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AKAM - Q2 2008 Akamai Technologies Inc. Earnings Conference Call

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Jul 30, 2008 / 4:30PM, AKAM - Q2 2008 Akamai Technologies Inc. Earnings Conference Call

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J.D. Sherman

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Mark Mahaney

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Stanford Group Co. - Analyst

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Derek Bingham

Goldman Sachs - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Q2 2008 Akamai Technologies earnings conference call. My name is Antoine and I will be your operator for today. At this time, all participants are in listen-only mode. We will conduct a question-and-answer session towards the end of this conference at which time you may press star followed by 1 to participate.

(OPERATOR INSTRUCTIONS). I would now like to turn the call over to Ms. Noelle Faris, Senior Manager of Investor Relations. Please proceed, ma'am.

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Noelle Faris - Akamai Technologies Inc. - Senior Manager, Investor Relations

Good afternoon, and thank you for joining Akamai's investor conference call to discuss our second quarter 2008 financial results. Speaking today will be Paul Sagan, Akamai's President and Chief Executive Officer; and J.D. Sherman, Akamai's Chief Financial Officer.

Today's presentation contains estimates and other statements that are forward-looking under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and involve a number of factors that could cause actual results to differ materially from those expressed or implied by such statements.

Additional information concerning these factors is contained in Akamai's filing with the SEC, including our Annual Report on Form 10-K and quarterly reports on Form 10-Q.

The forward-looking statements included in this call represent the Company's views on July 30, 2008. Akamai disclaims any obligation to update these statements to reflect future events or circumstances. During this call, we will be referring to some non-GAAP financial measures that we believe are helpful to better understand our financial results and operations.

These non-GAAP measures are not prepared in accordance with Generally Accepted Accounting Principles. You can find definitions of these non-GAAP terms and reconciliations of these non-GAAP metrics to the most directly comparable GAAP financial measures under the News and Publications portion of the Investor Relations section of our website.

Now let me turn the call over to Paul.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Thank you, Noelle, and thank you all for joining us today. Q2 was a solid quarter for Akamai with healthy earnings and revenue growth. Financial highlights for the second quarter include record revenue of \$194 million, a 27% increase over the second quarter of last year and a 4% increase over the first quarter this year, a normalized net income of \$76.5 million, or \$0.41 per diluted share.

That's a 38% increase over normalized net income from Q2 of last year and consistent with our strong Q1 results. We're especially pleased to achieve these Q2 results even as we began to see the impact of a more challenging economic environment in some customer verticals. At the same time, we continue to experience growth in many of our newer service areas such as application acceleration for business-to-business services and Dynamic Site solutions for e-commerce.

I will be back to talk about some of the trends we're seeing in the market, but first let me turn the call over to J.D. to review our second quarter results in

J.D. Sherman - Akamai Technologies Inc. - CFO

Thanks, Paul. As Paul just highlighted, our business performed well in the second quarter in a more challenging environment. For the second quarter, we grew revenue 27% year-over-year and 4% sequentially to \$194 million, at the low end of our expectation range coming into the quarter.

Our median entertainment vertical grew roughly in line with the overall business and it remained an important contributor to our second quarter financial results. But, as I mentioned last quarter, media growth has moderated from the pace we saw for several years during the period of rapid broadband adoption. Growth in our commerce vertical continued to be very strong. Again, it was our fastest growing vertical with more than a 50% increase year-over-year.

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We also continued to make progress with our newer value-added solutions such as application performance services, Dynamic Site solutions and Stream OS. These higher margin areas contributed to the improvement in profitability in the quarter as demonstrated in both our gross margin and EBITDA results.

During the second quarter, international sales represented 26% of total revenue, up 1 point from first quarter levels. Our international business performed very well growing 8% sequentially and 45% year-over-year. Revenue in North America, where we saw the largest impact both from the economic factors and media trends grew 2% sequentially and 22% year-over-year.

Resellers represented 16% of total revenue, consistent with the prior quarter. Once again, no customer accounted for 10% or more of our revenue in Q2. Our consolidated ARPU, or average revenue per customer, was up 19% year-over-year to \$23,700 in the second quarter. This is the result of our focus on building deeper and broader relationships with our enterprise-class customers by selling new, more advanced solutions into our customer base.

We added 53 net new customers in Q2 bringing our total customer count to 2,725. Our gross adds, brand new customers to Akamai, increased to about 170 this quarter. Churn was, again, just over 4%, primarily due to churn from smaller customers. The ARPU of our new customer adds continued to be well above the average revenue of our churn customers.

Our cash gross margins for the quarter were 82%, up from 81% in Q1 and down about a point from the same period last year. As we had expected, our gross margins stabilized with the growth in sales of our Dynamic Site solutions and application performance services which have a higher gross margin than our media delivery deals. Our GAAP gross margin, which includes both depreciation and stock-based compensation, was 72% for the quarter, consistent with Q1 and down about 2 points from Q2 of last year.

GAAP operating expenses were \$88 million in the second quarter. These GAAP numbers include depreciation, amortization of intangible assets and stock-based compensation charges. Excluding these non-cash charges, our operating expenses for the quarter were \$65.9 million, up \$900,000 from the prior quarter.

Adjusted EBITDA for the second quarter was \$92.7 million, up 6% from the prior quarter and up 41% from the same period last year. And our adjusted EBITDA margin of 48% was up 5 points over the same period last year and up 1 point from the first quarter.

For the second quarter, total depreciation and amortization was \$23.4 million, up from \$22.6 million in the first quarter. These charges include \$17.7 million of network-related depreciation, \$2.2 million of G&A depreciation, and \$3.5 million of amortization of intangible assets. Net interest income for the second quarter was \$4.8 million. That's down \$2.6 million from Q1 as interest rates declined despite a growing cash balance.

Moving on to earnings, GAAP net income for the quarter for \$34.3 million, or \$0.19 of earning per diluted share. As a reminder, our GAAP net income includes non-cash charges for stock compensation related to FAS 123R and book tax charges at an effective annual rate of approximately 40%. However, because of our significant deferred tax assets we are paying cash taxes at an annualized rate of about 2%.

During the second quarter, our stock-based compensation expense was \$18 million, or \$0.10 per diluted share on a pre-tax basis. A break down of our stock-based compensation charges by operating department is available in the supplemental metrics sheet posted in the Investor Relations section of our website.

Additional non-cash items in GAAP net income for the quarter include \$3.5 million from amortization of intangible assets and a \$20.7 million non-cash tax charge. Excluding these non-cash items our normalized net income for the second quarter was \$76.5 million, 38% higher than our normalized net income for the same period last year and up \$900,000 from a strong Q1.

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In the second quarter we earned \$0.41 per diluted share on a normalized basis. That is a 37% increase year-over-year and consistent with the prior year quarter. Our normalized weighted average diluted share count for the second quarter was 189 million shares.

Now let me review some balance sheet items. Our cash generation continued to be very strong. Cash from operations for the second quarter was \$70 million. Year-to-date we've generated \$158 million of cash from operations or 41% of revenue. That is up 78% compared to last year.

At the end of Q2, we had \$745 million in cash, cash equivalents and marketable securities on the balance sheet. This balance includes \$280 million of AAA-rated, federally insured student loan auction rate securities which we continued to treat as long-term investments in Q2. In the second quarter, capital expenditures, excluding equity compensation, were roughly \$30 million.

Days sales outstanding for the quarter were 58 days, down one day from the prior quarter. Overall, we delivered a solid Q2. We were pleased with the continued growth in our traditional market verticals as well as the increased traction of our new solutions across our broad customer base which helped to improve our operating margins.

With the first half of 2008 behind us, it is becoming clear that the pressures being felt by many of our customers from the economic environment will not ease in the short term. Further, in the media space, while our clients continue to develop higher quality video initiatives, we are not expecting this trend to impact the back half of 2008 significantly enough to offset the pressure from the general economic environment.

Based on the trends we are seeing, we now expect to come in for the full year at the low end of our earlier revenue guidance or slightly below. So we are updating the guidance of revenue to \$785 million and \$800 million for the full year, or 23% to 26% growth.

As for our earnings expectations, we expect cash gross margins will trend downward by 1 to 2 points for the full year, slightly better than our previous guidance. And our full year adjusted EBITDA margins should expand by roughly 2 points compared to the full year 2007 as we said earlier.

However, with the lower than anticipated interest rates impacting our interest income as well as the slower top line growth we are also likely to be at the low end of our earnings guidance or slightly below. So we are updating our earnings guidance to \$1.63 to \$1.69 of normalized earnings per share. That would translate into year-over-year normalized net income growth of 23% to 28%.

We continue to expect capital expenditures, excluding equity compensation, to be about 15% to 16% of revenue for the year. As I mentioned on our call last quarter, this capital investment level also includes leasehold improvements we have planned for our two primary offices, costs that will offset some of the efficiencies we expect to achieve from our network operations. On a non-cash item, we now expect equity compensation to be about \$0.34 to \$0.35 per diluted share compared to our previous guidance of \$0.37 to \$0.39 per diluted share on a pre-tax basis.

Looking more near term, the third quarter tends to be the seasonally slowest quarter for our customers especially to those that are most sensitive to the seasonal changes in traffic levels. For the third quarter this year we are expecting revenue in the range of \$193 million to \$198 million. At the midpoint that translates into 21% growth over Q3 of last year.

But this revenue range, which is a bit wider than our typical guidance, we are expecting normalized earnings per diluted share for the third quarter in the range of \$0.39 to \$0.40. We expect gross margins to decline modestly, by less than a point sequentially and EBITDA margins in the range of 46% to 47% for the quarter.

While we have seen a slowdown in growth in media, we believe that the longer term prospects for rich media online remains very attractive and we think we are well positioned to capture that opportunity. In addition, our success in verticals beyond

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media, as well as with our value-added solutions, help to sustain growth and improve profitability in the first half of the year. And we believe they represent a significant additional growth opportunity going forward.

Given the investments we've made and continue to make in these areas we believe that Akamai is well-positioned to benefit from the long-term trends of business moving online even in a more difficult external environment. Now let me turn the call back over to Paul. Paul?

Paul Sagan - Akamai Technologies Inc. - President, CEO

Thanks, J.D. Clearly the economic climate has changed significantly from where we were even a couple of months ago.

But as our second quarter results demonstrate, we believe we are well positioned (inaudible) and the diversity of our enterprise-class customer base and our broad portfolio of value-added solutions. J.D. mentioned that growth in our media and entertainment vertical has moderated a bit from prior years and I would like to focus a bit more detail on what we're seeing there.

It's not that this market is less promising. The explosion in traffic growth that we saw over the past couple of years has simply moderated, but we remain very excited about the future of media and entertainment online. This is particularly true because the industry is moving toward higher quality video and that is where Akamai can deliver at a scale and quality level that we believe is unmatched.

Many of our conversations with customers in the media go beyond improving the performance and quality of the rich content and extend to how we can help them with their monetization models. We are pleased with the results from our investment in Stream OS because it helps our customers manage and monetize their assets, for example.

Outside of media, we have seen strong growth particularly for some of our newest offerings, such as application acceleration and our Dynamic Site solutions. Innovating in these categories and continually adding enhancements to these newer solutions is not by chance, it's a deliberate strategy to diversify and extend our portfolio and invest our R&D dollars where we believe we will see the best returns and we think that's exactly what's happened.

One example is our commitment to the application space and our recent announcement that we partnered with Citrix to complement the NetScaler product. By teaming a premise-based product like NetScaler with our cloud-based Web Application Accelerator service we are able to bring true end-to-end web application delivery performance to enterprise customers worldwide.

We believe more and more of the market is coming to understand there are inherent issues with Internet performance in the clouds and that our capabilities provide an ideal complement to what customers are trying to do in their own data centers. We're very excited about growth in the area of Web Application Accelerator. We're currently providing these services to hundreds of customers and accelerating many critical business processes.

And these newer services have allowed us to penetrate new verticals such as farm and healthcare where we're helping to accelerate applications used in initiatives like clinical trials. You might have seen a recent study by Net Forecast that highlighted how Akamai can significantly improve the performance of Internet-connected SAP users around the world. The business benefit of this is that enterprisers can extend productivity tools from the consolidated data centers to a global user base.

Another of our value-added services is Dynamic Site Accelerator. This is especially valuable to clients with online commerce sites. In just a year we've more than doubled the number of customers leveraging this capability from Akamai. One customer example is JC Whitney, a large direct marketer of auto parts and accessories.

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They have leveraged our services to achieve significant improvement in site performance. They have seen an increase of almost 10% in online shopping conversion rates since deploying our solution. So we remain very excited about traction with our value-added offerings and their acceptance out in the market.

While companies are adjusting to the current climate, most are finding they don't want to cut back significantly on their Internet investments and our solutions remain critical to helping them grow their businesses online.

Much of our continued success will come from our ability to help our diverse customer base find ways to drive new revenue online and to help them become more efficient by moving more and more business processes onto the Internet.

Now J.D. and I would be pleased to take your questions. Operator, if you could set the queue and take the first question, please?

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS) Your first question comes from the line of Mark Kelleher with Canaccord Adams. Please proceed with your question.

Mark Kelleher - Canaccord Adams - Analyst

Thanks, hi, guys. I was just wondering if you could talk about the competitive environment in the media and entertainment market? What makes you think it's a slowing media and entertainment market and not a competitive situation there?

Paul Sagan - Akamai Technologies Inc. - President, CEO

Well, I think we have always said we are in competitive markets for a decade of history. That has always been a fact of life and it remains a competitive market. I want to be careful that people understand what we're saying, we are not saying that the media and entertainment market is slowing online. What we're saying is that traffic growth on many of these sites, the rate of the growth is not the pace we saw a couple of years ago.

And I think that there's not there are fewer users. But we've seen is we got to broadband adoption particularly in the U.S. and that drove, not just the number of users, but how much each user was consuming. What we're seeing now is that users continue to do more and more, but the pace at which they can consume it is effectively fixed by the amount of broadband they have.

As the pipes get bigger, people can consume more things like rich media, video, et cetera, and we believe we will see adoption all the way up to HD where Internet video is effectively competitive with traditional video to the home today over cable or satellite or whatever means people are using. So what we are seeing isn't a slowing in that market at all.

We continue to believe that our win rates are good, that we have great relationships with most of the major players not just here but internationally in the media space. We benefit as they grow, but what we're seeing is that they are just not seeing the pace of growth of traffic that they had experienced, say on average, a couple of years ago.

The competitive environment remains and we face that all the time. It's why we focus on monetization tools, software tools that differentiate us, higher quality and scale. But what we are seeing is the rate at which an average site is growing in the media space doesn't appear to be today what it was, say, 18 months ago.

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Mark Kelleher - *Canaccord Adams - Analyst*

Okay, and just lastly could you give a quick number on the bursting? Was that around 30% again?

Paul Sagan - *Akamai Technologies Inc. - President, CEO*

Bursting was on the low side this quarter. You know, we are sort of got us to where we are on the low end of our guidance. The other point I'd make on bursting, particularly in the media space, we've seen our customers rather than make the traditional period commitments in terms of a monthly commitment they are making longer term commitments, say an annual commitment or a quarterly commitment.

It allows them to balance their usage patterns better with their business, but it also does put a little bit more sensitivity in our business into usage. In some sense, particularly in the media space, usage is growing in importance. And the 70/30 guideline, at least in the media space, is becoming a little less of a guideline.

Mark Kelleher - *Canaccord Adams - Analyst*

Okay. Thanks.

J.D. Sherman - *Akamai Technologies Inc. - CFO*

Operator?.

Operator

Your next question comes from the line of Michael Turits of Raymond James. Please proceed with your question.

Paul Sagan - *Akamai Technologies Inc. - President, CEO*

Hi, Michael.

Michael Turits - *Raymond James & Associates - Analyst*

Let me ask a couple questions. First of all, you said that because of macro you are bringing down the numbers and you think it's more of a traffic issue. Another questioner asked about competitive. But you said, I think, didn't change.

Has there been any effect on pricing? Is pricing any worse than it has been? And, second, why are you guiding down on margins sequentially if revenue is about the same? And if you can drill into the gross adds and churn which have kind of gone in a different direction than they have sequentially. Why are you adding a lot less -- excuse me adding a lot more gross but still churning a lot?

Paul Sagan - *Akamai Technologies Inc. - President, CEO*

Okay, Michael, I think we got all three parts of the question. You're breaking up a little. As they say on drive time radio we will answer that offline for you. But I think we got all three points and I think J.D. can take them.

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J.D. Sherman - Akamai Technologies Inc. - CFO

Yes, okay. Let me start with the pricing. I think, Michael, the pricing, environment has been, as we've talked about, pretty competitive for quite some time. And I don't see any major changes in that.

We got to the point, particularly in the media space, several quarters ago where there is not a major deal out there where there is not a competitive commodity benchmark in terms of this price. I think we expect that to continue for a long time. I don't see any difference there.

The one difference, as Paul pointed out, we don't see that natural growth in traffic at the same level as we saw with the broadband explosion. I think the second question was on margins on a quarter-over-quarter basis. We will see a modest decline in margins even with revenue roughly flat because depreciation is going to grow quarter-over-quarter as we continue to add CapEx.

That is a major feature of that. And also we continue to grow just the head count to manage a larger and larger network. But I think overall we have seen the trend moderate just as we thought we would as the business started to transition and shift towards more value-added services. And what was the third part of the question?

Paul Sagan - Akamai Technologies Inc. - President, CEO

The churn question.

J.D. Sherman - Akamai Technologies Inc. - CFO

Yes, the churn. I think 170 new adds was sort of consistent with the rate we had been at before the prior couple of quarters which maybe were a little bit lower in the 140 to 150. So I don't think there is a major difference there.

We were really pleased with the new adds, particularly given that a lot of the new adds are at larger ARPU levels and are buying our advanced, our value-added services. The churn continues to be around 4% and as I said that continues to be from smaller customers where we really have turned our focus more towards the enterprise-class customers. So I think we felt pretty good about the customer dynamic this quarter.

Michael Turits - Raymond James & Associates - Analyst

(multiple speakers)

Paul Sagan - Akamai Technologies Inc. - President, CEO

The margin performance was extremely strong and I think goes to the value that we are getting in accounts, particularly in enterprises. Operator, next question, please, thank you.

Michael Turits - Raymond James & Associates - Analyst

Thanks.

Operator

Your next question comes from the line of Mark Mahaney with Citigroup. Please proceed with your question.

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Mark Mahaney - Citigroup - Analyst

Thank you. Can you talk about the quality of those customer adds you had in the quarter? Any since of where they come from? Were they greenfield new to the CDN industry, did they come from other companies? And could you just go over and clarify exactly how the economic weakening macroenvironment impacts your business? Do you see it more in terms of an inability to get pricing? Is it really traffic from end consumers that is falling off? How exactly does a recession impact your business? Thank you.

Paul Sagan - Akamai Technologies Inc. - President, CEO

The quality of the adds has been very good worldwide. And we are really focused on quality enterprise customers and that is who we are targeting for our growth and for the value-added services because it's e-commerce sites, it's the business-to-business portals, it's the mission critical business processes that are going online along with the media and entertainment sites that we are targeting.

And we are looking for large enterprises who can grow and build the volumes in our customer base both of absorbing new product as well as traffic growth. We are very pleased with the quality of the pipeline and the work that the sales staff did, really in every region around the world, particularly in international which has been really strong and that is no surprise given the general economic news of the U.S. economy being weaker and the international and Asia being much stronger.

