercise Date.

(e) Discharge for Cause. If the Participant, prior to the Final Exercise Date, is discharged by the Company for Cause”, the right to exercise this option shall terminate immediately upon the effective date of such discharge. 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. 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: «Grant_Date» ____________________________

Name:
Title:

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 2013 Stock Incentive Plan.

PARTICIPANT:

____

Signature

Name: «Name»

Address: ________________________

____

AKAMAI TECHNOLOGIES, INC.
Deferred Stock Unit Agreement Under
2013 Stock Incentive Plan

This DEFERRED STOCK UNIT AGREEMENT (the “Agreement”) is entered into as of ____________, _____ (the “Grant Date”), between Akamai Technologies, Inc., a Delaware corporation (the “Company”), and _______________ (the “Grantee”).

For valuable consideration, receipt of which is acknowledged, the parties hereto agree as follows:

1. Grant of Award. The Company hereby grants to Grantee, and Grantee hereby accepts from the Company, subject to the terms and conditions set forth in this Agreement and in the Company's 2013 Stock Incentive Plan (the “Plan”), ______ deferred stock units of the Company (the “DSUs”). Each DSU represents the right to receive one share of the Company's Common Stock, par value $.01 per share (“Common Stock”), subject to the terms and conditions set forth in this Agreement and the Plan. The shares of Common Stock that are issuable upon vesting of the DSUs are referred to in this Agreement as “Shares.” Subject to the provisions of Section 2(b) hereof, this award of DSUs is irrevocable and is intended to conform in all respects with the Plan.

2. Vesting.

(a) Regular Vesting. Except as otherwise provided in the Plan or this Section 2, the DSUs will vest as follows: ____.

(b) Forfeiture. Except as provided below and in Section 2(c), vesting in any of the DSUs pursuant to subsection (a) above is contingent upon the continuation of Grantee's service as a Director of the Company. Except as provided below and is Section 2(c), in the event that Grantee ceases to be a Director of the Company for any reason or no reason, including but not limited to Grantee's voluntary resignation or failure to be nominated for election, or to be elected, as a Director, all vesting shall cease as of the date of Grantee's cessation of service as a Director. Unvested DSUs will be immediately forfeited as of such date and neither Grantee nor its estate will have any further rights to such unvested DSUs or the Shares represented by those forfeited DSUs. Notwithstanding the foregoing, in the event that the Participant's employment with the Company ceases due to death or disability (as defined under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”)), then all unvested DSUs shall vest as of the date of death or disability. In addition, the Company may adopt, by policy, provisions that allow for the acceleration of vesting upon the cessation of an individual's service as a Director.

(c) Change of Control. Upon a Change in Control Event (as defined in the Plan), DSUs shall continue to be subject to the vesting provisions set forth in Section 2(a); provided, however, in the event that upon the occurrence of Change in Control Event, the DSUs represented by this Agreement are not exchanged for a Replacement Award (as defined below), then each DSU shall immediately become fully vested as of immediately prior to the closing of the Change in Control Event. If the Grantee ceases to be a Director at any time within twelve months after a Change in Control Event for any reason other than removal due to the perpetration of a fraud or the commission of a crime, all then-unvested DSUs shall vest as of the date of termination of service as a Director. For purposes of this Agreement, an award issuing by the acquiring company in a Change in Control Event shall qualify as a “Replacement Award” if (i) it has a value at least equal to the value of the DSUs represented by this Agreement (the “Replaced Award”) as determined by the Committee in its sole discretion; (ii) it relates to publicly traded equity securities of the Company or its successor in the Change in Control Event or another entity that is affiliated with the Company or its successor following the Change in Control Event; and (iii) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this clause (d) are satisfied shall be made by the Committee, as constituted immediately before the Change in Control Event, in its sole discretion.

3. Distribution of Shares.

(a) Distribution Upon Vesting. Unless Grantee has made a proper deferral election pursuant to Section 3(b) below, the Company will distribute to Grantee (or to Grantee's estate in the event that his or her death occurs after a vesting date but before distribution of the corresponding Shares), within thirty (30) days after each vesting date, the Shares of Common Stock represented by DSUs that vested on such vesting date. If Grantee has elected to defer receipt of only a portion of the Shares distributable on a vesting date pursuant to Section 3(b) below, within thirty (30) days after such vesting date, the Company will distribute to Grantee the Shares of Common Stock represented by DSUs that vested on such vesting date and as to which distribution was not deferred. No fractional Shares will be issued.

