

**Akamai Technologies, Inc.**  
**Reconciliation of GAAP to Non-GAAP Financial Measures**  
**June 30, 2016**

In addition to providing financial measurements based on GAAP, we publicly discuss additional financial measures that are not prepared in accordance with GAAP, or non-GAAP financial measures. 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, to measure executive compensation and to evaluate our financial performance. These non-GAAP financial measures are: non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and impact of foreign currency exchange rates, 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 the business, as they exclude expenses and gains that may be infrequent, unusual in nature or not reflective of our ongoing operating results. Management also believes that these non-GAAP financial measures enable investors to evaluate our 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 our GAAP financial measures and should only be used as a supplement to, not as a substitute for, our 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; acquisition-related costs; restructuring charges; gains and other activity related to divestiture of a business; gains and losses on legal settlements; costs incurred with respect to Akamai’s internal FCPA investigation; and other non-recurring or unusual items that may arise from time to time.

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Income from operations .....	\$ 110,180	\$ 114,119	\$ 106,260	\$ 224,299	\$ 227,781
Amortization of acquired intangible assets.....	6,711	6,716	6,752	13,427	13,532
Stock-based compensation.....	34,911	31,741	32,251	66,652	61,920
Amortization of capitalized stock-based compensation and capitalized interest expense.....	4,071	3,608	3,636	7,679	6,744
Restructuring charges.....	470	6,818	455	7,288	497
Acquisition-related costs (benefits) .....	361	(79)	(530)	282	(135)
Legal matter costs .....	101	789	1,514	890	2,786
Non-GAAP income from operations .....	<u>\$ 156,805</u>	<u>\$ 163,712</u>	<u>\$ 150,338</u>	<u>\$ 320,517</u>	<u>\$ 313,125</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue.....	\$ 572,135	\$ 567,725	\$ 540,723	\$ 1,139,860	\$ 1,067,259
Non-GAAP income from operations .....	156,805	163,712	150,338	320,517	313,125
Non-GAAP operating margin .....	<u>27%</u>	<u>29%</u>	<u>28%</u>	<u>28%</u>	<u>29%</u>

**Non-GAAP net income** – GAAP net income adjusted for the following tax-affected items: amortization of acquired intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; acquisition-related costs; restructuring charges; gains and other activity related to divestiture of a business; gains and losses on legal settlements; costs incurred with respect to Akamai's internal FCPA investigation; 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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income .....	\$ 73,635	\$ 74,858	\$ 67,200	\$ 148,493	\$ 144,946
Amortization of acquired intangible assets.....	6,711	6,716	6,752	13,427	13,532
Stock-based compensation.....	34,911	31,741	32,251	66,652	61,920
Amortization of capitalized stock-based compensation and capitalized interest expense.....	4,071	3,608	3,636	7,679	6,744
Restructuring charges.....	470	6,818	455	7,288	497
Acquisition-related costs (benefits) .....	361	(79)	(530)	282	(135)
Legal matter costs .....	101	789	1,514	890	2,786
Amortization of debt discount and issuance costs .	4,639	4,653	4,678	9,292	9,254
Loss on investments .....	—	—	—	—	25
Income tax-effect of above non-GAAP adjustments and certain discrete tax items.....	(12,832)	(11,323)	(13,788)	(24,155)	(26,225)
Non-GAAP net income.....	<u>\$ 112,067</u>	<u>\$ 117,781</u>	<u>\$ 102,168</u>	<u>\$ 229,848</u>	<u>\$ 213,344</u>

**Non-GAAP net income per share** – 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 operating performance. Unless and 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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Non-GAAP net income.....	\$ 112,067	\$ 117,781	\$ 102,168	\$ 229,848	\$ 213,344
Non-GAAP net income per share:					
Basic.....	\$ 0.64	\$ 0.67	\$ 0.57	\$ 1.31	\$ 1.19
Diluted.....	\$ 0.64	\$ 0.66	\$ 0.57	\$ 1.30	\$ 1.18
Shares used in per share calculations (GAAP and non-GAAP):					
Basic.....	175,499	176,403	178,682	175,951	178,614
Diluted.....	176,420	177,539	180,738	176,980	180,782

**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; 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; costs incurred with respect to Akamai's internal FCPA investigation; 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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net income.....	\$ 73,635	\$ 74,858	\$ 67,200	\$ 148,493	\$ 144,946
Interest income.....	(3,393)	(3,320)	(2,541)	(6,713)	(5,542)
Provision for income taxes.....	35,714	37,739	35,318	73,453	77,217
Depreciation and amortization.....	74,332	70,345	63,601	144,677	124,173
Amortization of capitalized stock-based compensation and capitalized interest expense.....	4,071	3,608	3,636	7,679	6,744
Amortization of acquired intangible assets.....	6,711	6,716	6,752	13,427	13,532
Stock-based compensation.....	34,911	31,741	32,251	66,652	61,920
Restructuring charges.....	470	6,818	455	7,288	497
Acquisition-related costs (benefits).....	361	(79)	(530)	282	(135)
Legal matter costs.....	101	789	1,514	890	2,786
Amortization of debt discount and issuance costs.....	4,639	4,653	4,678	9,292	9,254
Loss on investments.....	—	—	—	—	25
Other (income) expense, net.....	(415)	189	1,605	(226)	1,881
Adjusted EBITDA.....	\$ 231,137	\$ 234,057	\$ 213,939	\$ 465,194	\$ 437,298

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue.....	\$ 572,135	\$ 567,725	\$ 540,723	\$ 1,139,860	\$ 1,067,259
Adjusted EBITDA.....	231,137	234,057	213,939	465,194	437,298
Adjusted EBITDA margin .....	<u>40%</u>	<u>41%</u>	<u>40%</u>	<u>41%</u>	<u>41%</u>

**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; 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; costs incurred with respect to Akamai's internal FCPA investigation; and other non-recurring or unusual items that may arise from time to time.