I have been to Asia once and Europe twice in the last few months and it validates what we are hearing. And I have seen that first hand and heard that. We shouldn't mix up the economic factors and traffic. I don't think that consumers are hurting in the pocketbook or in the mortgage market or something and, therefore, are not consuming as much.

The consumption issue is really a question of how much can people consume. If they are going to be online for an hour a day and they are going to consume video and they don't have high def and they can only do it at cable modem speed that limits how much traffic growth. So what you'll see is not that the same hour month-over-month is more data, it's if they go from an hour to an hour and 15 minutes that the growth is there.

But the amount they can consume in an hour, or if you will, 10 minutes of experience can't grow if the band width doesn't grow. So what we're seeing is really a leveling out of the last mile bandwidth. But that has nothing really to do with the economic situation. I wasn't trying to imply that people were not upgrading their connectivity because of the economy. It's not that at all.

The economic issue is really either verticals that we sell into where people are feeling strong pressure in the economy, manufacturing, automotive and they may be slowing down purchases or being much more sensitive to how much they buy or if they start a new project how many features they add online.

In the media space where the economy does have some effect is in the pressure on advertising, both online advertising, but in particularly, offline advertising and where the media companies are really feeling squeezed they have fewer dollars to invest in new online initiatives that might drive people to drive people to consume more right now and there is not one single event there.

We think taken as a whole it is creating a little more headwind at the middle part of the year and it has made us be a little more conservative about the back half of '08. But it doesn't in any way dampen our enthusiasm about the core business or that really every industry is going more and more to put their process online, but in some cases they have slowed down some of the pace of that rollout.

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Mark Mahaney - Citigroup - Analyst

Thank you, Paul. That is very helpful.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Thanks, Mark. Next?

Operator

Your next question comes from the line of Tom Watts with Cowen & Company. Please proceed with your question.

Thomas Watts - Cowen & Co. - Analyst

Thanks for the clarification between the effects of the economy and the broadband usage. If the economy were to recover, what would be the areas you think would pick up? Is that going to be attraction of new customers or a trade up to additional applications? And then, secondly, if you could comment on the cash flow.

Clearly, you are starting to establish a very attractive free cash flow profile. Are there any, other than starting to pay cash taxes, is there anything in the future that could interrupt those free cash flow trends such as a major CapEx investment or something else?

Paul Sagan - Akamai Technologies Inc. - President, CEO

I'm I'll take the first part. The general economic issue really is vertical specific for us. Commerce, how much people are driving more efforts online. Particularly B to B, not B to C, there's a lot of growth there, but more B to B initiatives, automotive is really a hammered sector which was trying to make a lot of changes to the digital world.

Those are the kinds of things where anecdotally some of the regions are starting to see longer sales cycles and people being a little more conservative about rolling out projects. We don't see them being canceled wholesale. To us this is not a stoppage in growth, but we are being a little more conservative about the pace at which these things are coming online and we wanting to make sure we have our expectations set correctly.

If there was a shorter impact on the economy overall we would see the pickup in those sectors. One would presume it would impact the broader ad market, and that would drive more spending by the media companies. And a lot of that could be spending in their traditional non-online initiatives, revenue in them allowing them to invest more online.

They are doing more online. The question is the pace at which they feel they can afford to go there. And I will let J.D. talk about the cash flow. But I will make the comment there is no -- and Tom, you have known us for 10 years nearly. We don't have a single upgrade event in our CapEx or network model that would necessitate some major change in

J.D. Sherman - Akamai Technologies Inc. - CFO

Right. That is pretty much what I was going to say, Paul. We talked about our long-term model at our last analyst day. And as Paul said we don't have a step function or need a step function the way we build out our network. We think it's a nice incremental investment. We think we spend CapEx in the range of 13% to 16% of our revenue.

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And you can see as our performance over the last few years the model really scales nicely when you look at it on a cash flow basis. And I don't see any major, significant event changing that in the near term.

Thomas Watts - Cowen & Co. - Analyst

Okay. Thanks.

Operator

Your next question comes from the line of Rob Sanderson with American Technology Research. Please proceed with your question.

Rob Sanderson - American Technology Research - Analyst

Thank you. Good afternoon, gentleman.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Hi, Rob.

Rob Sanderson - American Technology Research - Analyst

Hi. I had a couple of questions. First, on the media and entertainment vertical do you think there is a rationalization of that monetization model going on there? We have heard about the video portals missing their expected add revenues and social networks coming in a little bit light as well:

Do you think there is some sort of a bigger trend there with bit more of a rationalization of the business model and a little bit of slowdown on that? And then I have a follow-up.

Paul Sagan - Akamai Technologies Inc. - President, CEO

We are seeing one of the areas where traffic is growing strongly is in some of the social networking categories. So it's always dangerous to over generalize. You have heard me say, I think, quarter-over-quarter for a year now that I thought there were some of those models that were more suspect than others and that there would be a rationalization of that market.

So that may be a piece of what's going on. I'm not sure it ties directly to what we have seen affecting the traffic growth. In fact, I'm not sure that it does. Some of those sites report crazy levels of traffic with no means of supporting it. And their business models, particularly if tougher times come economically will get rationalized, it probably means that there seed funding would dry up or some such thing.

But I think that may be going on, but I don't think that is what we are seeing in terms of general traffic. Most of it is across the board of, I think, just the limitation on broadband consumption has just, again, dampened the pace of growth.

I think it's very important here that all we're talking about here is the slope of the curve up. We're not talking about less time online or less consumption, but it's just the rate of that growth, we think, has moderated a bit more than we expected or modeled.

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J.D. Sherman - Akamai Technologies Inc. - CFO

And I would just add to Paul's point earlier there is definitely an imperative from these businesses and sites to improve their monetization which is why some of the discussions we have with our customers around how to better and more effectively monetize their websites, that is really something we are seeing heating up.

Rob Sanderson - American Technology Research - Analyst

That makes sense.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Do you have a follow-up, Rob?

Rob Sanderson - American Technology Research - Analyst

Yes, I did. Just more of a macro level. You guys are in a unique position seeing so much of the world's Internet traffic. And I know you spend a lot of time looking at traffic trends, any notable clues there that could help us figure out the macroeconomic climate, if it's strength or weakness in certain industry verticals or anything notable that jumps out from the global traffic trends you monitor?

Paul Sagan - Akamai Technologies Inc. - President, CEO

Yes, traffic trends in commerce are very, very strong. And that continues. And I think that is a number of things. One, there was a trend of people doing more and more shopping online and they're doing more media online just not at the same pace. And some of macro things may be influencing it.

We've all read high gas prices. People are not going to the mall as much so they still need to do some of their shopping, they're doing it online. So we're seeing strong trends there in traffic. So that is one of the things we could peek out, one of the things that gives us confidence about the e-commerce sector for the rest of the year, one of the verticals that is very important to the services that we provide or we think those services are important to that vertical.

And we continue to see very strong or stronger growth internationally which is not a new trend. We've talked about that. But we don't see any impairment there. Also we should be cautious about trying to read too much into traffic trends and correlate it.

People are using the Internet more and more even if they are in more uncertain economic terms. I don't think anyone has talked about people disconnecting their Internet connection because they cannot pay their bill. People will be using the Internet more. Maybe we'll even see them use more if they default away from taking vacations or things like that.

But really difficult to draw any kind of specific conclusion like that or to look into the data and understand it. At the more macro level, I think, it's strong e-commerce, continuing growth in business-to-business usage of online applications. People maybe being a little more cautious about how fast they are investing in new online B to B initiatives. Again, all of these things are growing, it's just a question of

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Rob Sanderson - American Technology Research - Analyst

Thank you very much much.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Thanks, Rob.

Operator

Your next question comes from the line of Tim Klasell with Thomas Weisel Partners. Please proceed with your question.

Tim Klasell - Thomas Weisel Partners - Analyst

Good afternoon, everybody. You mentioned the commerce site is growing at 50% year-over-year. I know you only do this once a year, but could you give us some color around the media and entertainment space? What is the growth profile there?

Paul Sagan - Akamai Technologies Inc. - President, CEO

That is about 40% to 45% of our business. And as I said on the call, it grew roughly in line, Tim, with our overall growth rate of 27%. Slightly below that, but roughly in line.

Tim Klasell - Thomas Weisel Partners - Analyst

Okay. And your guidance going forward what do you assume for bursting around the media and entertainment?

Paul Sagan - Akamai Technologies Inc. - President, CEO

Again, as I said to an earlier question, a lot of what is happening in media and entertainment we are seeing longer term volume commitments rather than a standard monthly deal. What that means is for our customers they realize their usage is more seasonal, particularly in the volume driven parts of the business.

And so what this allows them to do is balance their commitment over a longer period. What it means for us is we are a bit more susceptible to seasonality. We saw it last year in our Q3 and Q4 dynamics. We had a very strong Q4 last year.

Just natural seasonality, particularly in the media and entertainment space as people go outside for the summer. And the new programs come online and the holiday season drives online advertising, et cetera. We see more of that.

I would say outside of that area, the bursting relationship stays the same. But that dynamic is changing a bit, the dynamic of our overall seasonality.

Tim Klasell - Thomas Weisel Partners - Analyst

Okay, great, thank you very much.

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Paul Sagan - Akamai Technologies Inc. - President, CEO

Thanks, Tim.

Operator

Your next question comes from line of Colby Synesael with Merriman. Please proceed with your question.

Colby Synesael - Merriman Curhan Ford & Co. - Analyst

Great. Thanks for taking my question. Just looking at your international revenues it looks like you have 26% of revenues which is up nicely from last year. Is there an opportunity for you guys to accelerate your growth in the international space?

Obviously, you mentioned the U.S. as being one of the areas of weakness. Maybe international could balance that out a little bit. And if you could talk about the competitive dynamics internationally verse domestic if there's any nuances there that changes how you guys compete? Thanks.

Paul Sagan - Akamai Technologies Inc. - President, CEO

We have been really pleased with international performance over the last year, not just this year. And you have seen that in the steady increase. And given that the domestic business has grown very strongly means international has really been executing well to not just stay current but to catch up. Obviously, for 26% of the business to counter balance 74% they have to be really outstanding. We are seeing some of that.

And we are making investment in the international, we're opening new offices and expanding the staff in most of the regions. We continue to see new opportunities. As you may be aware, our habit is to move into a region first, if you will, by parachuting in, meaning we fly people in and out of one of the other capitals where we operate offices and if we get enough traction we will open offices in new cities or new countries.

We are opening several, or already have this year in Europe and Asia and are very pleased with that performance. And I think that is an area where we will buy some incremental investment. The opportunity is strong and you're seeing the payoff. Frankly, there are just more Internet users outside the U.S. than there are inside.

And in many countries they have broadband already that exceeds ours. If you look at Korea, just came back from Europe. France now has 20 megabit a second service available to homes at very competitive rates and they are seeing uptake there that I think exceeds what we are seeing, way exceeds what we're seeing in the U.S.

Some of those markets have for all verticals, including media and entertainment, more growth opportunity than they have, than we are seeing here even so far. And in no way are we discouraged about the U.S. market, but there are just really interesting Internet things going on internationally.

And you're right to ask the question about competition. We see some of the names you would recognize as U.S. competitors in some of the international markets. We deal with that kind of competition in some areas and in some countries there are domestic, local competitors. Some are -- try to sell a content delivery service similar to ours, others might try to mix in production or some kind of professional services as a local differentiator.

I think we compete effectively. One of the things that we have that really differentiates us is global scale, and we are generally targeting enterprises with global operations or global suppliers. And in this world economy, almost any decent-sized company

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today is dealing with suppliers, partners, marketers in distributed geographies and they are looking for WAN-like performance for global Web operations and we can offer that and we think that most of the competition internationally can't do that at all.

It really helps us there. In other ways it is kind of similar. We look at channel partners, developing local extensions of sales operations as well. Some of those are a bit more regionalized as we go.

J.D. Sherman - Akamai Technologies Inc. - CFO

The other thing I would add to that. The investment that we need to make and we are making to grow internationally is a go-to-market investment. It doesn't require a new level of buildout on our network. We already have the massively distributed global footprint and that is a significant advantage.

Colby Synesael - Merriman Curhan Ford & Co. - Analyst

Great, thank you.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Operator?

Operator

Your next question comes from the line of Rod Ratliff with the Stanford Group. Please proceed with your question.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Hi, Rod.

Rod Ratliff - Stanford Group Co. - Analyst

Hey, guys. Obviously, nice expansion in the gross margin there. Is that just the greater presence in the mix of higher margin verticals?

Paul Sagan - Akamai Technologies Inc. - President, CEO

I think that is certainly the major driver of that. It's something that we talked about for a while that as we get more and more penetration of our value-added services we start to see that benefit.

We also even in a -- forgive my term -- in a more basic delivery deal we still command a significant premium just based on our fundamental performance advantage and reliability. But I would say it has been our strategy to upsell our customers with value-added services and build out on our differentiation and we're starting to see some of the benefit of that.

Rod Ratliff - Stanford Group Co. - Analyst

All right. Two very quick ones. What are you seeing in online casual gaming? Video gaming?

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Paul Sagan - Akamai Technologies Inc. - President, CEO

A large growth in the gaming space. That has been a very strong area for us for probably about 18 months. And as we see more connected devices that will grow.

Rod Ratliff - Stanford Group Co. - Analyst

And I was -- there was a press release out, I believe, yesterday that listed NBC's partners for streaming the Olympics. Do you think you guys will you see any notable benefit from that at all?

Paul Sagan - Akamai Technologies Inc. - President, CEO

We are looking forward to the summer games and the role we are playing there across the globe. I can touch on a number of them. We are working for the first time with partners inside China to support their efforts to distribute the games on the Web which is quite interesting.

We are working with the EBU to deliver the Olympics across the European continent. We'll also going to be delivering the summer games throughout the U.K with a partnership there. And domestically we are really excited to be working once again with our partners at NBC-Universal to deliver the NBCOlympics.com site. We think it should be a very sizable Olympics.

As we've said, there is no one single event or customer who at our scale is that significant to the quarter. At the same time, we are happy to have all that business and to work on a global event, which we think will be interesting. You never know how exciting it will be until we see how good the individual games are and whether people capture someone's attention.

And the time zone differences. Also we're going to have to see how that plays and it will be regionally different where the games are live or not how significant the Internet is.

We've been doing the summer games every four years and we get some version every two years because of the winter games as well. It always has been an interesting traffic driver on our network and we're looking forward to it, but, again, on our scale we don't think any one thing is so significant. But we'll be involved in the Olympics in almost every geography in the world including here with NBC.

Rod Ratliff - Stanford Group Co. - Analyst

Can I throw out a follow-up, Paul?

Paul Sagan - Akamai Technologies Inc. - President, CEO

Sure.

Rod Ratliff - Stanford Group Co. - Analyst

How do you feel about gaining a foothold in China?

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Paul Sagan - Akamai Technologies Inc. - President, CEO

As everybody says, particularly in tech, actually in any industry. It's a hugely exciting and intriguing market because of its scale. In many ways it's a very different place to operate because of the state of development, regulation, et cetera. We have worked there with partners successfully and we are very pleased about it to deliver content into China on behalf of some of our customers.

And we look forward to working with our partners there to expand our ability to really make the Internet in China achieve all of its potential. And we think that that presents a growth opportunity for us, as well, over the next couple of years. We think our technology and services can help benefit Internet performance there as they do everywhere else in the world.

Rod Ratliff - Stanford Group Co. - Analyst

Thanks a lot.

Operator

Your next question comes from the line of Srinivas Anantha with Oppenheimer. Please proceed with your question.

Srinivas Anantha - Oppenheimer & Co. - Analyst

Yes, thank you. Couple of questions. One of the things you guys highlight is the newer value-added solutions such as app services and Dynamic Site solutions that helps differentiate in the marketplace.

Could you guys quantify what percentage of revenue comes from these services and how much they have been growing year-over-year?

Paul Sagan - Akamai Technologies Inc. - President, CEO

We talked about that at our analyst day last year. We said at that point it was about 30% of our revenue came from customers using our Dynamic Solutions including those and that continues to grow. We haven't quantified that number externally since then. Probably will give an update later in the year as we have an analyst day this year. But that number continues to grow as a portion of our business. And that's a major strategic thrust for us.

Srinivas Anantha - Oppenheimer & Co. - Analyst

And, Paul, you talked about the overall slowdown in traffic. Do you see any killer applications whether on the enterprise side, on the consumer side you think will reaccelerate the growth in IP traffic?

Paul Sagan - Akamai Technologies Inc. - President, CEO

There is no slowdown in traffic. What I said was and I just want to be very clear everybody gets this, a slower rate of growth in some of the media sites. There is no slowdown in traffic, it's really a growth rate question in some verticals. There is no slowdown in Internet traffic or Internet usage. I don't think it's a question of killer apps.

I think for media it's a question of last mile bandwidth accessibility and the ability to consume data or the rate at which people can consume it. And in the reality in the U.S. you are lucky to get a television quality video picture over IP and all your neighbors better not be trying to share that same link to do that. We are looking forward to the day when you can do true HD to any home over IP.

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And if you looked at our HD Web demonstration site and you have the right last mile connectivity, probably more likely at work than at home today, you can watch a live stream of a fully competitive, if you will, HD picture. It will be as good on your big screen TV as your HD standard TV signal. If you will, I think that is the killer app. It's not that the content needs to be existent in HD, it exists. The last mile and then the monetization models that go with it are what we're needing to reaccelerate the growth rate there.

And on the business side, we are seeing those apps and we're seeing the adoption. That's why you see the strong uptake of those services and the reason, I think, the gross margin was so strong. And there some of the applications are B to B portals. Many of the buying, provisioning and data-based apps that people tend to do behind the firewall and let someone access over a phone or a call center that are now being opened up on a secure portal. Those apps exist and the question there is the pace at which enterprises are putting a Web front end on a legacy system and saying to people, effectively, self-service. I think the apps exist there, but it's the question of the shift in the way the businesses are operating and that reengineering that we have been seeing over the last couple years and have driven the strong growth in our B to B services.

Srinivas Anantha - *Oppenheimer & Co. - Analyst*

Thanks for the clarification. And, J.D., one quick clarification on the expenses. I know you mentioned that gross margins are going to decline by a percentage or so. Are you talking about cash gross margins or GAAP gross margins? And the second one is the G&A declined quite a bit at least relative to your expectations in this quarter sequentially. Were there any one-time events that helped that? Thanks a lot.

J.D. Sherman - *Akamai Technologies Inc. - CFO*

Our G&A was actually up about \$1 million quarter-over-quarter. And maybe that was a bit lower than we expected to spend. But I think you just have timing and managing how we have our expenses come in. In general, though, our expenses are largely resource-related and we did continue to add resources.

On GAAP gross margins -- I should mention that our litigation costs went down slightly quarter-over-quarter from 1Q to 2Q offsetting some of the increases that we had. On gross margin, I think both cash and GAAP gross margins will decline somewhere in less than a point range.

Srinivas Anantha - *Oppenheimer & Co. - Analyst*

Yes, thanks a lot.

Paul Sagan - *Akamai Technologies Inc. - President, CEO*

Operator? I think we have time for a couple more questions if people keep them short.

Operator

Your next question comes from the line of Garrett Becker with Merrill Lynch. Please proceed with your question.

Garrett Becker - *Merrill Lynch - Analyst*

I was wondering if you could talk about some of the new customers you added this quarter? Were any of those international?

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Paul Sagan - Akamai Technologies Inc. - President, CEO

Yes, all across the board in every region. We had very strong performance with enterprise, new customers in Europe, where I just came back from recently, Asia as well. And the U.S. We had strong adds and, as J.D. mentioned, the ones we churned tended to be much smaller than the customers we bring on, which really is that process of getting better and better at managing the pipeline, of bringing in good customers and rolling off those that, for whatever reason, don't really make sense and tend to be small.