(b) Deferral of Distributions. Notwithstanding the distribution dates specified in Section 3(a) above, if the Grantee has previously elected, by providing written notice to the Vice President of Human Resources of the Company on or before December 31 of the year preceding the date of this Agreement to defer receipt of all or a portion of the Shares represented by the DSUs scheduled to vest on such vesting date until a date (the "Deferred Distribution Date") that is at least one year following the scheduled vesting date but not more than ten (10) years following the Grant Date. If Grantee elects to defer receipt of all or a portion of the Shares, Grantee must also specify how Grantee wishes the Shares to be distributed in the event of a Change in Control of the Company (i.e., whether Shares are to be distributed upon the effectiveness of the Change in Control or whether the Shares or rights attendant thereto are to be received in accordance with the deferral election). Each election made pursuant to their Section 3(b) shall be irrevocable and not subject to further deferral.

(c) Compliance with Law. The Company shall not be obligated to issue to Grantee the Shares upon the vesting of any DSU or on any Deferred Distribution Date (or otherwise) unless the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including, without limitation, any applicable federal or state securities laws and the requirements of any stock exchange upon which shares of Common Stock may then be listed.

(d) General Rule of Deferrals and Accelerations. Neither the Company nor the Participant shall have the right to accelerate or defer the deliver of any shares under this Agreement except to the extent specifically permitted under Section 409A of the Internal Revenue Code of 1986, as amended.

4. Restrictions on Transfer. 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. Without the prior written consent of the Company, Grantee shall not sell, transfer, assign, pledge or otherwise encumber or dispose of, by operation of law or otherwise, any DSUs (each, a "transfer"). Any such transfer by Grantee in violation of this Section 4 shall be void and of no force or effect, and shall result in the immediate forfeiture of all DSUs.

5. Dividend and Other Shareholder Rights.

(a) Dividends. If at any time during the period between the date that any deferred DSU vests and the Deferred Distribution Date for Shares represented by that deferred DSU (a "Deferral Period"), the Company pays a dividend on its Common Stock, then on each such dividend payment date (each, a "Dividend Payment Date"), Grantee will automatically receive an additional number of DSUs DSUs that have a value equal to the dollar value of the dividend payment based on the Fair Market Value (as defined in the Plan) of the Shares distributable in respect of such deferred DSUs on the Dividend Payment Date. Any such additional DSUs issued under this Section 5(a) shall be considered DSUs under this Agreement and shall also be credited with additional DSUs as dividends, if any, are declared. Shares represented by DSUs issued as dividends will be distributed on the same date as Shares distributable in respect of the underlying DSUs.

(b) Other Shareholder Rights. Except as set forth in Section 5(a) above and in the Plan, neither Grantee nor any person claiming under or through Grantee shall be, or have any rights or privileges of, a stockholder of the Company in respect of the Shares issuable pursuant to the DSUs granted hereunder until the Shares have been delivered to Grantee.

6. Withholding of Taxes. The Company's obligation to deliver Shares to Grantee upon the vesting of DSUs shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements ("Withholding Taxes"). The Company may take such steps as it deems necessary or desirable for satisfaction of Withholding Taxes obligations.

7. Notices. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery, deposit with a nationally recognized courier service, 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 7.

8. 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.

9. 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.

10. No Right to Status as a Director. This Agreement shall not be construed as giving Grantee the right to continued employment, service as a Director, or any other relationship with the Company.

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 4 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. 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. 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.

14. Entire Agreement. This Agreement and the Plan embody the entire agreement of the parties hereto with respect to the DSUs, the 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.

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: ____________________________________

Name:

Title:

Address: 8 Cambridge Center Cambridge, MA 02142

Grantee

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, F. Thomson Leighton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akamai Technologies, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2013	/s/ F. Thomsom Leighton
	F. Thomson Leighton, Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James Benson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Akamai Technologies, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2013	/s/ James Benson
	James Benson, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION 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 quarterly report on Form 10-Q of Akamai Technologies, Inc. (the "Company") for the period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, F. Thomson Leighton, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(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.

Date:	August 9, 2013	/s/	F. Thomson Leighton
		F. Thomson Leighton, Chief Executive Officer	

EXHIBIT 32.2

CERTIFICATION 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 quarterly report on Form 10-Q of Akamai Technologies, Inc. (the “Company”) for the period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, James Benson, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(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.

Date:	August 9, 2013	/s/ James Benson
		James Benson, Chief Financial Officer