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GAAP operating expenses .....	\$ 255,632	\$ 258,870	\$ 254,553	\$ 514,502	\$ 490,274
Less:					
Stock-based compensation .....	30,358	27,771	28,749	58,129	55,255
Amortization of acquired intangible assets .....	6,711	6,716	6,752	13,427	13,532
Depreciation and amortization .....	15,964	15,429	13,620	31,393	25,353
Restructuring charges .....	470	6,818	455	7,288	497
Acquisition-related costs (benefits) .....	361	(79)	(530)	282	(135)
Legal matter costs .....	101	789	1,514	890	2,786
Cash operating expenses .....	<u>\$ 201,667</u>	<u>\$ 201,426</u>	<u>\$ 203,993</u>	<u>\$ 403,093</u>	<u>\$ 392,986</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GAAP cost of revenue .....	\$ 206,323	\$ 194,736	\$ 179,910	\$ 401,059	\$ 349,204
Less: .....					
Stock-based compensation .....	4,553	3,970	3,502	8,523	6,665
Depreciation and amortization .....	62,439	58,524	53,617	120,963	105,564
Cash cost of revenue .....	<u>\$ 139,331</u>	<u>\$ 132,242</u>	<u>\$ 122,791</u>	<u>\$ 271,573</u>	<u>\$ 236,975</u>

**Cash gross profit** – Revenue less cash cost of revenue.

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue.....	\$ 572,135	\$ 567,725	\$ 540,723	\$ 1,139,860	\$ 1,067,259
Cash cost of revenue .....	139,331	132,242	122,791	271,573	236,975
Cash gross profit .....	<u>\$ 432,804</u>	<u>\$ 435,483</u>	<u>\$ 417,932</u>	<u>\$ 868,287</u>	<u>\$ 830,284</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue.....	\$ 572,135	\$ 567,725	\$ 540,723	\$ 1,139,860	\$ 1,067,259
Cash gross profit .....	432,804	435,483	417,932	868,287	830,284
Cash gross margin.....	<u>76%</u>	<u>77%</u>	<u>77%</u>	<u>76%</u>	<u>78%</u>

**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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Cash provided by operating activities.....	\$ 242,872	\$ 190,238	\$ 264,023	\$ 433,110	\$ 363,752
Less: .....					
Purchases of property and equipment .....	45,014	41,806	67,571	86,820	159,495
Capitalization of internal-use software development costs .....	33,127	40,534	28,442	73,661	73,587
Free cash flow .....	<u>\$ 164,731</u>	<u>\$ 107,898</u>	<u>\$ 168,010</u>	<u>\$ 272,629</u>	<u>\$ 130,670</u>

**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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Purchases of property and equipment.....	\$ 50,726	\$ 50,067	\$ 76,492	\$ 100,793	\$ 165,621
Capitalization of internal-use software development costs.....	36,288	35,172	30,835	71,460	64,818
Capitalization of stock-based compensation.....	6,209	5,203	4,471	11,412	8,615
Capitalization of interest expense .....	868	785	619	1,653	1,294
Capital expenditures.....	<u>\$ 94,091</u>	<u>\$ 91,227</u>	<u>\$ 112,417</u>	<u>\$ 185,318</u>	<u>\$ 240,348</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue.....	\$ 572,135	\$ 567,725	\$ 540,723	\$ 1,139,860	\$ 1,067,259
Capital expenditures.....	94,091	91,227	112,417	185,318	240,348
Capex margin.....	<u>16%</u>	<u>16%</u>	<u>21%</u>	<u>16%</u>	<u>23%</u>

**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			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GAAP depreciation and amortization.....	\$ 85,114	\$ 80,669	\$ 73,989	\$ 165,783	\$ 144,449
Less:					
Capitalized stock-based compensation amortization .....	3,628	3,257	3,435	6,885	6,387
Capitalized interest amortization .....	443	351	201	794	357
Amortization of acquired intangible assets.....	6,711	6,716	6,752	13,427	13,532
Non-GAAP depreciation.....	<u>\$ 74,332</u>	<u>\$ 70,345</u>	<u>\$ 63,601</u>	<u>\$ 144,677</u>	<u>\$ 124,173</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
GAAP tax rate.....	33%	34%	34%	33 %	35 %
Income tax-effect of non-GAAP adjustments and certain discrete tax items.....	(3)	(5)	(2)	(3)%	(2)%
Non-GAAP tax rate.....	<u>30%</u>	<u>29%</u>	<u>32%</u>	<u>30 %</u>	<u>33 %</u>

**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, the grant date fair value varies based on the stock price 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 many investors evaluate its performance and compare its operating results to peer companies.

**Acquisition-related costs** – Acquisition-related costs include transaction fees, advisory fees, due diligence costs and other direct costs associated with strategic activities. In addition, subsequent adjustments to Akamai's initial estimated amounts of contingent consideration and indemnification 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 vary significantly based on the magnitude of the restructuring action and do not reflect expected future operating expenses. In addition, these charges do not necessarily 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 under GAAP, 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. 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 representative of ongoing operating performance.

**Loss on investments and legal matter costs** – Akamai has incurred losses from the impairment of certain investments and the settlement of legal matters. Akamai has also incurred costs with respect to its internal Foreign Corrupt Practices Act (FCPA) investigation in addition to the disgorgement Akamai was required to pay to resolve it. Akamai believes excluding these amounts from its non-GAAP financial measures is useful to investors as the types of events giving rise to them 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.