

# Reconciliation of non-GAAP to GAAP financial measures

## Akamai Technologies Inc. December 31, 2004

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

**Adjusted EBITDA** - defined as net income (loss) before interest, taxes, depreciation and amortization, equity-related compensation, restructuring charges and benefits, certain gains and losses on equity investments, foreign exchange gains and losses, gains on legal settlements, and loss on early extinguishment of debt

Adjusted-EBITDA	Three months ended				Twelve months ended	
	December 31,	September 30,	December 31,	September 30,	December 31,	December 31,
	2004	2004	2003	2003	2004	2003
Net income (loss)	\$ 13,391	\$ 11,249	\$ (2,079)	\$ (3,909)	\$ 34,364	\$ (29,281)
Interest expense, net	1,319	1,533	4,183	4,343	8,055	17,022
Provision for income taxes	187	71	351	82	772	629
Depreciation and amortization	3,738	4,148	8,125	10,757	18,761	47,515
Amortization of intangible assets	12	12	12	12	48	2,234
Restructuring charges (benefits)	-	-	-	-	-	(8,521)
Equity-related compensation	236	249	1,518	2,056	1,292	9,813
Loss on early extinguishment of debt	852	634	2,097	-	6,768	2,097
Loss (gain) on investments, net	1	79	-	(1,637)	69	(1,622)
Other (income) expense, net	(1,183)	(101)	(128)	(31)	(1,061)	44
Adjusted-EBITDA	\$ 18,553	\$ 17,874	\$ 14,079	\$ 11,673	\$ 69,068	\$ 39,930

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

	Three months ended				Twelve months ended	
	December 31,	September 30,	December 31,	September 30,	December 31,	December 31,
	2004	2004	2003	2003	2004	2003
Revenue	\$ 57,576	\$ 53,286	\$ 45,169	\$ 41,767	\$ 210,015	\$ 161,259
Adjusted-EBITDA	18,553	17,874	14,079	11,673	69,068	39,930
Adjusted-EBITDA gross margin	32%	34%	31%	28%	33%	25%

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

Normalized net income (loss)	Three months ended				Twelve months ended	
	December 31,	September 30,	December 31,	September 30,	December 31,	December 31,
	2004	2004	2003	2003	2004	2003
Net income (loss)	\$ 13,391	\$ 11,249	\$ (2,079)	\$ (3,909)	\$ 34,364	\$ (29,281)
Amortization of intangible assets	12	12	12	12	48	2,234
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Equity-related compensation	236	249	1,518	2,056	1,292	9,813
Loss on early extinguishment of debt	852	634	2,097	-	6,768	2,097
Loss (gain) on investments, net	1	79	-	(1,637)	69	(1,622)
Normalized net income (loss)	\$ 14,492	\$ 12,223	\$ 1,548	\$ (3,478)	\$ 42,541	\$ (25,280)

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

Normalized net income (loss) per share	Three months ended				Twelve months ended	
	December 31,	September 30,	December 31,	September 30,	December 31,	December 31,
	2004	2004	2003	2003	2004	2003
Normalized net income (loss)	\$ 14,492	\$ 12,223	\$ 1,548	\$ (3,478)	\$ 42,541	\$ (25,280)
Normalized net income (loss) per share:						
Basic	\$ 0.11	\$ 0.10	\$ 0.01	\$ (0.03)	\$ 0.34	\$ (0.21)
Diluted	\$ 0.10	\$ 0.09	\$ 0.01	\$ (0.03)	\$ 0.31	\$ (0.21)
Shares used in per share calculations:						
Basic	126,261	125,618	120,198	118,596	124,407	118,075
Diluted	147,306	147,294	120,198	118,596	146,595	118,075

**Impact of 1% contingent convertible debt on normalized net income per share** – defined as normalized net income divided by the diluted common shares outstanding excluding the impact of the 1% contingent convertible debt

	<u>Three months ended</u>		<u>Twelve months ended</u>	
	December 31, 2004		December 31, 2004	
Normalized net income	\$	14,492	\$	42,541
Shares used in diluted per share calculations		147,306		146,595
Impact of 1% contingent convertible debt		(12,945)		(12,905)
Adjusted shares used in diluted share calculations		134,361		133,690
Adjusted normalized net income per share	\$	0.11	\$	0.32
Normalized net income per share	\$	0.10	\$	0.31
Impact of 1% contingent convertible debt per share	\$	0.01	\$	0.01

**Impact of 1% contingent convertible debt on GAAP net income per share** – defined as GAAP net income divided by the diluted common shares outstanding excluding the impact of the 1% contingent convertible debt

	<u>Twelve months ended</u>	
	December 31, 2004	
Net income	\$	34,364
Shares used in diluted per share calculations		146,595
Impact of 1% contingent convertible debt		(12,905)
Adjusted shares used in diluted share calculations		133,690
Adjusted GAAP net income per share	\$	0.26
GAAP net income per share	\$	0.25
Impact of 1% contingent convertible debt per share	\$	0.01

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

<b>Capex or Capital Expenditures</b>	<u>Three months ended</u>				<u>Twelve months ended</u>	
	December 31, 2004	September 30, 2004	December 31, 2003	September 30, 2003	December 31, 2004	December 31, 2003
Purchases of property and equipment and capitalization of internal-use software	\$ 7,138	\$ 5,346	\$ 2,712	\$ 2,110	\$ 20,101	\$ 8,881