J.D. Sherman - Akamai Technologies Inc. - CFO

I don't know if I can mention any of the names, but one thing that was very encouraging to me was to see that a good portion of the larger deals that came in were APS and DSA deals, some really high value-add service and relatively large deals coming in the door for a first time customer.

Paul Sagan - Akamai Technologies Inc. - President, CEO

On the B to B side.

J.D. Sherman - Akamai Technologies Inc. - CFO

Right.

Garrett Becker - Merrill Lynch - Analyst

Okay. And then, maybe I misheard the previous question with respect to Dynamic Site Solutions. Can you give us any color on the Application Performance solutions? Obviously, it ticked up and it helped your margins. I think the last time you said it was about a \$40 million run rate the last time you gave us any numbers. So any other color would be helpful.

Paul Sagan - Akamai Technologies Inc. - President, CEO

We update that once a year. At this point we're not doing segment reporting quarter-by quarter. But we were very pleased with what we're seeing in not just Dynamic Sites, but Application Performance as well. And some of the deals that J.D. was referencing, domestic and international, those enterprise deals were for Application Acceleration and some were for for Dynamic Site Acceleration.

Garrett Becker - Merrill Lynch - Analyst

And if I can sneak on one other.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Keep it short, now.

Garrett Becker - Merrill Lynch - Analyst

Short? Any thoughts about buybacks?

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Paul Sagan - Akamai Technologies Inc. - President, CEO

No, we're not going to speculate on things in the future. Obviously, we meet with our board on a regular basis, look at our balance sheet and think about all the opportunities for investment and tend to be opportunistic and we'll make the right moves at the right time when we see them. But we won't speculate on what might do this or what might do that.

Garrett Becker - Merrill Lynch - Analyst

Great, okay, thanks.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Thanks.

Operator

Your next question comes from the line of Kirk Materne with Banc of America. Please proceed with your question.

Kirk Materne - Banc of America Securities - Analyst

Yes, thanks very much. Just a little bit more color on the APS side. Can you guys talk a little bit about where most of the customers that were added this quarter, I guess, historical customers of yours, were they brand new customers? I'm just trying to get a sense on where some of the demand is coming from on that side?

J.D. Sherman - Akamai Technologies Inc. - CFO

I think you mean --

Kirk Materne - Banc of America Securities - Analyst

I guess what percentage were existing Akamai customers versus brand or greenfield opportunities for you?

J.D. Sherman - Akamai Technologies Inc. - CFO

Honestly, I don't know the answer off the top of my head. What we have been seeing is roughly a half and half type ratio.

One of the things about APS is that it has been an entree for us into markets where we didn't have a presence like pharma and manufacturing and some of the places where Web content delivery is less important. So we've added great penetration in there. But also we, even our biggest media customers have online applications so we are getting some penetration in there. So I apologize I don't have the stat for the number of things this quarter off the top of my head, but the rough ratio has been 50/50.

Kirk Materne - Banc of America Securities - Analyst

Just a follow-up on that point, J.D. When you are talking about some of your big media customers taking on the APS services, it's a different part of their business. Do they have money to spend on IT or is it pushing more content out, they are taking a

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pause on that side? Is it just – is it more of a monetization issue for them on that side, I mean if they have money to spend on APS they have money, but is it a matter of where they are focusing their spend right now?

J.D. Sherman - Akamai Technologies Inc. - CFO

The great thing about APS, and, obviously, it's something we sell into these guys, not only does it boost productivity but it also drives cost savings. In an environment like this and as you would expect and as you've seen probably, anecdotally, IT budgets get scrutinized a little bit more closely.

So there is a sales challenge there. But fundamentally what our Application Performance Solutions do, also saves companies money in their data centers, as well. So that's a real powerful story, particularly in this type of environment.

And then – when you talk about DSA, particularly in the commerce area, the great thing about that is the benefits aren't in terms of an investment to make your site nicer or something like that, it's very easily translatable to the top line improvement. And in an environment like this that's something that people find very valuable.

Paul Sagan - Akamai Technologies Inc. - President, CEO

Operator, why don't we take one more question and we'll make sure we're off in the hour we promised everybody.

Operator

Your final question comes from the line of Derek Bingham with Goldman Sachs. Please proceed with your question.

Derek Bingham - Goldman Sachs - Analyst

Hi, thanks. I wanted to ask kind of what your sense is for your outlook for new customer adds as you continue to churn off more smaller customers? Is that kind of 25 to 50 pace kind of the right way to think about it going forward on a net basis?

J.D. Sherman - Akamai Technologies Inc. - CFO

Derek, we don't really forecast that on a going forward basis. What we do is focus on making sure that the signings that we're delivering and the new customers we're bringing on are high quality customers, and then taking care of the customers that we have and making sure that the ones that are growing with Akamai and we have an opportunity to upsell and improve and deliver value for them that we keep.

But we don't have a forecast going forward on that.

Paul Sagan - Akamai Technologies Inc. - President, CEO

All right. Thank you. Operator, thank you, thank you all for tuning in. We'll be back in three months as usual to update you on the summer and the rest of the year. Thank you.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect.

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Exhibit KKKK

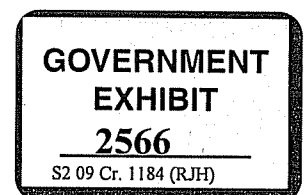
MOM Functional Format - June 9th, 2008

Attendees

Paul Sagan, JD Sherman, Tom Leighton, Bob Hughes, Melanie Haratunian, Harald Prokop, Bobby Blumofe, Deb Canner, Willie Tejada, Chris Schoettle, Robert Wood, Greg Lazar, Tim Goodman, Scott Forrey, Brad Rinklin, Sanjay Singh, Aaron Ahola, Rosemary Komenda, Bhuvana Husain, Alejandro Caro, Eddie Ruvinsky, Sandy Smith, Jasmine O'Reilly, Matt Philbin, Dane Walther, Skip Hartwell, Brian Murray, Jeff Tworek, Pedro Santos, Kieran Taylor, Amy LaMeyer

Actions

- JD: Bring back to this group from Finance/PS (Jasmine/Jennie), to see if possible to meet July 1st date for process to deal with DSA/WAA upsells and rev rec
- JD: Bring back to this group to see if it's possible to separate Insight from DSA/WAA upsells and rev rec process
- JD: Bring back to this group a plan for Insight Betas and how these impact rev rec
- Skip: Send out list and post on Aloha the Corp Svcs team members who have adopted each floor in Cambridge & San Mateo
- Skip: For San Mateo office, formalize the process for new building and long term plans - send out list of issues, put together timeline, schedule standing meetings
- Skip: Discuss status of Mountain View office with Bobby, ensure timelines are aligned
- GregL: Work with Bob, figure out what to do with VP and Chief Strategist roles in Commerce
- Sanjay: Work with Brad to figure out how to overhaul multivariate testing for Commerce
- Bob: Work with Kit and Rich to potentially define Commerce Accelerator with Media offer
- Sanjay: Send email to this group with explanation of Net Promoter and Net Detractor scores



Topics

Deferred Revenue Update

- Basics of Revenue Recognition
 - Cash collection is reasonably assured, Evidence of an arrangement exists, Price is fixed or determinable, and Services have been delivered
 - Focusing on this last one – if there's no evidence of delivery, options are to track features contracted for separately or to track features that are bundled together
- Existing Customer DSA/WAA Upsell Path
 - Discusses when Billing Effective Date (BED) should be set, notes that account teams should work with Tiger Team before renewal
 - To improve upsells, need to redefine products
- Integration Rev Rec – Today
 - Integration Choices: Standard (no SOW required), Enterprise (SOW required), both flow down to Basic Integration Threshold, after which revenue can be recognized
 - JD notes we'd like to move the bar up here so revenue can be recognized earlier, except for the PS value-added portion, hope to get to this point in 1-2 months
 - Paul asks if this is doable, JD notes this is the path we'll go down and try for this
- EdgeSuite Delivery
 - EdgeSuite Delivery is defined, but lots of advanced features outside of this for EdgeSuite Enterprise
- DSA – New Definition in Progress
 - Consists of Content Delivery (defined) and Acceleration Products (to be defined as one of: Pre-fetching, TCP Optimization and SureRoute) with standard configuration file
- Deferred Revenue Mitigation Approaches
 - Define scope of product to enable "evidence of delivery" with standard config file and Establish consistency of "basic" integration for DSA (would allow rev rec with SOWs before sign-off)
 - For Insight, current decision is to sell separately and get the contract signed by someone else
 - Greg notes that in some deals, it's impossible to separate DSA/WAA from Insight, Paul and JD notes that in those cases we'll have delayed rev rec, and will have to manage these deals for the next couple months
 - Greg notes there's been some feedback from the field that the Tiger Team isn't as fast with responses, Chris notes on the technical migrations the commit is a 5-day turnaround in a Sales Edge this week, Chris notes that rev rec and associated analysis is a separate piece, Jasmine notes that discussions underway with Tiger Team for rev rec for analysis, should also be able to do 5-day turnaround
 - Bob asks about the date for the default/standard config, Chris and Jasmine note we've got the definitions as of Friday, next have to work through with PS to tweak standard config as needed, should be 2-4 weeks from now
 - Sanjay notes that with default/standard config files we run the risk of negatively impacting existing functionality, Harald notes that some customers already have a config file with the

relevant feature set, so just need to determine if each config file fits the product definition

- Chris notes that field will need to be trained to keep the SOW simple, don't try to sell the product in the SOW or include a long feature list
- Bob recommends before training the field, pull in a few senior Sales people as a focus group

Finance Update

- Q2 2008 Outlook
 - Not much change here since last week
- FY 08 Outlook – Proposed Headcount Phasing
 - Rosemary has sent this out to the teams, notes that numbers don't account for attrition, also excludes China and India headcount
 - Factoring in a lighter Q3 based on hiring ramps we're seeing, picking up a bit for Q4, but still leaves about 80 reqs still open at year end
 - Bobby asks about MCDN headcount, since it's not fungible and he's not able to leave this open at year end, Rosemary notes it's still included here and will work on this offline
- FY 08 Outlook – Updated with Headcount Phasing
 - It's still tight for the rest of the year
 - Tim asks about Marketing budget, JD notes it's still included

Corporate Services Update

- Overview & Initiatives
 - Realigned roles to focus on customer service: launched "Adopt a Floor" program, encourage meetings with constituents & stake holders
 - Bob asks if it's possible to list out who has adopted each floor, Paul asks if it extends to San Mateo, Skip notes it's for Cambridge & San Mateo, will send out list
 - Launched new Corporate Services web pages on Aloha
 - Encouraged more two-way communication for real estate updates and furniture selection
 - New amenities: dry cleaning drop-off and pick-up for Cambridge, showers in 8CC, corporate services office at 4CC
- Real Estate Portfolio
 - Cambridge square footage increasing with addition of 10th floor in 4CC, San Mateo increasing in October with move to new building
 - Costs \$/headcount is \$6-\$7K in Cambridge, San Mateo, Reston, \$1K in Bangalore; cost is much

higher (\$28K) in managed space locations in Asia Pac since very few employees in Asia Pac anywhere except Japan

- Tom asks if these costs are comparable to industry, Skip notes other companies have gone to different models with more people per workstation with Sales teams
- Skip notes other companies have redone remote Sales offices so they're customer-facing with nice EBCs and good food service, then back of the house is just a set of hotel cubes & hotel file cabinets with more staff per workstation
- Cambridge & San Mateo Projects
 - Working collaboratively with Building Committees in each office
 - Bob asks if there's a formal committee in San Mateo, but this is such a big move that it shouldn't be informal, and feedback from team members is that they don't feel like they're on a committee and there isn't alignment
 - Brian notes there have been some conversations to get people up to speed, Willie notes it would be a good to have a timeline and consistent standing meetings for this office, Eddie agrees with this approach, Willie notes he can help get people at the meetings
 - Melanie asks if there's a timeline for Cambridge to hit certain milestones, outside of the committee there are some people on the sidelines looking for updates, Brian will discuss today
 - Employee feedback incorporated for furniture selection
 - Decisions to be reviewed today include Construction Schedules, Office Standards, Work Environment (furniture & finishes) and Stacking
 - Decisions still pending include NOCC & EBC (Look/Feel/Design)
- Cambridge HQ Plan
 - Objectives are to Maximize buildout of new space with minimal impact on employees, Keep Platform together as long as possible, Avoid having to add "swing space" elsewhere in Cambridge
 - 2008-2009 Plans for Cambridge:
 - Renovation of 4CC 10th floor – move GSSM: Q3/2008
 - Platform overflow onto 8CC 6th floor: Q3/2008
 - Begin renovation of three new 8CC floors: Q2/2009
 - JD notes we won't get other floors in 8CC early enough to track with headcount, so have to use the swing space, but will play it by ear and make changes as needed
- Cambridge HQ Ultimate Stacking Plan
 - Planning to wait until Q4 2009 for NOCC/EBC space
 - Bob asks how many people there would be in 8CC vs 4CC in this ultimate plan, Brian to look this up and get back to Bob
 - Bob asks if the amenities on 12th floor of 4CC would be the only location for amenities, Brian and JD note there will be some amenities on lower floors of 8CC but main cafeteria location would be on top floor of 4CC
 - Paul asks about timelines, JD notes a lot of this depends on when we get space available and when we can get approved permits for construction
 - JD notes that GSSM will move to 4CC and then move back to 8CC after construction
 - Harald asks if some GSSM (CCare, New England Sales) would stay in 4CC, JD notes that's true, Bobby notes that he also thought only 1 floor of 4CC would be Platform, will define this level of

detail offline

- Melanie asks when moves will start happening and when moves will be communicated so we can get to this ultimate stacking plan, Brian notes he was planning to plan with JD how to share this information once everyone approves in this meeting, Melanie asks that the move coordination be a two-way dialogue, Brian notes that Legal is unique, JD agrees and notes will have detailed planning sessions about 6 months in advance of the dates for the stacking plan
- San Mateo Status
 - Planning for full occupancy in Q4 2008, phased occupancy starting in late Q3 2008 since need to give up the first couple floors at the end of September
 - Willie asks if it's already known which groups will be sitting where in the new building, Brian notes the planning process and going forward
 - Brian notes as of last Friday, construction was on track
 - Working to sublease old space on Fashion Island Blvd space, hoping to get 3rd and 7th floors subleased to someone else by January 1st, 2008
- Office Standards
 - Objectives are for consistency across sites, improved work environment, balance between private office space and open office space
 - Precise seating layouts and remote office standards are still TBD, and will probably need some flexibility/variance
 - Matrix has been put together with cubicle sizes & private office sizes mapped to specific positions
 - JD notes that for San Mateo, this is an improvement on the current cubicle sizes
- Cambridge Interior Finishes
 - Color palettes for carpets, wood finishes, walls, etc have been chosen by architects and reviewed by Building Committee
 - Trying to use similar palette in San Mateo as much as possible, though architects would like to do something different due to varied settings and dynamic
 - Aiming to get certification for environmentally conscious building in San Mateo, landlord in Cambridge may do some re-work for this certification
 - Plan is to connect Akamai floors with open stairwells in Cambridge and San Mateo
 - Tom asks if the lobby becomes Akamai space when we take over all the space in this building, Skip notes this is the case
 - Tom asks if any doors can be left open upstairs with this new plan, Brian notes this is under discussion with Andy Ellis for security reasons
- Furniture Standard
 - From employee feedback, #1 request was whiteboard, also got feedback for natural light, also got feedback for contiguous work surfaces, includes coat closet, will put together mock-ups within the next month for people to see
 - In the final stages of choosing a vendor (Steelcase or Herman Miller)
 - Willie asks about cube size in San Mateo, Brian notes it's currently 6x6 but will be enlarged to 6x8
- Next Steps

- Get Going, Design of external facing areas, and Communicate to employees
 - Paul notes that customer-facing area in San Mateo needs to be decided very soon, Brian notes this does need to happen, Willie notes that wow factor can be decoupled from the NOCC, Bobby notes that current plan is to have them combined with staff in the NOCC during working hours, Willie notes this is even better
 - Paul notes that this wow factor is very important in San Mateo, not only for customers but also as a factor in employee retention

Commerce Industry

- Financial Metrics
 - Industry Marketing is focused on lead generation, ideas for M&A, and more
 - 60% Y/Y revenue growth, most of product revenue is from Site BU but also seeing some other products and focusing on more stickiness as well
- 2008 Revenue Forecast
 - Total revenue projection at \$168M, which is 20% of \$825M
 - Tom asks for additional quarters so can compare Y/Y growth, Brad and Pedro note that Q4 2007 was \$33M, so dropped \$1M in Q1 2008, will add this data into future presentations
- Key Value Propositions
 - Lots of value in Site products, also B2B applications, video/media management, and new interest in Insight & Bot Mitigation
- Global Sales Focus
 - Number of reps (15 FTE) across North America focused on Commerce 100%, plus a couple in Europe & Japan
 - Tom notes 15 reps are bringing in 20% of the revenue, out of 105 total reps, in an industry that's growing 60% Y/Y, asks if there are enough reps focused on Commerce, Brad says no
- Difference between M&E and Commerce
 - These two industries are compared fairly often since we've structured Media in a certain way and Commerce is going down the same path
 - Tom asks if Commerce is growing as much, JD notes that Media has been growing 45%, but Media is already twice the revenue
 - Brad notes that gross margins are higher in Commerce than in Media
 - VP of Sales role in DM is filled by Bill Wheaton, in Commerce there's Jeff Tworek but he's also an RSM so can't focus 100% on Commerce
 - Chief Strategist role in DM is filled by Tim Napoleon, there isn't anyone in this role for Commerce
 - Paul asks what type of person would fill this role, industry analyst or technologist, Brad notes he's leaning away from industry analyst and more toward someone who has been on the ground, working through same issues as our customers, but not someone who is fully technical
 - Greg notes that we could also go to a Commerce platform company to find former or current CTO type person, Brad worries about someone who only worked on a platform and didn't actually

implement one of those

- Paul asks if this position is open and if Brad is recruiting, Brad notes if we find someone good we'll hire them as soon as possible, Bob notes it's not funded but will make a tradeoff
- Bob asks if these slides address the concern about lack of focus/penetration in the Commerce industry, Paul notes it's clear there is some focus but clearly more is needed
- Tiger Team Meeting
 - These meetings have been happening for a while, meeting is led by Commerce Industry Manager and includes attendees from Sales & Marketing, intended to share best practices, vet new positioning & value prop, etc.
- Global Targets
 - Developed target lists in sub-verticals, uploaded these to Siebel, currently investigating for contacts and for competition
 - Kieran notes the target lists are being developed across all industries, planning to upload 15,000 new contacts into Siebel over the next quarter or two
- Industry Penetration
 - List of sub-verticals with penetration data
 - Tom asks if these are the only sub-verticals in Commerce, Pedro notes there are more sub-verticals but these five are representative of the major sub-verticals
 - Tom asks if there are dollar numbers associated with sub-verticals, Pedro notes they're going through the data right now, including number of units and amount of revenue/profitability, a lot of these might be small to midsize companies so the revenue numbers might be lower
 - Bobby asks if penetration is represented the same regardless of deal size, Brad notes this is the case so may have some deals that are very small but working to upsell these customers
- Competition in Commerce
 - Concern that difficult stuff will come to Akamai and easy stuff will go to lower-cost competitor, similar to what happened in some cases in the Media industry
- Course Corrections
 - Need an overhaul of multivariate testing so we can show compelling data

