AKAMAI TECHNOLOGIES INC
Form DEF 14A
April 02, 2019
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant   Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

AKAMAI TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1 Title of each class of securities to which transaction applies:

2 Aggregate number of securities to which transaction applies:

3 Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4 Proposed maximum aggregate value of transaction:

5 Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1 Amount previously paid:

2 Form, Schedule or Registration Statement No.:

3 Filing party:

4 Date Filed:

Dear Fellow Stockholders:

In 2018, Akamai achieved record results and our 16th consecutive year of annual revenue growth. For the year, we generated revenue of $2.7 billion, up nine percent over 2017, and GAAP net income of $298 million, up 34 percent over 2017. GAAP Earnings per share was $1.76 per diluted share in 2018, an increase of 36 percent over 2017. Cash from operations was $1 billion in 2018, up 26 percent over 2017, equal to 37 percent of annual revenue. We ended the year with a strong balance sheet, with $2.1 billion in cash, cash equivalents, and marketable securities.

In 2018, we spent $750 million to repurchase shares of our common stock, reducing the number of shares outstanding from 170 million at the beginning of the year to 163 million shares as of December 31, 2018. Our Board of Directors has authorized a new $1.1 billion share repurchase program to run until the end of 2021. We intend to continue returning a significant percentage of our free cash flow to our shareholders through share repurchases, while preserving our ability to invest in the future growth of the business.

In recent years, we have made investments that have diversified our business from a media-dominated content delivery network into a leading supplier of web and security services for a broad range of customers. Last year, security solutions accounted for 24 percent of our total revenues and grew 35 percent year-over-year.

As a more diversified business, we believe Akamai is poised to capitalize on significant market opportunities in cloud-based security, online video streaming and next generation payment processing. In January 2019, we completed our acquisition of Janrain, which established Akamai as a market leader in Customer Identity and Access Management. These solutions are designed to protect enterprises and consumer privacy from data breaches and account fraud. In February 2019, we announced a new joint venture with Mitsubishi UFJ Financial Group, Japan s largest financial institution, to offer new blockchain-based online payment processing. This partnership, leveraging our unique platform at the edge of the Internet globally, is intended to make digital financial transactions more scalable, fast, efficient and secure. I believe that our vast reach at the edge is why so many of the world s leading enterprises choose Akamai to accelerate their applications, deliver their media and protect their most important assets.

Last year, we implemented a disciplined operational approach to expand operating margins and drive greater profitability. Because of our relentless focus on efficiency, we spent less on network costs in 2018 than we spent in 2017 even as we grew traffic on our network faster than traffic growth over the Internet as a whole. In the process, we set a new Akamai record for peak traffic delivered. We saw margin improvement in 2018, and we intend to work hard to maintain the progress we ve made.

I want to thank our talented team of employees for building long-term value for our shareholders and our customers and for making corporate social responsibility a strong part of our culture. We continued to receive third party recognitions as a Best Place to Work and a highly innovative company. In January 2019, Forbes and JUST Capital ranked Akamai in the top 75 and third among Internet companies for ethical leadership, product quality, and for treating our customers, communities and employees well.

I invite you to attend Akamai s 2019 Annual Meeting of Stockholders to be held on May 15, 2019 at 9:30 am at Akamai s offices at 150 Broadway, Cambridge, Massachusetts 02142. Details regarding admission to the meeting and the business to be conducted at the meeting are more fully described in the accompanying Notice of 2019 Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting of Stockholders, please vote as soon as possible. Voting by proxy will ensure your representation at the meeting if you do not attend in person. Please review the instructions on the proxy card regarding your voting options.

/s/ Dr. Tom Leighton

Dr. Tom Leighton
Chief Executive Officer

Table of Contents

AKAMAI TECHNOLOGIES, INC.

150 BROADWAY

CAMBRIDGE, MASSACHUSETTS 02142

NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 15, 2019

The 2019 Annual Meeting of Stockholders (the Annual Meeting) of Akamai Technologies, Inc. (Akamai or the Company) will be held on Wednesday, May 15, 2019, at 9:30 a.m., local time, at the Company s offices at 150 Broadway, Cambridge, Massachusetts, 02142.

At the Annual Meeting, we expect stockholders will consider and vote upon the following matters:

(1) To elect the three nominees named in the attached proxy statement as members of our Board of Directors to serve as Class II directors for a one-year term;

(2) To approve amendments to our 2013 Stock Incentive Plan to (i) increase the number of shares of common stock authorized for issuance thereunder from 18,500,000 shares to 21,500,000 shares and (ii) provide additional limits on annual non-employee director compensation;

(3) To approve, on an advisory basis, our named executive officer compensation;

(4) To ratify the selection of PricewaterhouseCoopers LLP as our independent auditors for the fiscal year ending December 31, 2019; and

(5) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 20, 2019, are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. The stock transfer books of Akamai will remain open for the purchase and sale of Akamai s common stock.

