

Reconciliation of non-GAAP to GAAP financial measures

Akamai Technologies Inc.
March 31, 2006

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 before interest, taxes, depreciation and amortization of tangible and intangible assets, capitalized equity-related compensation amortization, equity-related compensation expense, certain gains and losses on equity investments, release of the deferred tax asset valuation allowance, foreign exchange gains and losses and gains on legal settlements.

	Three months ended		
	March 31, 2006	December 31, 2005	March 31, 2005
Net income	\$ 11,495	\$ 25,759	\$ 14,079
Interest (income) expense, net	(2,659)	(1,283)	1,013
Provision for income taxes	492	275	529
Depreciation and amortization	6,391	5,658	3,854
Amortization of capitalized equity-related compensation	6	-	-
Amortization of intangible assets	2,296	2,296	12
Equity-related compensation	7,087	1,582	227
Utilization of tax NOL carryforward	8,764	-	-
Release of the deferred tax asset valuation allowance	-	(3,482)	-
Gain on investments, net	(257)	-	-
Other (income) expense, net	(186)	(205)	726
Adjusted-EBITDA	<u>\$ 33,429</u>	<u>\$ 30,600</u>	<u>\$ 20,440</u>

Adjusted EBITDA margin - defined as the percent of Adjusted EBITDA over revenues

	Three months ended		
	March 31, 2006	December 31, 2005	March 31, 2005
Revenues	\$ 90,825	\$ 82,657	\$ 60,096
Adjusted-EBITDA	<u>33,429</u>	<u>30,600</u>	<u>20,440</u>
Adjusted-EBITDA gross margin	<u>37%</u>	<u>37%</u>	<u>34%</u>

Normalized net income - defined as net income before amortization on intangible assets, equity-related compensation amortization, equity-related compensation expense, certain gains and losses on equity investments and release of the deferred tax asset valuation allowance

	<u>Three months ended</u>		
	<u>March 31.</u> 2006	<u>December 31.</u> 2005	<u>March 31.</u> 2005
Net income	\$ 11,495	\$ 25,759	\$ 14,079
Amortization of intangible assets	2,296	2,296	12
Equity-related compensation	7,087	1,582	227
Amortization of capitalized equity-related compensation	6	-	-
Release of the deferred tax asset valuation allowance	-	(3,482)	-
Utilization of tax NOL carryforward	8,764	-	-
Gain on investments, net	(257)	-	-
Normalized net income	<u>\$ 29,391</u>	<u>\$ 26,155</u>	<u>\$ 14,318</u>

Normalized net income per share - defined as normalized net income divided by the basic weighted average or diluted common shares outstanding used in normalized per share calculations

	<u>Three months ended</u>		
	<u>March 31.</u> 2006	<u>December 31.</u> 2005	<u>March 31.</u> 2005
Normalized net income	\$ 29,391	\$ 26,155	\$ 14,318
Normalized net income per share:			
Basic	\$ 0.19	\$ 0.18	\$ 0.11
Diluted	\$ 0.17	\$ 0.16	\$ 0.10
Shares used in normalized per share calculations:			
Basic	153,819	148,293	127,051
Diluted	176,644	170,305	147,282

Diluted shares used in normalized per share calculation - defined as diluted common shares outstanding used in GAAP net income per share calculation, excluding the effect of FAS123R under the treasury stock method in normalized net income per share calculation

	<u>Three months ended</u>
	<u>March 31.</u> 2006
Diluted common shares outstanding used in GAAP net income per share calculation	173,811
Excluding the effect of FAS123R under the treasury stock method	<u>2,833</u>
Diluted common shares outstanding used in normalized net income per share calculation	<u>176,644</u>

Normalized effective tax rate - defined as the GAAP tax rate, excluding the effect of FAS123R stock-based compensation and impact of the utilization of the NOL carryforward

	<u>Effective Tax Rate</u>
Annual GAAP effective tax rate, including discrete items	44.75%
FAS 123R stock-based compensation	-5.26%
Benefit of NOL utilization	<u>-37.12%</u>
Normalized effective tax rate	2.37%

Net cash from operations, excluding impact of FAS123R - defined as net cash provided by operating activities under GAAP cash flow calculation, excluding the effect of FAS123R in normalized cash flow calculation

	<u>Three months ended</u>	
	March 31,	
	2006	
Net cash provided by operating activities under GAAP calculation	\$	33,161
Excluding the effect of FAS123R		<u>(5,399)</u>
Net cash provided by operating activities under normalized calculation	\$	<u>38,560</u>

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

	<u>Three months ended</u>		
	March 31,	December 31,	March 31,
	2006	2005	2005
GAAP operating expenses	\$ 53,860	\$ 45,509	\$ 32,225
Less: equity-related compensation	(6,814)	(1,582)	(227)
Less: amortization of intangibles	(2,296)	(2,296)	(12)
Less: depreciation and amortization	<u>(1,035)</u>	<u>(892)</u>	<u>(939)</u>
Cash operating expenses	<u>\$ 43,715</u>	<u>\$ 40,739</u>	<u>\$ 31,047</u>

Cash operating expenses margin - defined as a percent of cash operating expenses over revenues

	<u>Three months ended</u>		
	March 31,	December 31,	March 31,
	2006	2005	2005
Revenues	\$ 90,825	\$ 82,657	\$ 60,096
Cash operating expenses	<u>43,715</u>	<u>40,739</u>	<u>31,047</u>
Cash operating expenses margin	<u>48%</u>	<u>49%</u>	<u>52%</u>

Cash gross margin - defined as the percent of cost of revenues over revenues, excluding equity-related compensation and depreciation and amortization

	Three months ended		
	March 31, 2006	December 31, 2005	March 31, 2005
Revenues	\$ 90,825	\$ 82,657	\$ 60,096
Cost of revenues per GAAP	\$ 19,316	\$ 16,084	\$ 11,524
Less: equity-related compensation	(273)	-	-
Less: depreciation and amortization	(5,362)	(4,766)	(2,915)
Cost of revenues per Normalized	13,681	11,318	8,609
Cash gross margin	<u>85%</u>	<u>86%</u>	<u>86%</u>

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

	Three months ended		
	March 31, 2006	December 31, 2005	March 31, 2005
Purchases of property and equipment and capitalization of internal-use software costs	<u>\$ 16,174</u>	<u>\$ 8,105</u>	<u>\$ 9,719</u>