3 Year Plan

- High Level Flow
 - 5 year vision by JD at board dinner, with technology/network perspective by Tom
 - Paul notes that 5 year vision should include post-billion dollar goals, so where would things like high def, 100 TB strategy, mobile strategy, be covered? JD notes some of that would probably need to be covered by Tom
 - Willie asks where to evaluate a plan that might include commoditization of certain pieces and value-added pieces of the business, JD notes he can set this up in the framework but BUs then need to figure out where these fit
 - Tom notes that 5 year vision should probably a merge of perspectives from industry owners and BU leaders

- Harald asks where we'll cover things like mobile strategy/virtualization, Tom notes these will be included if they're part of getting past a billion dollars, Paul notes that mobile strategy is a market opportunity but virtualization is something we do behind the scenes, these types of topics should be covered from Industry perspective and also from BU perspective, but only for customer-facing
- Harald notes that someone from Engineering can think about mobile strategy from a technology perspective but someone else needs to think about the market opportunities, with information at a more detailed level, Chris notes that to work on the details it would be good to have some assumptions in place, Harald is concerned about people assuming one person from Engineering is covering this topic and then that one person becomes the only idea source
- 3 year plan by industry and market opportunities by Brad
- 3 year plan for BU strategic initiatives by Mike, Rich, Chris, and Willie – including financial base case, protection of base, investment opportunities, and M&A
 - Harald asks if M&A discussions might happen by vertical, not tied to specific BU or maybe tied to a new BU, JD notes this may happen
 - JD notes that he'll work closely with the Industry leaders and BU leaders to make the turn from Industry focus to BU focus
- 3 year plan for financial rollup and key initiatives by JD
- 5 Year Plan – Revenue Drivers
 - Rough breakdown by Media/High Tech CDN (bit delivery), Core/Commerce (mostly Site), B2B (mostly Apps), and Government
 - For Media/High Tech CDN, CAGR of 20% assumes 20TB network in 2013 and <\$5/Mbps avg, also have upsides/downsides such as high def and price pressure
 - For Core/Commerce, CAGR of 20% assumes traffic increase of 50% and price decrease of 20%, upsides/downsides here are price, commerce monetization, additional vertical penetration
 - For B2B, CAGR of 30% includes upside of larger share of online APS spend
 - Chris asks if we're thinking about plans for automation as we scale up to the numbers listed here, especially with growth of customers, Tom notes that revenue from Media/High Tech comes from a small number of customers so shouldn't be a huge number of customers
 - Willie notes that for growth in B2B area, might need to leverage Channels or other strategies
 - Chris notes this plan may need to account for EdgeSuite off-ramp, with specific assumptions, Tom notes the approach should just be whatever is needed to get to these targets
 - Bobby notes that we'll need to align our strategies with our customers' business models – e.g. for Media/High Tech, the math seems to indicate 30 cent price, unclear if that will work for customers
 - JD notes that numbers don't need to be approved by this group today, but do want agreement on overall approach
 - Tim asks if these groupings are by industry area or product area, Tom notes it's a blend, Tim notes if it's by industry then the numbers could be given to industry marketing leaders for validation and then split up further to product area
 - Harald asks what Core means on this slide, JD notes it's more like Other, e.g. Manufacturing, etc.
 - Chris notes that after presentation at board dinner, may need to come back the next morning with aligned industry presentations to answer questions about how to go forward
- Timeline
 - Financial Base Case review with BU leaders and Rinklin – Week of 6/16

- Industry, BU and Corporate draft slides due – 6/26
- Review draft slides with JD – 6/30
- Review updated slides with JD – 7/7
- Review near-final slides with Paul – 7/14
- Send final presentations to Board – 7/16
 - Paul notes that he's working from France during week of June 30th, can set up a call mid week to discuss, include specific team members (Tom, JD, Rosemary, Bob, Brad, Mike, Rich, Willie, Chris)
 - Paul notes he's back in the office on July 10th, can set up another meeting with the same group above to discuss next draft of slides
 - Paul asks about presentation schedule, JD notes that 5 year vision would be presented at dinner on Monday night, Paul notes there's probably 3 hours during the next day for the industry/market opportunities, BU strategic initiatives, and financial rollup
 - Tom asks when he can see these slides, Kieran notes it's around June 26th but can share early draft versions sooner

Sales Update

- Sales Revenue & Productivity Metrics
 - YTD targets and results through April, still working to close May results
 - At 98% of revenue worldwide, lower LMRR overall, continue to retain high level of MRR at renewal, slower revenue from Public Sector due to delayed close on key deal, hoping to get this deal in June
 - Paul asks about MRR renewed, Greg and Tim note this is not a percentage of a target, average is about 76% so this is above average
 - Harald notes that numbers in this presentation seem to be positive but JD's Finance presentation seems to be less positive, Greg notes that revenue numbers still need to look better, also definitely need to increase new business and need to grow business in existing accounts
 - Harald asks if any large accounts are not included here, Greg notes that CCV and Net MRR numbers do exclude top accounts, Paul agrees and notes this is a real disconnect
- Revenue Objectives by Plan Component
 - Of Top 35 Accounts, need 12% Y/Y growth; of Core Accounts, need 44% Y/Y growth; overall, need 30% Y/Y growth
 - Slightly behind Q2 target for Top 35, slightly ahead of Q2 target for Core
 - Tom asks if there's other revenue somewhere that we're not tracking, comment around bursting, though these customers don't do much bursting
 - Tom notes there were previous conversations that MRR may not be the best metric for measurement, unclear what to replace this with as a new metric
 - Bob agrees and notes that MRR targets need to move up to account for new sales and shift to different products
- What Has Changed
 - Price declines no longer compensated by traffic increases

- Due to economic climate, seeing increased justifications and lengthened Sales cycles
- Customers are more efficient with traffic delivery
- Traffic moved away from Akamai or large traffic prospects remain with competitors
- Customers figuring out how to disperse traffic to micro-sites and larger choice of competitive options
- No significant account movement from Tier B/C to A+ as in past years
 - Tom notes that previous data showed that lower half of Tier A and some of Tier B/C were growing, Greg notes there haven't been customers with a big growth explosion this year like in the past, Paul asks if we missed any new deals of this type, Bob notes there haven't been any deals of this type, Paul asks if the growth is consolidating to a long tail
 - Harald notes that discussion in Madrid seemed to indicate we are losing some big International deals to local regional players, e.g. in Germany and Spain
 - Sanjay notes from a Service & Support perspective there is ongoing activity, but having trouble flipping these to actual opportunities
- Q2 Productivity Outlook
 - Expect GMRR near plan, anticipating some significant LMRR from Q1 to materialize in Q2, also anticipating higher than planned Net MRR for 1H
 - JD notes it still looks slow from the new customer perspective, Greg agrees
 - Bob notes the field is still booking new deals, but not seeing explosive traffic growth
 - JD asks about competitive pressures, Bob notes we've fended them off in many accounts, but there is at least one key competitor offering extremely low and aggressive prices
- Q2 Customer & Strategic Product Outlook
 - Seeing more churn from consolidations, including MSA and acquisitions
 - Expecting net customer count to exceed Q2 plan
 - 35% of new customers are purchasing strategic products
 - Entering new markets, still need more broad-based communication that we're in these spaces since sales reps still feel like they're educating customers about what we do
 - Harald asks if pricing on StreamOS is too low for ESS, Bob notes that we just need to make it easier to consume, e.g. with Commerce customers who are starting to do video
 - Paul asks if we're working too hard to sell StreamOS as a standalone product, maybe it would be better to have some type of Commerce Accelerator and Commerce Accelerator with Media, Bob agrees with this but if we're giving it away, we still need to leave ourselves with upsell opportunity
 - Tom notes that with DSA sales into Commerce, could include some amount of Streaming for free, Bob notes concern of giving away too much Streaming, Paul notes could charge some flat fee for Streaming/StreamOS as part of this offer with some limit on the traffic level
 - Bob notes he needs to get together with Rich and Kit to define an offer that doesn't overburden PS, Harald notes that PS time seems to be spent on client side and training on workflow, Sanjay notes there's an element of consulting to this as well
- Strategic Product Action Plan
 - Working on dedicated resources to reduce implementation issues & deferred revenue surrounding EdgeSuite migrations
 - Working with Marketing for additional programs to educate market and promote Strategic offerings

- Will need to work with Media BU to simplify StreamOS sales process
- Additional Hot Topics
 - Improve business and sales processes to increase productivity: will test sales administration in New York and Paris
 - International expansion progress: Scandinavia, Italy & Korea are full Akamai subsidiaries
 - Harald notes Momentum has been launched for International

Global Services & Support Update

- Customer Perspective: DoS Snapshot
 - Presenting these regardless of cause, either Akamai or customer
 - Total unique customers that have experienced a DoS in 2008 is now 39
 - Paul notes this number seems high, question if this lines up with number of incidents, Sanjay notes it's not a 1:1 mapping between these DoS impacts and incidents
 - Dane asks how this is defined, Sanjay notes that it's based on any part of site being unavailable
 - Harald notes that majority of DoS impact is from change management, including EdgeSuite migrations, Netli migrations, and contract migrations
- Business Perspective: Hot Issues
 - China Service Support – working on GTM plan
 - Media Solutions Team (MST) Transition and Build-out – also need a lot of PS resources here, can't just swing resources over to this team because skill set is different
 - Professional Services Build-out – behind on core PS hiring
 - Netli Migration – almost done, most of Citigroup has been moved, and Bobby's group has started deconstruction of network
- Customer Experience
 - Don't have a great story here: number of detractors increased and number of promoters decreased, comparing 1H 2008 scores to 2H 2007
 - Paul asks what's going on here, Sanjay notes some of this depends on how we're dealing with certain customers, especially based on latest relationships, will dig into this further and present at July 14th Customers for Life Review
 - Harald asks if this can be presented as a line graph instead of bar graph, this would make it easier to see trends
 - Paul asks if sample size changed, or customer type changed, or see if specific customers are having issues – this one requires an explanatory email to the senior management team
 - Customer Leadership Council has started work and made some progress to define experience areas
- Deferred Revenue
 - Best Case is \$650K, Current Forecast is \$400K, Worst Case is \$350K, based on completion of specific integrations

- Paul asks if this is upside, JD answers yes
- JD and Sanjay note we don't have a good way of forecasting upcoming deferrals, need to get a better handle on this data and include this in the process

Custom Engineering

- Hot Topics
 - On specific custom public sector deal, all R&D work was completed, but hardware was never deployed, so previously recognized revenue had to be backed out of Q2
 - A few other custom public sector deals continue to be pushed back, though hoping to get some of this revenue in June and July
 - Building out MCDN Secure NOCC in Reston, with construction in progress
 - Decided to take two reqs out of Custom Eng and reallocating to StreamOS/Client team

Exhibit LLLL



CODE OF BUSINESS CONDUCT AND ETHICS

Revised as of October 20, 2004

**GOVERNMENT
EXHIBIT
2608**

S2 09 Cr. 1184 (RJH)

Dear Colleagues:

If you're like us, you feel an enormous sense of pride in all that Akamai has accomplished since its inception. Starting with some brilliant algorithms at MIT a few short years ago, Akamai has transformed our customers' use of the Internet from a chaotic network into a predictable, scalable, and secure business platform. We now routinely carry about 15% of the Internet's traffic and increasingly are responsible for delivering and processing critical data for some of the world's most respected enterprises and government entities.

Our collective dedication and commitment to excellence not only have made these accomplishments possible but have earned us the trust of our customers, suppliers, shareholders, and colleagues. To remain worthy of that trust, we must always conduct ourselves with the highest degree of integrity.

To help meet that standard, one of the first things we did as a newly formed company was to establish the following Guiding Principles as a set of ready-reference standards to guide how we make business decisions:

Akamai will always:

- Work as a team to understand, anticipate, and satisfy customer and marketplace needs, while responding to customers with world-class service.
- Pursue innovation to continually improve customer value.
- Maintain the security of customer information and ensure their trust in us.
- Encourage employee innovation, initiative, and appropriate risk taking.
- Foster a work environment that attracts, challenges, motivates, and retains high caliber employees.
- Demonstrate professionalism and respect for employees, customers, business partners, and competitors.
- Conduct our business with the highest level of ethics, integrity, and fair competitive practices, and adhere to the highest standards in the accuracy of our financial reporting and corporate governance practices.
- Communicate openly and honestly.
- Measure our progress and deliver on our commitments to all stakeholders, while striving for excellence in all we do.
- Strive to deliver free cash flow and profits in line with our shareholders' expectations.
- Have fun.

Akamai will never:

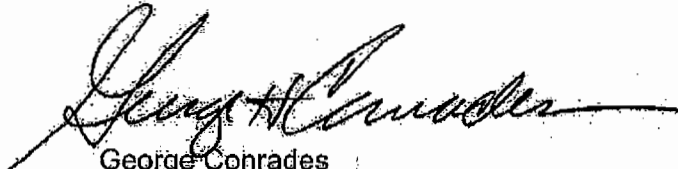
- Dismiss ideas from any source without consideration.
- Promise what we cannot deliver.
- Violate the trust of customers, their clients, business partners, employees, or shareholders.

Allow any illegal, unsafe, or abusive behavior in the workplace, including harassment or discrimination of any kind.

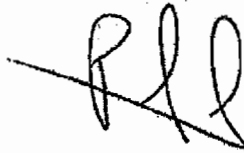
Veer from our Statement of Purpose and Guiding Principles.

We also have a variety of individual policies to govern our conduct in specific situations. And, we developed this Code of Business Conduct and Ethics to provide an overview of our policies as well as additional guidance to ensure that we consistently conduct business in a manner that is above reproach. We expect every employee, director, and individual advisory board member to exercise the highest level of excellence and integrity and to comply with the Guiding Principles, this Code, Akamai's policies, and all applicable laws, rules and regulations. Not only is this the right thing to do, but it is key to helping ensure that we continue to be successful in the future.

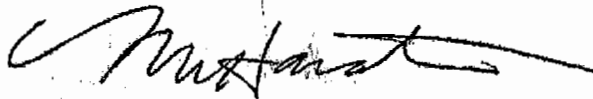
Sincerely,



George Conrades
Chairman and Chief Executive Officer



Paul Sagan
President



Melanie Haratunian
Vice President, General Counsel

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I. INTRODUCTION AND OVERVIEW

Akamai is committed to operating at the highest level of excellence, honesty, fairness, and integrity. It is the responsibility of everyone on the Akamai team -- employees, officers, directors, and advisory board members -- to make decisions and take actions in a manner that fully honors Akamai's commitment to these values.

This Code of Business Conduct and Ethics ("Code"), like the earlier Code of Ethics it replaces, is designed to help you keep these values in sight as you conduct business on Akamai's behalf. Doing so will help ensure that we treat others as we would like to be treated, we pursue only those business opportunities that will support these values, and our actions will withstand the highest public scrutiny and ethical review.

Please understand that Akamai considers any violation of the Code to be a serious offense and, subject to applicable law, conditions your employment/board membership on your continued compliance with the Code.¹ As a member of the Akamai team, it is also your responsibility to report any apparent violation of the Code by someone else.² Doing so is not an act of disloyalty but rather is evidence of your commitment to protect and preserve Akamai's culture of ethical business and trust.

While this Code covers a broad range of activities, and provides numerous examples of actions and situations that are either prohibited or acceptable, it cannot address every ethical or difficult situation that may arise. If you are faced with a situation that you believe is not covered by the Code, you should exercise common sense and good judgment. Before taking action, you should anticipate how your action could be perceived, including asking yourself the following questions:

Will my action be consistent with Akamai's Guiding Principles and values?

Will my action conform with the spirit of this Code?

Could my action create even the appearance of impropriety or otherwise potentially embarrass the Company?

If you remain unsure how to act, please contact your supervisor or Akamai's General Counsel to help you make the right decision.

Our employees who are located outside of the United States are obligated to avoid behavior that is prohibited by this Code, even if such behavior is legal or otherwise acceptable in their local country.

¹ Subject to applicable law, your compliance with the Code is a condition of your employment with, or ability to serve as a board member of, Akamai, regardless of whether you sign the Acknowledgement of Receipt at the end of this document.

² Section X below describes how to report such Code violations or concerns. Supervisors who are notified of a suspected or actual violation likewise are obliged to so report.

Please carefully review this Code and the related Akamai policies referenced throughout it. Contact your supervisor or Akamai's General Counsel with any questions you may have. The final sections below provide information about how to identify and report a suspected violation of the Code.

II. CONFLICTS OF INTEREST

You must act in the best interests of Akamai and refrain from engaging in any activity that presents a conflict of interest. A "conflict of interest" occurs when your personal interests interfere, or appear to interfere, with the interests of Akamai.

You must always avoid conflicts of interest because they impair your ability to make decisions that are solely in Akamai's best interests, and they damage the trust among you, Akamai, our business partners, and the public.

You are strictly prohibited from entering into any business, financial or other relationship with Akamai's existing or potential customers, competitors, or suppliers that might impair, or appear to impair, the exercise of your judgment for Akamai. Similarly, you may not make a business decision for Akamai that is, or could be construed to be, motivated by personal gain. Engaging in an activity in which you have a conflict of interest, or the failure to disclose a conflict of interest, constitutes a serious offense and may subject you to disciplinary action, up to and including termination.

Before committing yourself or Akamai to any transaction or relationship that reasonably could be expected to give rise to a conflict of interest, it is your responsibility to disclose the situation to your supervisor (or to the General Counsel if you are an officer, director, or individual advisory board member). Your supervisor or the General Counsel, as appropriate, will determine, with such assistance as he or she deems appropriate, whether the transaction or relationship is in Akamai's best interests and/or whether a disinterested Akamai decision-maker should take over responsibility for handling the transaction or relationship. You will be required to abide by that determination.

Although it is impossible to list all of the situations that could be considered conflicts of interest, below is a list of illustrative examples:

1. Akamai Business Dealings with Family Members or Others With Whom You Have a Personal Relationship. If you are recommending that Akamai conduct business with a family member of yours, someone else with whom you have a personal relationship, or with a business in which such a person has any significant role (such as an executive or decision-maker in connection with an Akamai-related transaction), you must disclose your relationship and allow a disinterested Akamai decision-maker to make the final decision whether your recommendation ultimately is in Akamai's best interests. Akamai construes a "family member" very broadly to include, but not be limited to: your spouse, parents, children, siblings, grandchildren, in-laws, aunts, uncles, cousins, spouses of such relatives, and any adoptive and step relationships. Examples of people with whom you may have a personal relationship include but are not limited to: friends, roommates, boyfriends/girlfriends, or former colleagues.

Example: Your sister, a sales representative for a telecommunications company, has suggested that Akamai work with her to put in place a network deal. It would not be appropriate for you to make the determination of whether Akamai should enter into the deal or to personally negotiate the terms of such a deal with her company. Instead, you should bring the opportunity to your supervisor's attention so that an objective member of the Akamai team can evaluate it.

Example: Your brother-in-law, is a drug developer for a pharmaceutical firm that is seeking to purchase Akamai service. He has no involvement with the firm's IT department or procurement activities. It is unlikely to be a conflict of interest for you to pitch Akamai services or negotiate the contract with his firm; however, it would be prudent to disclose the situation to your supervisor before becoming involved.

2. *Outside Employment.* It is a conflict of interest to engage in any business outside of Akamai (including serving as an officer, director, partner or consultant) if it could interfere with your performance at Akamai or require you to use Akamai's confidential information, property, or systems. Working for, or providing services to, an actual or potential competitor, customer or supplier of the Company raises the most concerns about a possible conflict of interest. However, other situations exist where a less obvious conflict of interest may be present. Before agreeing to engage in any outside business, you must obtain the approval of your supervisor and Akamai's General Counsel or VP of Human Resources.

