Akamai Technologies, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
March 31, 2015

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

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

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

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

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Income from operations	$ 121,521	$ 136,082	$ 120,847
Amortization of acquired intangible assets	6,780	8,403	6,848
Stock-based compensation	29,669	27,196	25,114
Amortization of capitalized stock-based compensation and capitalized interest expense	3,108	2,943	1,928
Other operating expenses	1,709	638	4,127
Non-GAAP income from operations	$ 162,787	$ 175,262	$ 158,864

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue	$ 526,536	$ 536,295	$ 453,502
Non-GAAP income from operations	162,787	175,262	158,864
Non-GAAP operating margin	31%	33%	35%

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Net income	$ 77,746	$ 97,107	$ 72,800
Amortization of acquired intangible assets	6,780	8,403	6,848
Stock-based compensation	29,669	27,196	25,114
Amortization of capitalized stock-based compensation and capitalized interest expense	3,108	2,943	1,928
Other operating expenses	1,709	638	4,127
Amortization of debt discount and issuance costs	4,576	4,524	1,941
Loss on investments	25	50	—
Income tax-effect of above non-GAAP adjustments and certain discrete tax items	(12,437)	(13,869)	(7,841)
Non-GAAP net income	$ 111,176	$ 126,992	$ 104,917

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Non-GAAP net income	$ 111,176	$ 126,992	$ 104,917
Non-GAAP net income per share:			
Basic	$ 0.62	$ 0.71	$ 0.59
Diluted	$ 0.61	$ 0.70	$ 0.58
Shares used in per share calculations (GAAP and non-GAAP):			
Basic	178,545	178,144	178,705
Diluted	180,825	180,910	182,038

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Net income	$ 77,746	$ 97,107	$ 72,800
Interest income	(3,001)	(2,291)	(1,639)
Provision for income taxes	41,899	36,750	46,864
Depreciation and amortization	60,572	56,417	44,740
Amortization of capitalized stock-based compensation and capitalized interest expense	3,108	2,943	1,928
Amortization of acquired intangible assets	6,780	8,403	6,848
Stock-based compensation	29,669	27,196	25,114
Other operating expenses	1,709	638	4,127
Amortization of debt discount and issuance costs	4,576	4,524	1,941
Loss on investments	25	50	—
Other expense (income), net	276	(58)	881
Adjusted EBITDA	$ 223,359	$ 231,679	$ 203,604

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue	$ 526,536	$ 536,295	$ 453,502
Adjusted EBITDA	223,359	231,679	203,604
Adjusted EBITDA margin	42%	43%	45%

Cash operating expenses (cash opex) – GAAP operating expenses (consisting of research and development, sales and marketing, general and administrative, amortization of acquired intangible assets and restructuring charges), excluding stock-based compensation; amortization of acquired intangible assets; depreciation and amortization; and other operating expenses (comprised of acquisition-related costs, restructuring charges, benefit from adoption of software development activities, gains and other activity related to divestiture of a business, gains and losses on legal settlements, and costs incurred with respect to Akamai's internal investigation relating to sales practices in a country outside the U.S.); and other non-recurring or unusual items that may arise from time to time.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP operating expenses	$ 235,721	$ 237,012	$ 193,043
Less:			
Stock-based compensation	26,506	24,163	22,319
Amortization of acquired intangible assets	6,780	8,403	6,848
Depreciation and amortization	11,733	11,121	8,173
Other operating expenses	1,709	638	4,127
Cash operating expenses	$ 188,993	$ 192,687	$ 151,576

Cash cost of revenue – GAAP cost of revenue, excluding stock-based compensation and depreciation and amortization.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP cost of revenue	$ 169,294	$ 163,201	$ 139,612
Less:			
Stock-based compensation	3,163	3,033	2,795
Depreciation and amortization	51,947	48,239	38,495
Cash cost of revenue	$ 114,184	$ 111,929	$ 98,322

Cash gross profit – Revenue less cash cost of revenue.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue	$ 526,536	$ 536,295	$ 453,502
Cash cost of revenue	114,184	111,929	98,322
Cash gross profit	$ 412,352	$ 424,366	$ 355,180

Cash gross margin – Revenue less GAAP cost of revenue, excluding stock-based compensation and depreciation and amortization, as a percentage of revenue.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue	$ 526,536	$ 536,295	$ 453,502
Cash gross profit	412,352	424,366	355,180
Cash gross margin	78%	79%	78%

Free cash flow – Cash flows from operations less purchases of property and equipment and capitalization of internal-use software development costs included in the statements of cash flows.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Cash provided by operating activities	$ 99,729	$ 195,541	$ 89,023
Purchases of property and equipment	(91,924)	(64,693)	(52,011)
Capitalization of internal-use software development costs	(45,145)	(27,627)	(31,995)
Free cash flow	$ (37,340)	$ 103,221	$ 5,017