Example: Your best friend from college is running a start up streaming company. He asks you to serve on his company's board of directors so you can share your insight into the streaming business, technology and what customers want. You would not be allowed to accept the invitation.

Example: You are in the Akamai Platform organization. It would be a violation of the Code (and potentially your Non-Competition, Non-Solicitation, Proprietary and Confidential Information and Developments Agreement) to use your Akamai computer, software licensed to Akamai, or any Akamai proprietary information made available to you through your employment at Akamai to develop global traffic management code as part of a side business, even after normal business hours, without obtaining the approval of your supervisor, and Akamai's General Counsel or VP of Human Resources before commencing such work.

Example: You are a software programmer and a friend has offered you an opportunity to perform programming work as a consultant for an ISV in your free time. Given Akamai's plans to partner with ISVs generally, you must obtain approval from your supervisor and Akamai's General Counsel or VP of Human Resources prior to accepting the position regardless of whether that particular ISV currently has a relationship with Akamai.

3. *Use of Position for Personal Benefit.* You may not exploit your position with Akamai for your own personal pecuniary profit or gain (other than your compensation paid by the Company), or for the pecuniary profit or gain of any family member or person with whom

you have a personal relationship. Neither you nor any such person may solicit or accept any compensation, payment, investment, opportunity, arrangement, or other benefit on terms or conditions more favorable than those generally available to the public and that are made available because of your position at Akamai. Similarly, you may not use your special knowledge of Akamai or an Akamai partner or customer's network, offering, application, or business to give yourself, your family member, or someone with whom you have a personal relationship more favorable pecuniary opportunities than are otherwise available to the general public. You are prohibited from entering into any on-line contest that you know, or reasonably should know, uses an Akamai application to select, or aid in the selection of, the contest winners; Akamai reserves the right to require you to return any prize you may win through an on-line contest if doing so is necessary to avoid an actual or appearance of impropriety.

Example: You are a technical consultant who has access to a pay-per-view streaming customer's broadcast of a concert series. You may not create a token that allows you, fellow employees, friends and/or family members to watch the pay-per-view streams for free.

Example: Akamai hosts an EdgeComputing application for a customer that, among other things, provides waiting-room functionality for end-users purchasing tickets for future sporting or concert events. Regardless of your position with Akamai, it is not a violation of the Code for you, your family members, and persons with whom you have a personal relationship, to use the site like any other end-user to purchase tickets for such events. However, it would be a violation if you used special knowledge of the intricacies of the customer's network, service, application, or business to give you, a relative, or someone with whom you have a personal relationship to gain a more favorable place in the queue.

Example: You are responsible for purchasing computer equipment for the Company. You may not ask, or allow, an equipment supplier doing business with the Company to supply equipment to your spouse's business at a special, discount rate.

Example: It is a conflict of interest if you use Akamai's advisors, suppliers or contractors in a personal capacity and do not pay market value for the product or service received.

Please refer to the Business Hospitality section of the Code for additional details of your obligations in this area.

4. *Appropriation of Business Opportunity:* You may not appropriate for your benefit, or for the benefit of any family member or other person with whom you have a significant personal relationship, any business opportunity that is discovered or developed in the course of your Akamai duties and that relates to any business in which Akamai engages, or is likely to engage, without the specific prior approval of the General Counsel.

Example: You are aware that the Company is seeking to expand its office space. A broker contacts you to indicate that a parcel of commercial real estate is available for sale. You may not acquire or offer to acquire the property unless

you have offered it to the Company and the appropriate Company officers and committees have declined to purchase the property.

5. *Investment Activity.* It is a conflict of interest, and illegal, if investment activity that benefits you (or a relative or other person with whom you have a personal relationship), actually is, or appears to be, influenced by material non-public information that you possess by virtue of your position with Akamai.

A. *Insider Trading.* You may not buy or sell Akamai stock or bonds or encourage others to do so if you have material, non-public information about Akamai, even if you do not use such information as a basis for such trade and even if you have not been notified that you are "blacked out." "Material non-public information" is information that is not publicly available that could affect the price of our securities. It includes, but is not limited to, financial results, earnings, estimates, major organizational changes, new offerings, changes in a material contract, or other significant business developments at Akamai. If you know, or have been told, that you possess such information, you must wait until that information becomes publicly available before making any transaction involving Akamai stock. In addition, you may not give material, non-public information, or tips based on such information, to family members, friends, or anyone outside the Company. You also are obliged to comply with trading blackouts that are issued in connection with Akamai's Insider Trading Policy.

Example: You are in Sales and know Akamai's quarterly revenue estimate has changed materially. You may not trade in Akamai securities until the beginning of the second business day after the public announcement of the information about such change has been publicly disseminated, regardless of whether you have been notified that you are "blacked-out".

Example: You are a Platform employee and know that Akamai has signed a contract renewal with one of our largest customers. You may not trade in Akamai securities until the beginning of the second business day after the public announcement of the renewal has been publicly disseminated, regardless of whether you have been notified that you are "blacked-out".

Please refer to the Insider Trading Policy for additional details of your obligations in this area.

B. *Investment in a Business Outside of Akamai.* An investment that benefits you (or a relative or other person with whom you have a personal relationship) in an entity that does business with Akamai violates the Code if the investment compromises, or appears to compromise, your responsibilities to Akamai, including creating, or appearing to create, a conflict of interest. Factors to consider when determining whether a conflict of interest exists with an outside business investment include the extent to which your position with Akamai brings you in contact with the other company, the amount of the investment, the nature of the company's business, and the type of relationship the company has with Akamai. Whether such an investment is permissible depends on the particular facts and circumstances of the situation and you should check with Akamai's Legal Department if you are unsure whether such investment will comply with the Code. As a general guideline, an investment in less than one percent of the outstanding securities or capital value of the business and which constitutes less than five percent of your family's total assets generally is permissible.

Example: Your best friend from college who is running a start up streaming company recognizes that you won't be able to serve on its Board of Directors; however, he asks you to invest \$10,000 in the company. Such an investment would be an impermissible conflict of interest.

Example: It would not create a conflict of interest for you to buy 100 shares of stock in Microsoft Corporation, even though it is an Akamai customer.

Example: You are a Product Marketing employee and have access to proprietary information, such as information from another company on a new product development strategy. You may not rely on that information to make personal investments in such company.

* * *

Sections 1 through 5 above address specific types of conflicts of interest and establish specific prohibitions on activities and behavior that will, or could appear to, compromise Akamai's reputation or integrity. These types of conflicts of interest and the associated examples do not represent a complete list of all scenarios in which a conflict of interest arises. If a situation arises in which your integrity or Akamai's reputation could, or could appear to, be compromised, discuss it with your supervisor or the General Counsel to ensure that you are doing the right thing.

III. BUSINESS HOSPITALITY

Reasonable gifts, meals, entertainment, and other business hospitalities and amenities ("Hospitalities") of modest value are generally permissible business courtesies when dealing with non-government entities. Akamai makes decisions regarding whether we do business, and the extent to which we do business, with other entities based solely on the quality, performance, and cost of such entities' offerings. Similarly, we expect customers and partners to do business with us because of the superiority of our offerings. Hospitalities should never be given or received in consideration for, or in expectation of, action by the recipient. It can damage Akamai's credibility if it appears that your seeking or accepting Hospitalities from existing or potential vendors improperly influences or rewards decisions regarding our vendors or otherwise appears to impair our objectivity or judgment with respect to vendors. Similarly, Akamai's reputation also can be damaged if it appears that your giving of Hospitalities improperly influences or rewards an existing or potential customer's or other business partner's decision to do business with Akamai. There are certain guidelines you should follow to ensure that any Hospitality given or received is not excessive or improper, does not create even the appearance of inappropriately influencing or rewarding decision-making, does not create a conflict of interest for the recipient, nor appears to be compensation for the recipient's decision-making. As discussed further below, if the Hospitality involves a government entity, additional more stringent requirements apply as well.

An exhaustive list of all the situations where Hospitality issues may arise is simply not possible. However, the following illustrative areas and accompanying examples provide a sense of what is acceptable and what is not. If in doubt, ask your supervisor or Akamai's General Counsel.

1. *Meals and Entertainment Involving Non-Government Employees.* You may offer business meals and entertainment to, and accept business meals and entertainment from, non-government entities with whom Akamai does business ("**Business Associates**") only so long as such meals and entertainment:

- o are of reasonable price,
- o involve legitimate business discussion,
- o are infrequent,
- o are appropriate as to time and place, and
- o will not cause Akamai embarrassment if publicly known.

Whether the price of a meal or entertainment is reasonable for purposes of this standard depends on the particular facts and circumstances of the situation and you should check with your supervisor or Akamai's General Counsel if you are unsure whether a particular meal or entertainment will comply with the Code. As a guideline, the price of a meal generally is considered reasonable if it is less than \$100 per person, the price of entertainment generally is considered reasonable if it is less than \$100 per person, and if the invitation includes both a meal and entertainment, the combined price of both the meal and entertainment generally is considered reasonable if it is less than \$200 per person.³ The price of customary business-related entertainment (such as a golf outing or a local sports, cultural, or civic event) to which you or Akamai invites a Business Associate may be deemed reasonable even if it exceeds the \$100 per person guideline, so long as the price is reasonable, the entertainment (and any associated meal) otherwise meets the bulleted standards above, and your EVP pre-approves the invitation. If you have any questions about whether a meal or entertainment is appropriate under the Code, you should discuss the situation with your supervisor or the General Counsel. If you believe that there is a legitimate reason to exceed these guidelines, you need the prior approval of Akamai's General Counsel.

Example: You are the Human Resources manager responsible for choosing Akamai's health care provider. While you are in the midst of selecting our new health care provider, the sales representative of one of the health care providers who has been soliciting Akamai's business asks to elaborate on how his company can be of service to Akamai and invites you to an evening of dinner at an exclusive restaurant at a resort casino in a neighboring state, with a limousine ride there and back, and \$250 in chips for betting (the collective retail value of this meal and entertainment is \$750). Accepting the invitation would violate the Code because the offered Hospitality is considered so lavish that it would give the appearance of improperly influencing your decision-making. The invitation also arguably is inappropriate as to time (during the decision-making process) and place (a casino) which may cause Akamai embarrassment if publicly known.

³ When considering offering or accepting meals or entertainment in countries outside the United States, you should use the equivalent value of the local currency.

Example: You are a technical consultant who has been assisting a customer on a difficult integration project. The customer team invites you out to a modest dinner (your meal is expected to cost less than \$100) to celebrate completion and review the project. Accepting the invitation would not violate the Code.

Example: You are a direct sales representative who is trying to sign up a potentially valuable non-government customer. You would like to invite the customer's two principal decision-makers to a round of golf to learn more about the potential customer's business needs and to better explain Akamai's offerings. The retail value of the greens fees is \$150 per person. Extending the invitation for such an event would not violate the Code.

2. *Gifts Involving Non-Government Employees.* You may accept a gift from, or use Akamai's funds or assets to provide a gift to, a Business Associate only as long as such a gift:

- o is of modest value,
- o is customary or appropriate under the circumstances, and
- o will not embarrass Akamai if publicly known.

Whether the price of a gift is reasonable for purposes of this standard depends on the particular facts and circumstances of the situation and you should check with Akamai's General Counsel if you are unsure whether a gift will comply with the Code. As a guideline, for purposes of this standard, the price of a gift generally is considered of modest value if it has a retail value of less than \$100.⁴ If you believe that there is a legitimate reason to exceed this limit, you need the prior approval of the appropriate Executive Vice President of your department or of Akamai's General Counsel. Note that awards given to successful Akamai channel partners during a sales incentive contest are not considered gifts. Trips, use of vacation homes, and other lavish gifts are inherently compromising and should not be accepted. Similarly, cash or its equivalent should never be given or received as a gift. If you are offered, or are given, a gift that is inconsistent with these standards or otherwise appears inappropriate, inform the Business Associate of our Code, courteously decline and/or return any gift received, and notify your supervisor. If you must accept the gift to avoid causing public embarrassment or offense to the person offering it, you may accept the gift on behalf of Akamai, so long as you promptly report it to your supervisor and turn it over to the Company. If you have any questions about whether a gift is appropriate under the Code, you should discuss the situation with your supervisor or the General Counsel.

Example: You work in Corporate Services and are responsible for choosing the vendor who will supply Akamai with a \$1,000 copier. You arrive at work one morning to find a \$250 clock with a note thanking you for your consideration of XYZ Supplier Corp, a supplier soliciting Akamai's business from you. To avoid violating the Code, you are expected politely to return the clock (and, if appropriate, ask that XYZ Supplier Corp reduce the price of the copier it is offering by \$250).

⁴ When considering offering or accepting a gift in countries outside the United States, you should use the equivalent value of the local currency.

Example: You are a Director in Engineering actively recruiting the whiz- kid-of- all-whiz-kids who is about to graduate from MIT and is considering multiple job offers. While the whiz-kid is considering Akamai's offer, you also offer the whiz-kid's girlfriend a job at Akamai for which she would receive salary and stock options that vastly exceed what we would normally pay someone of her experience level. Offering the girlfriend the job would violate the Code because the excess compensation would be deemed to be an improper gift.

3. *Government Business Dealings.* Doing business with government entities is different than doing business with commercial businesses. There are a multitude of applicable laws, rules, and regulations that impose strict requirements on contractors and businesses, like Akamai, that do business with the government. These laws, rules, and regulations are in place to protect the public trust and violating them may cause us to lose valuable government contracts and subject us to civil fines and criminal sanctions. Bribes and kickbacks are criminal acts that are never proper and are strictly prohibited by law. You may not offer, give, solicit or receive any form of bribe or kickback anywhere in the world. When considering offering a Hospitality (or any form of compensation) to, or receiving a Hospitality from, a local, state, federal, or international government official or government contractor, you not only must comply with the guidelines in this Code and Akamai's Doing Business with the Government Policy but also with a variety of requirements that vary state to state, among government agencies and from country to country. Therefore, you must consult Akamai's Doing Business with the Government Policy and check with Akamai's Legal Department before offering anything of value (even a meal) to a current or former government official or a government contractor and before accepting anything of value from a current or former government official or a government contractor. In addition, no Akamai employee may pay any sum of money or provide anything of value to foreign government officials, agencies, or organizations for the purpose of obtaining, retaining, or directing business with such agencies or organizations; these restrictions also apply to consultants and agents acting on our behalf.

Example: An Akamai VAR is seeking to do business with government entities in a foreign country. An employee of the VAR approaches Akamai and asks us to share expenses associated with doing business with local and regional government agencies in that country. It is clear from the context of the request that funds advanced by Akamai would be paid to government officials and/or intermediaries to influence their decision to choose Akamai services. The payment of any such money by you and/or the VAR appears to be illegal under U.S. law and thus would be prohibited under the Code.

Example: You are a direct sales representative who has been trying to sign up a potentially valuable government agency as an Akamai customer. Without checking with Akamai's Legal Department, you invite one of the agency's principal decision-makers to a \$25 lunch to learn more about the agency's business needs and better explain what Akamai does. Such a lunch may violate that particular agency's ethics requirements and thus potentially subject the official and/or Akamai to civil and criminal sanctions and public embarrassment.

Please refer to the Doing Business with the Government Policy and the Compliance with Law section of the Code for additional details of your obligations in this area.

IV. HONEST AND ETHICAL CONDUCT AND FAIR DEALING

You must deal honestly, ethically and fairly with our customers, suppliers, competitors, and employees. You may not take unfair advantage of any third party through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair dealing. You should never represent the Company in a manner that compromises the integrity of the Company or embarrasses the Company, its customers, shareholders, or other employees, or that violates the trust of our shareholders, customers, business partners, suppliers, or the Company.

You must accurately represent Akamai and our offerings in marketing, advertising, and sales efforts, as well as in statements, presentations, and other business dealings. All public statements made on behalf of Akamai must be truthful and should not be misleading or purposefully made to be easily susceptible to misinterpretation.

Example: You represent to a customer that Akamai has never lost a customer. Such a misrepresentation would be a violation of the Code.

Example: You have discovered a way to manipulate the billing system to make it appear that a customer's traffic volume is higher than it actually was to generate higher bursting charges from the customer. Any such manipulation or misrepresentation of our actual performance would be a violation of the Code.

Similarly, you may not make false, misleading, or fraudulent statements about any other company or its offerings. When you need to make comparisons between our offerings or performance and those of a competitor, such comparisons must be accurate and factual, based on knowledge or research that can be verified or reasonably relied upon.

Example: You are a sales representative who has heard a rumor that a competitor's service is deficient in certain respects or lacks certain functionalities. Without independently investigating the truth of the assertions, you tell a prospect that the deficiencies and absence of certain functionalities have been proven to exist. Such conduct would be a violation of the Code.

There are acceptable ways to obtain public data about competitors that may not require you to identify yourself as from Akamai or to identify Akamai as the recipient of the data, but you should not seek or obtain such information if doing so invades privacy, is false or misleading, or is in violation of laws or contracts that protect proprietary data or confidential relationships between employees and employers.

Example: It is improper to pretend to be a potential customer to obtain confidential data about our competitor's recent service incident.

Example: An associate of yours who no longer is employed by a competing company lets you know that, even though she is still subject to a confidentiality agreement with her employer, she has confidential information about that

company that she would be willing to share with you. Accepting or using any such information she relayed to you would violate the Code.

Please refer to the Message Board, Chat Room, and Public Disclosure, and the Electronic Communications Policies for additional details of your obligations in this area.

V. PROTECTION AND PROPER USE OF AKAMAI PROPERTY

1. *Use of Akamai Property.* You have a responsibility to protect and preserve the Company's property, to use it appropriately and to prevent its theft or waste. The services, software and products that Akamai offers may only be used for legitimate business purposes and not for your personal benefit or the personal benefit of others. Company property, such as computers, office supplies, and printers, should be used to further legitimate business objectives of the Company and primarily for Akamai business. To the extent that Company property is used for occasional personal use, it should not interfere with our business or the performance of your responsibilities for Akamai.

Examples of prohibited conduct include, but are not limited to:

Sending your family holiday cards through the Company's postage meter.

Taking office supplies or Company equipment home for personal use.

Using an Akamai-leased corporate apartment for a personal stay.

Please refer to the Proprietary and Confidential Information, the Safety and Security, the Message Board, Chat Room and Public Disclosure, and the Electronic Communications Policies for additional details of your obligations in this area.

2. *Use of Company Systems.* The data and other information you generate, send, receive, and store using Company equipment, network, or systems (including email, voicemail, and Internet usage) ("Systems") are business records that represent Akamai property. As a consequence, the Company has a right to review and access such communications subject to applicable law, if necessary.

Your use of Akamai Systems reflects on the Company. At no time may you use Akamai Systems or property to view, access, store, share, copy, upload or download information of an obscene, offensive, racist or sexually explicit nature. Fraudulent, harassing, threatening, obscene or inappropriate messages or screen images are prohibited. Similarly, you may not use Akamai Systems to make or use unauthorized copies of copyrighted materials without obtaining the prior approval of the author; in particular, you have a duty to ensure that only authorized copies of software are installed on your office computer.

Examples of prohibited conduct include, but are not limited to:

Downloading pornographic materials from the Internet using Akamai Systems, even after business hours.

Creating or forwarding an email containing offensive jokes to other employees or others outside Akamai.

Please refer to the Non-Harassment and Non-Discrimination, the Proprietary and Confidential Information, the Safety and Security, the Message Board, Chat Room and Public Disclosure, and the Electronic Communications Policies for additional details of your obligations in this area.

3. *Participation in Political Activities.* Akamai respects your right to actively support the political parties and candidates of your choice, but campaign work and fund raising must be done on your own time. If a planned personal political contribution could in any way be perceived as involving Company funds, property or services, consult with Akamai's General Counsel prior to making the contribution.

Examples of prohibited conduct include:

Using Akamai's Internet connection to visit chat rooms to post your political opinions.

Making an individual political contribution but attributing such contribution to the Company.

Agreeing to donate Akamai services to a political campaign or party without the approval of Akamai's President, EVP of Sales, and General Counsel.

Please refer to the Doing Business with the Government Policy for additional details of your obligations in this area.

4. *Record Retention.* Akamai's Record Retention Policy is designed to ensure that records created or received in the normal course of our business are retained for an appropriate period of time. A record may exist in any number of physical formats including electronic mail, magnetic tape or disk, CD, video, or hard copy. You are responsible for the retention and destruction of your emails and other records in accordance with this policy. Akamai's goal is to minimize the number of records retained and, in general, records need not be retained unless required by law, regulation or Akamai policy. However, you should be aware of certain special circumstances under which records should not be destroyed regardless of the retention period applicable to such record. Such circumstances include anticipated or pending litigation or government investigation. Destroying records in these circumstances may constitute a criminal act resulting in fines and punishment to you and Akamai. The General Counsel will notify Akamai employees and directors if a situation arises that requires retention of specific records beyond the periods contemplated by the Record Retention Policy.

Please refer to the Document Retention Policy for additional details of your obligations in this area.

VI. PROTECTING CONFIDENTIAL INFORMATION

1. *Preserving the Confidentiality of Akamai's Information.* Akamai's continued success depends on our ability to protect our confidential and proprietary information, including our intellectual property, which is our most valuable asset. For purposes of this Code, "**Confidential Information**" includes all non-public information that might be of use to our competitors, or harmful to us or to our customers, if disclosed.

You are under a continuing obligation to protect Akamai's Confidential Information from unauthorized use. You should only disclose Akamai's Confidential Information to others within Akamai who need to know such information. Outside of Akamai, you should be aware of inadvertent disclosure. Do not have conversations about Akamai's Confidential Information in public areas, such as elevators, trains or airplanes, where such conversations can be overheard. Also, do not leave documents containing Akamai Confidential Information where unauthorized individuals they can read or obtain them.

You also are prohibited from selectively disclosing material, non-public information about Akamai to select individuals or groups (e.g., a small group of investors or customers) without disclosing that information on a broad, public basis (e.g., a press release or SEC filing). If you accidentally disclose such information, you must contact the Legal Department immediately.

You may sometimes need to disclose Akamai's Confidential Information to Akamai's potential customers or business partners. In that case, you should first contact Akamai's Legal Department to ensure that an appropriate written nondisclosure agreement is signed by all necessary parties before any such disclosure occurs. You should never sign a third party's nondisclosure agreement before the Legal Department approves the agreement.

Please refer to the Proprietary and Confidential Information, and the Electronic Communications Policies for additional details of your obligations in this area.

2. *Preserving the Confidentiality of Others' Information Entrusted to Akamai.* Almost all nondisclosure agreements executed by Akamai are mutual in nature. Consequently, you are obligated to protect the confidential information of our partners, suppliers, contractors, competitors and customers that is exchanged under such an agreement in the same manner as you are required to protect Akamai's Confidential Information. If you have access to confidential information about any of our partners, suppliers, contractors, competitors and customers as part of your job, you must use it solely for legitimate business purposes and as permitted by any applicable law, agreement, and the Code. The foundation of our relationships with all of our partners, suppliers, contractors, and customers is built on trust and it is up to everyone on the Akamai team to ensure that we continue to earn that trust through our actions, including by protecting the confidential nature of proprietary information such entities have entrusted to us. Similarly, you must also abide by any agreement that you entered into with your previous employer that may include restrictions on your use and disclosure of such employer's confidential information, restrictions on your ability to solicit former colleagues to work at Akamai and restrictions on your ability to compete with your prior employer.

Please refer to the Proprietary and Confidential Information, the Message Board, Chat Room, and Public Disclosure, and the Electronic Communications Policies for additional details of your obligations in this area.

3. **Public Communications.** When Akamai disseminates company information to the press, the financial analyst community and its stockholders, such information must be especially accurate, complete and consistent. There are numerous laws and regulations that prohibit the selective disclosure of material information to financial analysts and similar persons. For this reason, you must refer all inquiries regarding financial, stock or similar information to those individuals designated by Akamai as official Akamai spokespersons who include Akamai's Chief Executive Officer, Chief Financial Officer, President, Director of Investor Relations, Chief Marketing Officer, or Director of Public Relations. Unless authorized by these official Akamai spokespersons, you may not speak directly to the press, the financial analyst community or Akamai's stockholders regarding financial, stock or similar matters.

Example: You have access to information regarding Akamai's unreleased quarterly financial performance. An analyst for a large brokerage firm, or a reporter from your local paper, calls you and asks, "How is the quarter looking?" You must refuse to answer the question/otherwise decline to comment and refer the individual to the Director of Investor Relations or the Chief Marketing Officer/Director of Public Relations as appropriate.

Example: You are a member of the Global Marketing team preparing a press release announcing a significant Akamai development. You may not leak or disclose the contents or the essence of the pending release to any third party until that information has been publicly disseminated through the proper communications channels.

Please refer to the Insider Trading, the Message Board, Chat Room and Public Disclosure, and the Electronic Communications Policies for additional details of your obligations in this area.

VII. ACCURACY OF BOOKS, RECORDS AND PUBLIC REPORTS

Our reputation and our ability to meet our legal obligations is dependent upon the integrity of our business practices, including our internal record keeping and external reporting systems. Therefore, it is critical that you make every effort to report and record accurately and completely all transactions, assets and liabilities in accordance with Akamai policies and procedures, and applicable legal and accounting requirements. You should use good judgment and common sense when preparing any Company document to ensure that it objectively and accurately reflects the facts of the situation. Reports or records should not be used to mislead those who receive them or conceal anything that is improper. Expense reports should only include appropriate business-related expenses. Similarly, to the extent that you are compensated on an hourly basis, you must accurately report the time worked.

Examples of prohibited conduct include, but are not limited to:

making an entry on the Company's books and records that intentionally hides or disguises the true nature of any transaction;

failing to record a required entry in a timely manner;

failing to provide the proper supporting documentation for purchases or commitments; or

interfering with an audit or investigation by destroying or tampering with documents.

As a publicly traded company, Akamai is under a legal obligation to provide full, fair, accurate, and timely disclosure in reports and documents filed with, or submitted to, regulatory agencies, and in other public communications. If Akamai fails to do so, not only will our business suffer, but we could also face possible civil and criminal penalties that could extend to you.

In preparing our public reports and filings, Akamai relies on its employees to record completely and accurately the activities of the Company. Akamai holds you responsible for the accuracy and completeness of any records or reports that you create or maintain. This effort requires your cooperation even if you are not responsible for preparing or reviewing a particular public filing or report. Should you become aware of any questionable record keeping or reporting practice, you have a duty to report it to your supervisor, Akamai's Chief Financial Officer, President, or General Counsel. Failure to comply with your internal reporting and recording obligations constitutes a violation of the Code.

Example: You are required to sign a Form 10-Q sub-certification and you (1) fail to adequately check with your direct reports, or otherwise investigate the facts, to ensure you can reasonably verify the veracity of the statements in your certification or (2) neglect to disclose the occurrence of a circumstance that could have a material affect on our financial reporting. Your actions would violate the Code and could call into question the accuracy and integrity of Akamai's reported results.

Example: You receive an email from a customer canceling their service but do not forward it to Finance for processing until a month when the lost monthly recurring revenue will not be as problematic. Your actions would violate the Code and could call into question the accuracy and integrity of Akamai's reported results.

VIII. COMPLIANCE WITH LAWS

Akamai conducts business around the world and, as a result, is subject to local, national, and international laws, rules and regulations ("Laws"). You are required to be generally familiar with the Laws that apply to your responsibilities at Akamai and to comply with all applicable Laws wherever Akamai does business. If you have questions about the Laws that apply to your job and responsibilities, contact Akamai's Legal Department. Similarly, if you are advised by Akamai's Legal Department not to take an action that would constitute a violation of a Law, or to take action that is required by a Law, you are expected to follow that advice.

1. *Antitrust Laws.* Akamai prides itself on maintaining its competitive advantage in a fair manner. Antitrust laws exist to make sure everyone plays fairly. Although they are complex and cover a broad range of conduct, the main purpose of these laws is to preserve competition by prohibiting arrangements or actions that could unreasonably restrain the functioning of a free and competitive marketplace including using a dominant market position to drive, or try to drive, a competitor out of business. Before engaging in any of the following types of activities, even if verbal, you should consult with the Legal Department:

discussing, setting, or agreeing to influence prices with a competitor of Akamai (to be safe, you should also avoid any meeting or communication with a competitor without counsel present where there is the possibility that prices, discounts, or other business terms could be discussed) or

agreeing with a competitor to divide customers, territories or markets or to boycott suppliers or customers

2. *Employee Relations.* At Akamai we appreciate the diversity of our workforce and the uniqueness of every employee. We strive to create and maintain an environment where our employees feel motivated and successful, and are treated with dignity and respect. As evidence of this commitment, we have implemented policies that set forth certain rules of conduct. The purpose of these rules is to make certain that every member of the Akamai team understands what conduct is expected and required. In general, Akamai expects you to act in a mature and responsible manner at all times. Abusive, harassing or offensive conduct is unacceptable and will not be tolerated. [For more information, please consult Akamai's Employee Handbook].

Example: In making employment decisions – hiring, compensating, promoting, transferring, and terminating employees – you may not discriminate on the basis of gender, race, age, ethnicity, disability, religion, sexual preference, or other factors that are impermissible bases for discrimination under Akamai's policies or applicable law.

Please refer to the Insider Trading, the Doing Business with the Government, the Non-Harassment and Non-Discrimination, the Message Board, Chat Room, and Public Disclosure, the Electronic Communications, the Drug-Free Workplace, the Equal Employment Opportunity Practices, the Violence-Free Workplace, the Record Retention, and the Americans with Disabilities Act Policies as well as the Honest and Ethical Conduct and Fair Dealing and the Business Hospitality sections of this Code for additional details of your obligations in this area.

IX. AMENDMENTS AND WAIVERS OF THIS CODE

Contact the General Counsel if you believe that a waiver of the Code is warranted in a particular situation. A majority of the Office of the CEO (or any similar successor governing body) must approve the grant of any such waiver for employees. A majority of the disinterested directors, or of the appropriate committee of Akamai's Board of Directors, must approve a waiver for any director or executive officer. Akamai will grant a waiver of this Code only in exceptional circumstances. The General Counsel shall be responsible for maintaining a complete record of all requests for exceptions and for reporting those exceptions that are required to be reported.

Akamai reserves the right to amend or terminate this Code at any time but will not do so without the approval of a majority of the Board of Directors and/or of an appropriate committee thereof.

X. HOW TO IDENTIFY AND RAISE AN ETHICS ISSUE

You have a responsibility to help maintain Akamai's values and protect our reputation so that our actions don't compromise our future successes. Akamai will not discipline, discriminate against or retaliate against any employee who reports an ethics complaint or concern, unless it is determined that the report was made with knowledge that it was false. Akamai realizes that it takes courage to raise an ethical issue, especially if it involves a co-worker, a supervisor, or a situation in your department. However, if you have information about activities or behavior that conflicts with, or could be perceived as conflicting with, this Code, any law, rule or regulation whether by Akamai, its employees, officers, directors, or any third party doing business on behalf of Akamai, it is your responsibility to promptly report the matter to the Company. While it is our desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, or any other local, national, or international law, rule or regulation, to the appropriate regulatory authority.

1. *How do I identify an ethics issue?*

Some types of ethical issues are easy to recognize, but some may be more difficult to identify. You should watch for these signs that there may be an ethical issue involved:

You feel uncomfortable about a business decision or about something you have been asked to do.

You have witnessed a situation that made you or someone else feel uncomfortable.

You feel that Akamai would be embarrassed if the situation became public.

When in doubt, ask your supervisor and/or Akamai's General Counsel. We are here to help provide guidance and to address problems that may arise. Unless required to ensure compliance with the Code, to carry out an effective investigation, or as required by law, the Company will keep your identity confidential.

2. *With whom should I raise an ethics issue?*

<u>Type of Issue</u>	<u>Person to Contact</u>
General question, concern or issue	Your supervisor or General Counsel
Ethical concerns about your supervisor	General Counsel or VP of Human Resources
Ethical concerns about the VP of	General Counsel

Human Resources

Ethical concerns about the General Counsel

Any of: President, Chief Executive Officer and/or the Chairman of the Audit Committee of our Board of Directors

Ethical concerns about an executive officer, director or advisory board member

Any of: General Counsel, the President, Chief Executive Officer and/or the Chairman of the Audit Committee of our Board of Directors

Concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters

Any of: General Counsel, the President, Chief Executive Officer and/or the Chairman of the Audit Committee of our Board of Directors

If, for any reason you are not comfortable directly approaching any of the individuals referenced above or would otherwise prefer to remain anonymous, you may call the Network, an independent third-party, who can be reached at (877) 888-0002 (if you are calling from the U.S.) or (770) 810-1147 collect (if you are calling from outside the U.S.).

Any supervisor who receives information about a possible Code violation has a responsibility immediately to discuss the issue with the CEO, the President, the Vice President of Human Resources or the General Counsel, as appropriate.

No employee who, in good faith, brings ethical or legal issues, questionable practices, or irregularities to the attention of management, or who cooperates in an investigation of the same, will be discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of his/her employment because of his/her actions.

XI. RESOLUTION OF ETHICS ISSUES

All reported ethical concerns will be examined in a manner that balances the respective rights of all parties concerned. When the CEO, the President, or Vice President of Human Resources receives information regarding an alleged violation of this Code, he or she shall inform the General Counsel (unless the concern involves the General Counsel), who shall, as appropriate, take the following steps:

If the information received alleges a Code violation by an employee other than an executive officer or director, the General Counsel shall:

- Evaluate the information received;

- Determine whether it is necessary to conduct an informal inquiry or a formal investigation;
- If necessary, initiate such inquiry or investigation; and
- If necessary, recommend the appropriate disciplinary measures and/or remedial actions to be taken.

If the information received alleges a Code violation by an executive officer or director, the General Counsel shall:

- Evaluate the information received;
- Inform the Chief Executive Officer and the Chairman of the Audit Committee of the reported concern;
- Determine whether it is necessary to conduct an informal inquiry or a formal investigation;
- If necessary, initiate such inquiry or investigation; and
- Report the results of any such inquiry or investigation, together with a recommendation as to disposition of the matter, to the CEO or the disinterested members of the Audit Committee.

If the information received alleges an Accounting Issue, regardless of the position of the alleged violator, the General Counsel shall:

refer the matter to the Audit Committee, unless, after a full investigation, the matter is determined to be without merit by the General Counsel, the Chief Financial Officer (assuming he or she is not implicated by the alleged wrongdoing) and the Chair of the Audit Committee. In any event, a record of all complaints and concerns received will be provided to the full Audit Committee each fiscal quarter.

In all instances, upon receipt and consideration of the General Counsel's recommendation as to disposition, the CEO or a majority of the disinterested Audit Committee members shall determine whether violations of this Code have occurred and, if so, shall determine the disciplinary measures and/or remedial actions to be taken.

Employees, directors, and advisory board members who are contacted to assist in an ethics inquiry or investigation are expected fully to cooperate and share information as requested. Failure to cooperate with any such inquiry or investigation may result in disciplinary action, including discharge.

We expect everyone at Akamai to abide by this Code. If it is determined that you have violated this Code, an Akamai policy, or any law, rule or regulation, Akamai will determine and take appropriate disciplinary action against you which may range from a warning to termination to referral for criminal prosecution, or other disciplinary action that Akamai deems appropriate depending on the circumstances. In addition, any supervisor who has knowledge of a suspected or actual violation and fails to report it to Akamai's General Counsel will be subject to disciplinary action, up to and including termination.

This Code is not an employment contract, and it does not alter your "at-will" employment status. Your status as an at-will employee means that, subject to applicable law, either you or the Company can terminate your employment relationship at will, at any time, with or without reason or advance notice. It may be necessary or desirable in the future to change or modify this Code, in response to changes in the law, corporate changes, or for other reasons. Management and/or the Board of Directors have sole authority to change, modify and interpret this Code at any time, and their interpretation of the Code shall be binding. Employees will be notified if substantive changes are made to this Code.

October 2004

ACKNOWLEDGEMENT OF RECEIPT OF AKAMAI'S CODE OF BUSINESS CONDUCT
AND ETHICS

I certify that I have received and read Akamai's Code of Business Conduct and Ethics. I understand, and agree to comply with, the Code, including the policies described or referenced in the Code. I also understand that, subject to applicable law, compliance with the Code is a condition of my employment with, or ability to serve as a board member of, Akamai, regardless of whether I sign this certification. Should I have any questions regarding the Code or any Akamai policies referenced therein, I know I can contact my supervisor or Akamai's General Counsel.