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Purchases of property and equipment	$ 89,129	$ 66,285	$ 59,283
Capitalization of internal-use software development costs	33,983	31,630	24,701
Capitalization of stock-based compensation	4,144	3,649	3,784
Capitalization of interest expense	675	680	237
Capital expenditures	$ 127,931	$ 102,244	$ 88,005

Capex margin – Capital expenditures, or capex, as a percentage of revenue.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue	$ 526,536	$ 536,295	$ 453,502
Capital expenditures	127,931	102,244	88,005
Capex margin	24%	19%	19%

Non-GAAP depreciation – GAAP depreciation and amortization (which consists of depreciation and amortization of property and equipment, capitalized stock-based compensation, capitalized interest and acquired intangible assets), less depreciation and amortization excluded from non-GAAP results (which consists of depreciation and amortization of capitalized stock-based compensation, capitalized interest and acquired intangible assets).

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP depreciation and amortization	$ 70,460	$ 67,763	$ 53,516
Less:			
Capitalized stock-based compensation amortization	2,952	2,845	1,928
Capitalized interest amortization	156	98	—
Amortization of acquired intangible assets	6,780	8,403	6,848
Non-GAAP depreciation	$ 60,572	$ 56,417	$ 44,740

Non-GAAP tax rate – GAAP tax rate excluding the tax effect of non-GAAP adjustments and certain discrete tax items.

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP tax rate	35%	27%	39%
Income tax-effect of non-GAAP adjustments and certain discrete tax items	(2)	1	(5)
Non-GAAP tax rate	33%	28%	34%

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

Because exchange rates are a meaningful factor in understanding period-to-period comparisons, management believes the presentation of the impact of foreign currency exchange rates on revenue and earnings enhances the understanding of financial results and evaluation of performance in comparison to prior periods. The information presented is calculated by translating current period results using the same average foreign currency exchange rates per month from the comparative period.

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

Amortization of acquired intangible assets – Akamai has incurred amortization of intangible assets, included in its GAAP financial statements, related to various acquisitions Akamai has made. The amount of an acquisition's purchase price allocated to intangible assets and term of its related amortization can vary significantly and are unique to each acquisition; therefore, Akamai excludes amortization of acquired intangible assets from its non-GAAP financial measures to provide investors with a consistent basis for comparing pre- and post-acquisition operating results.

Stock-based compensation and amortization of capitalized stock-based compensation – Although stock-based compensation is an important aspect of the compensation paid to Akamai's employees 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 Akamai's current financial results to previous and future periods difficult to interpret; therefore, Akamai believes it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from its non-GAAP financial measures in order to highlight the performance of Akamai's core business and to be consistent with the way investors evaluate its performance and compare its operating results to 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 Akamai's initial estimated amounts of contingent consideration and indemnifications associated with specific acquisitions are included within acquisition-related costs. These amounts are impacted by the timing and size of the acquisitions. Akamai excludes acquisition-related costs from its non-GAAP financial measures to provide a useful comparison of Akamai's operating results to prior periods and to its peer companies because such amounts vary significantly based on the magnitude of the acquisition transactions.

Restructuring charges – Akamai has incurred restructuring charges that are included in its GAAP financial statements, primarily related to workforce reductions and estimated costs of exiting facility lease commitments. Akamai excludes these items from its non-GAAP financial measures when evaluating its continuing business performance as such items are not consistently recurring and do not reflect expected future operating expense, nor provide meaningful insight into the fundamentals of current or past operations of its business.

Amortization of debt discount and issuance costs and amortization of capitalized interest expense – In February 2014, Akamai issued $690 million of convertible senior notes due 2019 with a coupon interest rate of 0%. The imputed interest rate of the convertible senior notes was approximately 3.2%. This is a result of the debt discount recorded for the conversion feature that is required to be separately accounted for as equity, thereby reducing the carrying value of the convertible debt instrument. The debt discount is amortized as interest expense together with the issuance costs of the debt which are recorded as an asset in the consolidated balance sheet. All of Akamai's interest expense is comprised of these non-cash components and is excluded from management's assessment of the company's operating performance because management believes the non-cash expense is not indicative of ongoing operating performance.

Loss on investments and legal matters – Akamai has incurred losses from the impairment of certain investments and the settlement of legal matters. In addition, Akamai has incurred costs with respect to its internal investigation relating to sales practices in a country outside the U.S. Akamai believes excluding these amounts from non-GAAP financial measures is useful to investors as they occur infrequently and are not representative of Akamai's core business operations.

Income tax effect of non-GAAP adjustments and certain discrete tax items – The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments is the difference between GAAP and non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes certain discrete tax items (such as recording or release of valuation allowances), if any. Akamai believes that applying the non-GAAP adjustments and their related income tax effect allows Akamai to highlight income attributable to its core operations.