Signature

Print Name

Date

Exhibit MMMM

Subject	StartDate	StartTime	EndDate	EndTime	Alldayevent	Reminderonoff	ReminderDate	ReminderTime	MeetingOrganizer	RequiredAttendees	OptionalAttendees	Description	Location
RIVERSIDE DENTIST	7/21/2008	9:30:00 AM	7/21/2008	10:00:00 AM	FALSE	FALSE	7/21/2008	9:15:00 AM					
Updated Akamai Welcomes American Greetings	7/21/2008	10:00:00 AM	7/21/2008	3:00:00 PM	FALSE	FALSE	7/21/2008	9:45:00 AM	Charlton, Carol	Tworek, Jeff;Peill, Nicola;Nogal-Pozniombka, Alyce;Reception-Cambridge;Tomsic, Paul;Taylor, Kieran		Kieran, could you also do the NOC tour? Monday, July 21st: 10:00 ams Introductions / Review of Agenda 10:15 ams AG Interactive Overviewo Rajiv Jain Ch Gary von Hoch 11:00 am, Akamai State of the Union;Kieran Taylor noon2 Break / Lunch 12:30 p	ConfRm BCC EBC1 (Cambridge)
Akamai State of the Union for AG Interactive EBC	7/21/2008	11:00:00 AM	7/21/2008	12:00:00 PM	FALSE	FALSE	7/21/2008	10:45:00 AM	Nogal-Pozniombka, Alyce	Taylor, Kieran		When: Monday, July 21, 2008 10:00 AM-11:00 AM (GMT-06:00) Central Time (US & Canada) Where: ConfRm BCC EBC1 THANKS! 8	ConfRm BCC EBC1
Interview: Stuart Cleary, PMM Media role	7/21/2008	11:15:00 AM	7/21/2008	12:00:00 PM	FALSE	FALSE	7/21/2008	11:00:00 AM	Mekelatos, Alyah	Taylor, Kieran		When: Monday, July 21, 2008 11:15 AM-12:00 PM (GMT-05:00) Eastern Time (US & Canada) Where: EBC 3a Hello,p Please see the interview schedule below for Stuart Cleary, he is interviewing for the PMM Media role reporting to Rich	EBC 3
APS Brown Bags Week1 - APS Customer Wins (Sales Best Practices)	7/21/2008	12:00:00 PM	7/21/2008	1:00:00 PM	FALSE	FALSE	7/21/2008	11:45:00 AM	Whelan, Daniela	dl-globalslssvcmtg,Cohen, Neil	Taylor, Kieran	The APS Brown Bags are Back! Join us every two weeks for an informal brown bag session to help sharpen your APS Selling. The APS BU is beginni	
Updated: Discussion on Re- structuring India Lead Development Center team and Changing of Job Codes/Titles - set up conference bridge	7/22/2008	8:30:00 AM	7/22/2008	9:30:00 AM	FALSE	FALSE	7/22/2008	8:15:00 AM	Mayo, Laura	Baldwin, Thomas,James B, Samson,Ramagopal, Vinay,Taylor, Kieran	Ramesh, MC	When: Tuesday, July 22, 2008 8:30 AM-9:30 AM (GMT-05:00) Eastern Time (US & Canada) b Where: ConfRm BCC 719 (Cambridge) and conference Bridge, 84901, and conference Bridge, 84901, Participant code: 652712 Tom and HR Team in India, I w When: Tuesday, July 22, 2008 1:00 PM-1:45 PM (GMT-05:00) Eastern Time (US & Canada) Where: your Office Kieran, We can plan on getting together tomorrow. Laura3	ConfRm BCC 719 (Cambridge) and conference Bridge, 84901, Participant code: 652712 Host code: 986633
Rescheduling 1.1 to tomorrow	7/22/2008	1:00:00 PM	7/22/2008	1:45:00 PM	FALSE	FALSE	7/22/2008	12:45:00 PM	Mayo, Laura	Taylor, Kieran		When: Tuesday, July 22, 2008 10:00 AM-11:00 AM (GMT-05:00) Eastern Time (US & Canada) Where: ConfRm BCC 618 (Videoconferencing) (Cambridge) All, 3 This meeting is to perform a post-mortem on the June launch, and recommenM ch Deb moved our meeting to tomorrow Let me know if this time works?!	your Office
Launch adjustments for October	7/22/2008	10:00:00 AM	7/22/2008	11:00:00 AM	FALSE	FALSE	7/22/2008	9:45:00 AM	Nader, Christopher	Goodman, Timothy,Taylor, Kieran,Werner, Jeffrey,Cheung, Vienne		When: Tuesday, July 22, 2008 10:00 AM-11:00 AM (GMT-05:00) Eastern Time (US & Canada) Where: ConfRm BCC 618 (Videoconferencing) (Cambridge) All, 3 This meeting is to perform a post-mortem on the June launch, and recommenM ch Deb moved our meeting to tomorrow Let me know if this time works?!	ConfRm BCC 618 (Videoconfer encing) (Cambridge)
Catch up Review Sales Messaging	7/23/2008	9:00:00 AM	7/23/2008	9:30:00 AM	FALSE	FALSE	7/23/2008	8:45:00 AM	Taylor, Kieran	Wagenknecht, Michael		Let me know if this time works?!	your office
	7/23/2008	4:00:00 PM	7/23/2008	4:30:00 PM	FALSE	FALSE	7/23/2008	3:45:00 PM	Taylor, Kieran	Smith, Sandy			your office?

**GOVERNMENT
EXHIBIT
2614-B**
S2 09 Cr. 1184 (RJH)

Subject	StartDate	StartTime	EndDate	EndTime	AllDayEvent	ReminderOnoff	ReminderDate	ReminderTime	MeetingOrganizer	RequiredAttendees	OptionalAttendees	Description	Location
Updated: Product Line Review Weekly Meeting	7/23/2008	1:00:00 PM	7/23/2008	2:00:00 PM	FALSE	TRUE	7/23/2008	12:45:00 PM	Nader, Christopher	Kennelly, Rich;Schoettle, Chris;Hughes, Bob;Leighton, Tom;Afergan, Mike;Blunofe, Robert;Prokop, Harald;Rinklin, Brad;Champagne, Andy;Taylor, Kieran;Husain, Bhuvana;Musacchia, Joseph;Prouty, Kate;Trentley, Francis;German, Scott;Johnson, Danielle;LaMeyer, A	Napoleon, Tim;Tejada, Willie;Pandya, Parimal;Summers, John;Peill, Nicola;Alexander, Kristofer;Goveas, Bruno;Santos, Pedro;Cohen, Neil;Johnson, Suzanne;Werner, Jeffrey;Heslop, Mark;Fletcher, Greg;Downey, Sandra;Mahoney, Andrea;Kanitkar, Vinsy;Bathina, Deep	When: Occurs every Wednesday effective 7/2/2008 until 8/20/2008 from 1:00 PM to 2:00 PM (GMT-05:00) Eastern Time (US & Canada) ; Where: Conference room 200a ; ; ; ; Product Line Review calendar, agenda and links to meeting documents: e	Conference room 200a
Commerce media plan discussion	7/23/2008	3:30:00 PM	7/23/2008	4:00:00 PM	FALSE	FALSE	7/23/2008	3:15:00 PM	Bradley, Bill	Taylor, Kieran;Young, Jeffrey;Santos, Pedro		When: Wednesday, July 23, 2008 3:30 PM-4:00 PM (GMT-05:00) Eastern Time (US & Canada). Where: ConfRm 8CC 719 (Cambridge)A ; ; ; Time for an initial discussion per the email string .	ConfRm 8CC 719 (Cambridge)
Updated: APS ADEs - getting offer letters done and addressing their base salaries	7/23/2008	2:30:00 PM	7/23/2008	3:00:00 PM	FALSE	FALSE	7/23/2008	2:15:00 PM	Mayo, Laura	Wagenknecht, Michael;Taylor, Kieran		Michael,P Kieran and I would like to meet with you to talk about the job change and roles and responsibility changes of the APS ADE Team . HR has not provided offer letters to the 4 ADEs making the move over to this new role, and we haven't addressed	We will come to Michael's office
2008 Customer Advisory Board Meeting	7/23/2008	4:30:00 PM	7/23/2008	5:30:00 PM	FALSE	FALSE	7/23/2008	4:15:00 PM	Sutherland, Maura	Adams, Craig;Kelly, Vince;Young, Jeffrey;Hindmarsh, Sarah;Taylor, Kieran;Santos, Pedro		When: Wednesday, July 23, 2008 4:30 PM-5:30 PM (GMT-05:00) Eastern Time (US & Canada) o Where: ConfRm 8CC 722 (Videoconferencing) (Cambridge) ; ; ; ;<<List_7.22.xls>> <<Boston_CAB_2008.doc>> . ; All:E ; The upcoming Customer Adviso	ConfRm 8CC 722 (Videoconferencing) (Cambridge)
Weekly APS Staff Meeting	7/23/2008	9:00:00 AM	7/23/2008	10:00:00 AM	FALSE	FALSE	7/23/2008	8:45:00 AM	Borillo, Karina	Tejada, Willie;Knudsen, Tim;Pandya, Parimal;Cohen, Neil;Puri, Sonal;Fletcher, Greg;Iziskson, Jake;Ardagna, Mark;Apley, Brian;Forrest, Stephen;Vaughan, Suzanne;Banerji, Pratip;Harvey, Brian;Rubinson, Andy;Taylor, Kieran	Oslakovic, Keith	Updated bridge until October 28, 2008 . Participant Code: 374062 Moderator Code: 284869 Conference DDI: 84901 Moving the meeting to Wed, July 23 @ 9 am ET due to Willie's attendance at the Board meeting on July 22. Hope you all can accommodate thi Hello Jeff. Per my earlier email, given my new role (energy and climate strategy) I'd like to get up to speed on your green messaging project.!! Nicoleg	ConfRm 8CC 719 (Cambridge)
Updated: Green Marketing messaging	7/23/2008	1:30:00 PM	7/23/2008	2:30:00 PM	FALSE	FALSE	7/23/2008	1:15:00 PM	Peill, Nicola	Taylor, Kieran		Tom, let's see if this time works for you . Dry run of summary document that Kieran is helping to pull together for 7/31 meeting P	your cube
Updated: Prep For Yahoo Meeting	7/24/2008	6:30:00 PM	7/24/2008	7:00:00 PM	FALSE	FALSE	7/24/2008	6:15:00 PM	Healy, John	Hale, David;Taylor, Kieran;Leighton, Tom;stilton@tentonmarketing.com;DeMent, James;Reilly, Dan		Initiate to 7812695690 .	Conference Bridge 362590
Danela Whelan	7/24/2008	5:00:00 PM	7/24/2008	6:30:00 PM	FALSE	FALSE	7/24/2008	4:45:00 PM				Moving to accommodate scheduling change request Sending a meeting to review navigation of the html playbook beta site . I invited the Danielle and Susan since they had additional suggestions for how we handle the addendum links . A	ConfRm 8CC 618 (Videoconferencing) (Cambridge)
Call with Akamai	7/24/2008	3:00:00 PM	7/24/2008	4:00:00 PM	FALSE	FALSE	7/24/2008	2:45:00 PM	Taylor, Kieran	Butan, John;mail@craigjames.com		Harald has been called into a meeting with Tom so we need to move this . I know Jake is out then but this is the first available slot for Harald d	ConfRm 8CC 618 (Videoconferencing) (Cambridge)
Updated: Playbook - Navigational Review	7/24/2008	11:00:00 AM	7/24/2008	12:00:00 PM	FALSE	FALSE	7/24/2008	10:45:00 AM	Smith, Sandy	Johnson, Danielle;Mouhamma, Emil;Woo, Allen;Casterline, Susan;Taylor, Kieran		When: Friday, July 25, 2008 8:30 AM-9:30 AM (GMT-05:00) Eastern Time (US & Canada) n Where: Bob's office. ; ; ; ; ;	Bob's office
Follow-up Meeting with Harald on CAF Improvements	7/24/2008	1:00:00 PM	7/24/2008	2:30:00 PM	FALSE	FALSE	7/24/2008	12:45:00 PM	Heslop, Mark	Nader, Christopher;Iziskson, Jake;Knaup, Peter;Valente, Greg;Prokop, Harald;Joe, Chris;Ellis, Sandee;Taylor, Kieran		When: Friday, July 25, 2008 8:30 AM-9:30 AM (GMT-05:00) Eastern Time (US & Canada) n Where: Bob's office. ; ; ; ; ;	Bob's office
Kieran and Harald Mark and Kieran Performance Review	7/25/2008	3:00:00 PM	7/25/2008	3:30:00 PM	FALSE	FALSE	7/25/2008	2:45:00 PM	Taylor, Kieran	Prokop, Harald		When: Friday, July 25, 2008 8:30 AM-9:30 AM (GMT-05:00) Eastern Time (US & Canada) n Where: Bob's office. ; ; ; ; ;	Bob's office
Updated: GTM Simplification	7/25/2008	8:30:00 AM	7/25/2008	9:30:00 AM	FALSE	FALSE	7/25/2008	8:15:00 AM	Hughes, Bob	Taylor, Kieran			Bob's office

Subject	StartDate	StartTime	EndDate	EndTime	AllDayEvent	ReminderOnoff	ReminderDate	ReminderTime	MeetingOrganizer	RequiredAttendees	OptionalAttendees	Description	Location
Playbook Roll-Out Planning	7/25/2008	2:00:00 PM	7/25/2008	3:00:00 PM	FALSE	FALSE	7/25/2008	1:45:00 PM	Smith, Sandy	Taylor, Kieran, Mouhanna, Emil, Johnson, Danielle, Jackson, Amy, Woo, Allen, Sherman, JD		When: Friday, July 25, 2008 2:00 PM-3:00 PM (GMT-05:00) Eastern Time (US & Canada) Where: ConfRm 8CC 618 (Videoconferencing) (Cambridge) All - Thought I would schedule a meeting so we could discuss the roll-out plan for deal p	ConfRm 8CC 618 (Videoconferencing) (Cambridge)

Exhibit NNNN



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

UNITED STATES OF AMERICA :

-v.- :

RAJ RAJARATNAM, :

Defendant. :

TRIAL STIPULATION

S2 09 Cr. 1184 (RJH)

-----X

IT IS HEREBY STIPULATED AND AGREED by and among the United States of America, by Preet Bharara, United States Attorney for the Southern District of New York, Jonathan R. Streeter and Reed M. Brodsky, Assistant United States Attorneys, and Andrew Z. Michaelson, Special Assistant United States Attorney, and Raj Rajaratnam, the defendant, by and through his attorneys, John M. Dowd, Terence J. Lynam, William E. White and Michael Starr that:

1. Government Exhibits 150 through 153, 155 through 160, 300 through 311, 313, 315 through 325, 327 through 350, 1278 through 1282, 1472, 1472-A, 1472-B, 1634, 2118, 2322 and 2323 are records of the following brokerage firms: Bank of America, BNP, Citigroup, CSFB, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Barclays Capital (formerly known as Lehman Brothers), Morgan Stanley, UBS, ITG, Charles Schwab, Thomas Weisel, Needham & Co., Merrill Lynch, Instinet, Rochdale, Schonfeld, Pali Capital, Saratoga Capital, Stone & Youngberg, Wachovia, Jefferies, National Financial and Pershing. These exhibits qualify as records of regularly conducted activity within the meaning of Federal Rule of Evidence 803(6). They are also authentic under the Federal Rules of Evidence.

This Stipulation, marked as Government Exhibit S2, and the Government Exhibits noted above, are admissible in evidence.

PREET BHARARA
United States Attorney
Southern District of New York

March 25, 2011

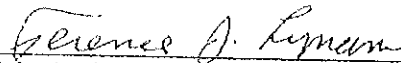
By:



Jonathan R. Streeter
Reed M. Brodsky
Assistant United States Attorneys
Andrew Z. Michaelson
Special Assistant U.S. Attorney

March 25, 2011

By:

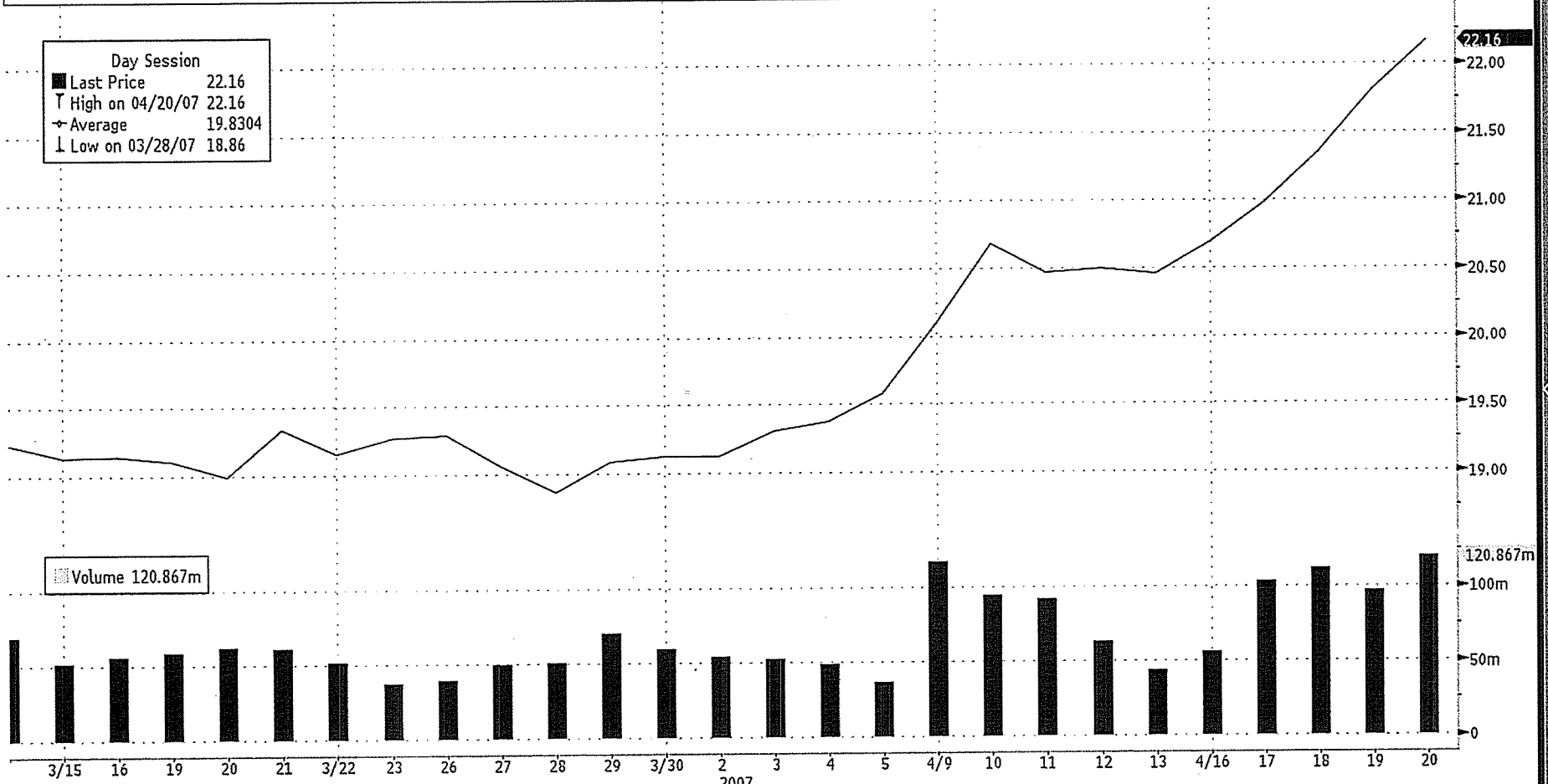


John M. Dowd
Terence J. Lynam
William E. White
Michael Starr
Attorneys for Raj Rajaratnam

Exhibit 0000

INTC US \$ ↑ 21.4719 +.2319 D ↑21.47/21.48 454x367 EquityGP
 DELAY Vol 42,266,306 Op 21.28 Z Hi 21.50 D Lo 21.17 Q ValTrd 903.347m

INTC US EQUITY Save Chart Hide GP - Line Chart Page 1/2
 Range 03/14/07 - 04/20/07 Upper Trade Line Mov. Avgs Currency USD
 Period Daily Lower Volume Mov. Avg Events



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

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**GOVERNMENT
 EXHIBIT
 118**
 S2 09 Cr. 1184 (RJH)

Exhibit PPPP

Intel Corporation
2200 Mission College Blvd.
P.O. Box 58119
Santa Clara, CA 95052-8119



News Release

CONTACTS: Michael Sullivan Tom Beermann
 Investor Relations Press Relations
 408-765-9785 408-765-6855

INTEL FIRST-QUARTER REVENUE \$8.9 BILLION

Operating Income \$1.7 Billion, EPS 27 Cents

SANTA CLARA, Calif., April 17, 2007 – Intel Corporation today announced first-quarter revenue of \$8.9 billion, operating income of \$1.7 billion, net income of \$1.6 billion and earnings per share (EPS) of 27 cents. The results included the effect of a \$300-million reversal of previously accrued taxes that increased EPS by approximately 5 cents.

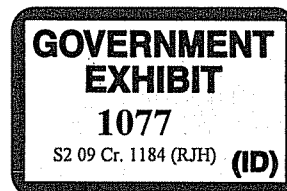
“The strong momentum of our industry-leading Intel® Core™ microarchitecture product family, combined with ongoing structural cost improvements, delivered solid financial results in the first quarter,” said Intel President and CEO Paul Otellini. “Our product strength is reflected in the fact that average selling prices for the quarter held up well in a very competitive environment.”

	Q1 2007	vs. Q1 2006	vs. Q4 2006
Revenue	\$8.9 billion	-1%	-9%
Operating Income	\$1.7 billion	-3%	+13%
Net Income	\$1.6 billion	+19%	+7%
EPS	27 cents	+17%	+4%

Results for the first quarter of 2007 included a tax item that increased EPS by approximately 5 cents. Results for the fourth quarter of 2006 included the effects of a gain as well as restructuring and asset impairment charges that together increased EPS by approximately 1 cent.

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FOIA TREATMENT REQUESTED
CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER
DATED 2-15-10 IN CASE NO. 09 CR 1184 (RJH)



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Financial and Key Product Trends

- First-quarter gross margin was 50.1 percent, higher than 49.6 percent in the previous quarter as lower microprocessor unit costs and the sale of previously reserved inventory more than offset the effects of higher 45 nanometer (nm) start-up costs and lower revenue.
- The company reached its goal of reducing the workforce to approximately 92,000 people, meeting the target one quarter ahead of schedule.
- Total microprocessor units were lower sequentially. The ASP was slightly lower driven by a lower mix within server processors, with desktop and mobile ASPs approximately flat.
- Chipset, motherboard and flash memory units were lower sequentially.

Business Outlook

The following expectations do not include the potential impact of any mergers, acquisitions, divestitures or other business combinations that may be completed after April 16.

Q2 2007 Outlook

- Revenue: Expected to be between \$8.2 billion and \$8.8 billion.
- Gross margin: 48 percent plus or minus a couple of points.
- Spending (R&D plus MG&A): Between \$2.6 billion and \$2.7 billion. In addition, the company expects a second-quarter restructuring charge of approximately \$60 million.
- Net gains from equity investments and interest and other: Approximately \$150 million.
- Tax rate: Approximately 31 percent.
- Depreciation: Between \$1.1 billion and \$1.2 billion.

2007 Outlook

- Gross margin: 51 percent plus or minus a few points, higher than the previous expectation of 50 percent plus or minus a few points.
- R&D: Approximately \$5.6 billion, higher than the previous expectation of approximately \$5.4 billion.
- MG&A: Approximately \$5.1 billion, lower than the previous expectation of approximately \$5.3 billion.
- Capital spending: \$5.5 billion plus or minus \$200 million, unchanged.
- Tax rate: Approximately 31 percent in the third and fourth quarters. The previous expectation was approximately 30 percent for the year.
- Depreciation: \$4.8 billion plus or minus \$100 million, unchanged.

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The above statements and any others in this document that refer to plans and expectations for the second quarter, the year and the future are forward-looking statements that involve a number of risks and uncertainties. Many factors could affect Intel's actual results, and variances from Intel's current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the factors set forth below in the section entitled "Risk Factors" to be the important factors that could cause actual results to differ materially from the Corporation's published expectations.

Recent Events

- Intel announced that its upcoming 45nm transistor technology is based on breakthrough Hi-K metal gate transistor materials that increase performance and reduce leakage, enabling faster and more energy-efficient microprocessors. The company announced that fifteen 45nm microprocessors are in development and demonstrated pre-production desktop, mobile and server platforms running five operating systems, with shipments scheduled to begin in the second half of 2007.
- Intel announced that Fab 11X in Rio Rancho, New Mexico will be re-tooled to become the company's fourth 300mm factory capable of producing 45nm microprocessors. Intel also announced plans to build a 300mm factory in China, with production to begin in 2010.
- Intel expanded its quad-core microprocessor line-up to include its first 50-watt quad-core server processors, first quad-core processors for embedded designs, and fastest-ever quad-core processors for extreme gaming and digital design. The company has now introduced 12 quad-core processors for use in computing, storage and embedded applications.
- Intel and Sun Microsystems announced a broad strategic alliance that will result in Sun delivering a comprehensive family of enterprise and telecommunications servers and workstations based on Intel® Xeon® processors, with Intel supporting Solaris® as a mainstream operating system.
- The company's Intel® vPro™ processor technology, which brings manageability and security benefits to IT managers, has been deployed by more than 200 companies and institutions including 3M, BMW, FujiFilm, ING, Johns Hopkins, Pioneer and Verizon.
- The company introduced the Intel® Centrino® Pro processor technology brand, with plans to bring more of the security and manageability capabilities of Intel's business desktop platforms to notebook PCs.
- The company introduced Wi-Fi connections based on the new 802.11n specification that will give future users of Intel® Centrino® processor technology up to five times the Wi-Fi performance and twice the range of earlier technologies.
- The company announced shipments of Intel-powered "classmate PCs," bringing affordable mobile computing to K-12 students in Brazil and Mexico, with plans for pilot programs in 25 countries.
- Intel announced "solid-state drive" products that use Intel NAND flash chips as an alternative to rotating magnetic disk drive technology.

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- Intel researchers developed an 80-core "tera-scale" processor that brings supercomputer-like performance to a single chip. The experimental processor may lead to future Intel products bringing trillions of calculations per second to PCs and servers.

Risk Factors

- Intel operates in intensely competitive industries that are characterized by a high percentage of costs that are fixed or difficult to reduce in the short term, significant pricing pressures, and product demand that is highly variable and difficult to forecast. Revenue and the gross margin percentage are affected by the timing of new Intel product introductions and the demand for and market acceptance of Intel's products; actions taken by Intel's competitors, including product offerings, marketing programs and pricing pressures and Intel's response to such actions; Intel's ability to respond quickly to technological developments and to incorporate new features into its products; and the availability of sufficient components from suppliers to meet demand. Factors that could cause demand to be different from Intel's expectations include customer acceptance of Intel and competitors' products; changes in customer order patterns, including order cancellations; changes in the level of inventory at customers; and changes in business and economic conditions.
- The gross margin percentage could vary significantly from expectations based on changes in revenue levels; product mix and pricing; capacity utilization; variations in inventory valuation; excess or obsolete inventory; manufacturing yields; changes in unit costs; impairments of long-lived assets, including manufacturing, assembly/test and intangible assets; and the timing and execution of the manufacturing ramp and associated costs, including start-up costs.
- Expenses, particularly certain marketing and compensation expenses, vary depending on the level of demand for Intel's products, the level of revenue and profits and impairments of long-lived assets.
- Intel is in the midst of a structure and efficiency program that is resulting in several actions that could have an impact on expected expense levels and gross margin.
- The tax rate expectation is based on current tax law and current expected income. The tax rate may be affected by the closing of acquisitions or divestitures; the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.
- Gains or losses from equity securities and interest and other could vary from expectations depending on equity market levels and volatility; gains or losses realized on the sale or exchange of securities; gains or losses from equity method investments; impairment charges related to marketable, non-marketable and other investments; interest rates; cash balances; and changes in fair value of derivative instruments.
- Intel's results could be affected by the amount, type, and valuation of share-based awards granted as well as the amount of awards cancelled due to employee turnover and the timing of award exercises by employees.
- Intel's results could be impacted by unexpected economic, social, political and physical/infrastructure conditions in the countries in which Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.

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- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust and other issues, such as the litigation and regulatory matters described in Intel's SEC reports.

A detailed discussion of these and other factors that could affect Intel's results is included in Intel's SEC filings, including the report on Form 10-K for the year ended Dec. 30, 2006.

Status of Business Outlook

During the quarter, Intel's corporate representatives may reiterate the Business Outlook during private meetings with investors, investment analysts, the media and others. From the close of business on June 1 until publication of the company's second-quarter 2007 earnings release, Intel will observe a "Quiet Period" during which the Business Outlook disclosed in the company's press releases and filings with the SEC should be considered to be historical, speaking as of prior to the Quiet Period only and not subject to update by the company.

Earnings Webcast

Intel will hold a public webcast at 2:30 p.m. PDT today on its Investor Relations Web site at www.intc.com, with a replay available until May 1.

Intel, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live. Additional information about Intel is available at www.intel.com/pressroom.

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* Other names and brands may be claimed as the property of others.

INTEL CORPORATION
 CONSOLIDATED SUMMARY INCOME STATEMENT DATA
 (In millions, except per share amounts)

	Three Months Ended	
	Mar. 31, 2007	Apr. 1, 2006
NET REVENUE	\$ 8,852	\$ 8,940
Cost of sales	4,420	3,997
GROSS MARGIN	<u>4,432</u>	<u>4,943</u>
Research and development	1,400	1,562
Marketing, general and administrative	1,277	1,644
Restructuring and asset impairment charges	75	—
Amortization of acquisition-related intangibles and costs	5	19
OPERATING EXPENSES	<u>2,757</u>	<u>3,225</u>
OPERATING INCOME	1,675	1,718
Gains on equity securities, net	29	2
Interest and other, net	169	154
INCOME BEFORE TAXES	1,873	1,874
Income taxes	263	517
NET INCOME	<u>\$ 1,610</u>	<u>\$ 1,357</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.28</u>	<u>\$ 0.23</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.27</u>	<u>\$ 0.23</u>
WEIGHTED AVERAGE SHARES OUTSTANDING:		
BASIC	5,777	5,854
DILUTED	5,874	5,954

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INTEL CORPORATION
 CONSOLIDATED SUMMARY BALANCE SHEET DATA
 (In millions)

	Mar. 31, 2007	Dec. 30, 2006
CURRENT ASSETS		
Cash and short-term investments	\$ 7,689	\$ 8,868
Trading assets	1,335	1,134
Accounts receivable	2,780	2,709
Inventories:		
Raw materials	670	608
Work in process	2,187	2,044
Finished goods	1,509	1,662
	<u>4,366</u>	<u>4,314</u>
Income taxes receivable	259	-
Deferred taxes and other current assets	1,366	1,255
TOTAL CURRENT ASSETS	<u>17,795</u>	<u>18,280</u>
Property, plant and equipment, net	17,617	17,602
Marketable strategic equity securities	359	398
Other long-term investments	4,496	4,023
Goodwill	3,861	3,861
Other long-term assets	4,729	4,204
	<u>48,857</u>	<u>48,368</u>
TOTAL ASSETS	<u>\$ 48,857</u>	<u>\$ 48,368</u>
CURRENT LIABILITIES		
Short-term debt	\$ 139	\$ 180
Accounts payable and accrued liabilities	5,876	5,938
Deferred income on shipments to distributors	611	599
Income taxes payable	-	1,797
TOTAL CURRENT LIABILITIES	<u>6,626</u>	<u>8,514</u>
Long-term taxes payable	1,447	-
Deferred tax liabilities	234	265
Long-term debt	1,848	1,848
Other long-term liabilities	1,202	989
Stockholders' equity	37,500	36,752
	<u>48,857</u>	<u>48,368</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 48,857</u>	<u>\$ 48,368</u>

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INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	<u>Q1 2007</u>	<u>Q4 2006</u>	<u>Q1 2006</u>
GEOGRAPHIC REVENUE:			
Asia-Pacific	\$4,432	\$4,855	\$4,293
	50%	50%	48%
Americas	\$1,727	\$2,003	\$1,905
	20%	21%	21%
Europe	\$1,722	\$1,900	\$1,701
	19%	19%	19%
Japan	\$971	\$936	\$1,041
	11%	10%	12%
CASH INVESTMENTS:			
Cash and short-term investments	\$7,689	\$8,868	\$7,854
Trading assets - fixed income (1)	877	684	887
Total cash investments	<u>\$8,566</u>	<u>\$9,552</u>	<u>\$8,741</u>
TRADING ASSETS:			
Trading assets - equity securities			
offsetting deferred compensation (2)	\$458	\$450	\$378
Total trading assets - sum of 1+2	\$1,335	\$1,134	\$1,265
TOTAL STRATEGIC EQUITY INVESTMENTS	\$3,599	\$3,192	\$2,422
SELECTED CASH FLOW INFORMATION:			
Depreciation	\$1,187	\$1,166	\$1,139
Share-based compensation	\$284	\$334	\$374
Amortization of intangibles and other acquisition-related costs	\$64	\$61	\$75
Capital spending	(\$1,361)	(\$1,116)	(\$1,758)
Stock repurchase program	(\$400)	(\$150)	(\$2,943)
Proceeds from sales of shares to employees, tax benefit & other	\$604	\$288	\$437
Dividends paid	(\$650)	(\$576)	(\$585)
Net cash received(used) for divestitures/acquisitions	\$0	\$600	\$0
SHARE-BASED COMPENSATION CHARGES:			
Cost of sales	\$78	\$94	\$86
Research and development	\$114	\$119	\$135
Marketing, general and administrative	\$92	\$121	\$153
EARNINGS PER SHARE INFORMATION:			
Weighted average common shares outstanding - basic	5,777	5,764	5,854
Dilutive effect of employee equity incentive plans	46	52	49
Dilutive effect of convertible debt	51	51	51
Weighted average common shares outstanding - diluted	<u>5,874</u>	<u>5,867</u>	<u>5,954</u>
STOCK BUYBACK:			
Shares repurchased	19	7	138
Cumulative shares repurchased	2,850	2,831	2,743
Remaining dollars authorized for buyback (in billions)	\$16.9	\$17.3	\$18.9
OTHER INFORMATION:			
Employees (in thousands)	91.8	94.1	103.3

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INTEL CORPORATION
SUPPLEMENTAL OPERATING RESULTS AND OTHER INFORMATION
(\$ in millions)

OPERATING SEGMENT INFORMATION:	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2006
Digital Enterprise Group						
Microprocessor revenue	3,561	3,855	3,521	3,338	3,892	14,606
Chipset, motherboard and other revenue	1,193	1,307	1,425	1,283	1,255	5,270
Net revenue	4,754	5,162	4,946	4,621	5,147	19,876
Operating income	931	928	655	751	1,175	3,509
Mobility Group						
Microprocessor revenue	2,441	2,668	2,239	1,958	2,347	9,212
Chipset and other revenue	866	925	809	731	632	3,097
Net revenue	3,307	3,593	3,048	2,689	2,979	12,309
Operating income	1,381	1,538	1,156	851	1,050	4,595
Flash Memory Group						
Net revenue	469	576	507	536	544	2,163
Operating loss	(283)	(205)	(139)	(169)	(125)	(638)
All Other						
Net revenue	322	363	238	163	270	1,034
Operating loss	(354)	(773)	(298)	(361)	(382)	(1,814)
Total						
Net revenue	8,852	9,694	8,739	8,009	8,940	35,382
Operating income	1,675	1,488	1,374	1,072	1,718	5,652

The company's operating segments include the Digital Enterprise Group, Mobility Group, Flash Memory Group, Digital Home Group, and Digital Health Group. Beginning in the first quarter of 2007, the Channel Platforms Group will directly support Intel's operating segments. Prior-period amounts have been adjusted retrospectively to reflect certain reorganizations.

The company has sales and marketing, manufacturing, finance, and administration groups. Expenses for these groups are generally allocated to the operating segments and the expenses are included in the operating results reported above. Additionally, in the first quarter of 2007, the company began allocating share-based compensation to the operating segments and adjusted results retrospectively to reflect this change. Revenue for the "all other" category primarily relates to microprocessors and related chipsets sold by the Digital Home Group. In addition to the operating results for the Digital Home Group and Digital Health Group operating segments, the "all other" category includes certain corporate-level operating expenses. These expenses include:

- a portion of profit-dependent bonus and other expenses not allocated to the operating segments;
- results of operations of seed businesses that support the company's initiatives;
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill;
- charges for purchased in-process research and development; and
- amounts included within restructuring and asset impairment charges in the consolidated condensed statements of income.

Exhibit QQQQ

Galleon Tech and Diversified Daily Closing Position in ATI Technologies Stock (ATYT)

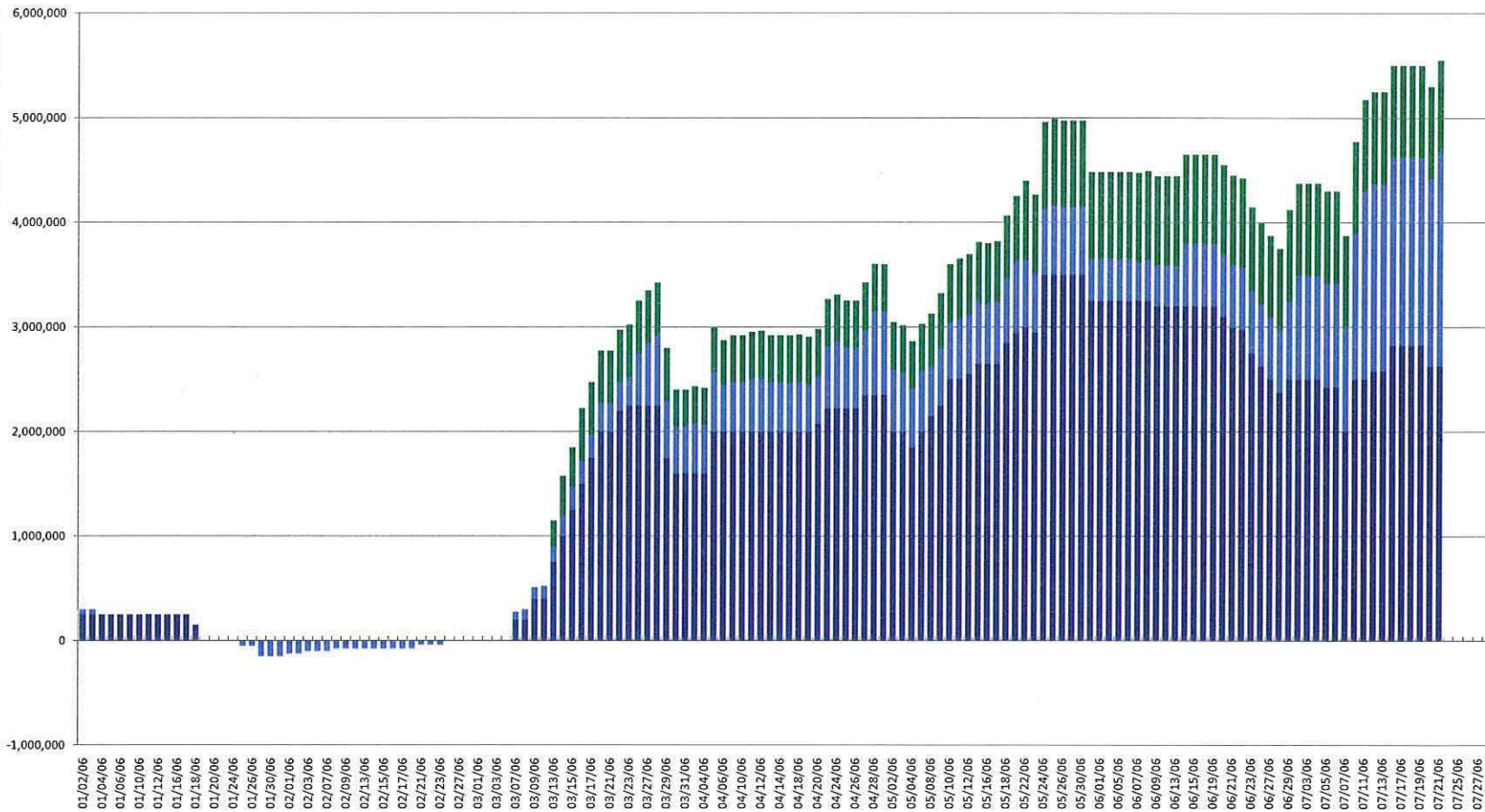
January 1, 2006 Through July 28, 2006

Tech Manager Codes: GRC, TAM (dark blue)

Tech Manager Code: GLT (light blue)

Diversified Manager Code: DIV (green)

Number of
Shares Held



**GOVERNMENT
EXHIBIT
20**
S2 09 Cr. 1184 (RJH)