All stockholders are cordially invited to attend the Annual Meeting.

By order of the Board of Directors,

/s/ AARON S. AHOLA

AARON S. AHOLA
Senior Vice President, General Counsel and Secretary

Cambridge, Massachusetts

April 2, 2019

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AT YOUR EARLIEST CONVENIENCE. MOST STOCKHOLDERS HAVE A CHOICE OF VOTING OVER THE INTERNET, BY TELEPHONE OR BY MAIL. SENDING IN YOUR PROXY WILL NOT PREVENT YOU FROM VOTING YOUR SHARES IN PERSON AT THE ANNUAL MEETING IF YOU DESIRE TO DO SO, AND YOUR PROXY IS REVOCABLE AT YOUR OPTION BEFORE IT IS EXERCISED.

Table of Contents

TABLE OF CONTENTS

Table of Contents

AKAMAI TECHNOLOGIES, INC.

150 BROADWAY

CAMBRIDGE, MASSACHUSETTS 02142

PROXY STATEMENT

THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE BOARD OF DIRECTORS OF AKAMAI TECHNOLOGIES, INC. (AKAMAI OR THE COMPANY) FOR USE AT THE 2019 ANNUAL MEETING OF STOCKHOLDERS (THE ANNUAL MEETING) TO BE HELD AT THE OFFICES OF AKAMAI TECHNOLOGIES, INC., 150 BROADWAY, CAMBRIDGE, MASSACHUSETTS, 02142 AT 9:30 AM LOCAL TIME ON MAY 15, 2019, AND AT ANY ADJOURNMENT OR POSTPONEMENT OF THAT MEETING. You may obtain directions to the location of the Annual Meeting by contacting Investor Relations, Akamai Technologies, Inc., 150 Broadway, Cambridge, Massachusetts 02142; telephone: 617-444-3000.

Our Annual Report to Stockholders for the year ended December 31, 2018 is being mailed to our stockholders with the mailing of the Notice of 2019 Annual Meeting of Stockholders and this Proxy Statement on or about April 2, 2019.

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual

Meeting of Stockholders to be Held on May 15, 2019:

This Proxy Statement and the 2018 Annual Report to Stockholders are available for viewing, printing and downloading at www.akamai.com/html/investor/financial_reports.html.

You may obtain a copy of our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the Securities and Exchange Commission, which we sometimes refer to herein as the Commission, except for exhibits thereto, without charge upon written request to Akamai Technologies, Inc., 150 Broadway, Cambridge, Massachusetts 02142, Attn: Investor Relations. Exhibits will be provided upon written request and payment of an appropriate processing fee.

Certain documents referenced in this Proxy Statement are available on our website at www.akamai.com. We are not including the information contained on our website, or any information that may be accessed by links on our website, as part of, or incorporating it by reference into, this Proxy Statement.

This Proxy Statement contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management based on information currently available to them. Use of words such as believes, expects, anticipates, intends, plans, should, may, could, or similar expressions indicates a fo statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, inability to grow revenue or increase profitability as projected, lack of market acceptance of new solutions and other factors set forth under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2018, which accompanies this Proxy Statement. We disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

/1/

Table of Contents

EXECUTIVE SUMMARY

Below are highlights of important information you will find in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement before you vote.

Our Mission and Strategy

The Internet plays a crucial role in the way companies, government agencies and other enterprises conduct business and reach the public. Smart enterprises want to take advantage of these trends safely, profitably and intelligently. At the same time, security threats are growing more prevalent and advanced. Enterprise applications are moving from behind the firewall to the cloud - making cybersecurity more complex to achieve than yesterday s perimeter defense. More consumers are cutting the cord and consuming entertainment over the Internet rather than through traditional cable, and they are increasingly using mobile devices to consume content and shop. Web pages are becoming vastly more complex with advertisements, videos, graphics and other third-party content that impair speed and reliability. Our strategy is to bridge the gap between our customers digital goals and the inherent challenges of the Internet by providing technology that optimizes and secures the delivery of online content and applications.

Akamai 2018 Performance Highlights

In 2018, Akamai registered achievements across our operations, including the following highlights.

Table of Contents

From the financial perspective, we have increased our revenue in each of the past three fiscal years and have been profitable over that same period. The charts below show our revenue and earnings per share, calculated in accordance with generally accepted accounting principles in the United States, or GAAP, for those years.

In particular, our security business has grown rapidly in recent years as shown below:

/3/

Table of Contents

Over the past six years, we have successfully generated cash from operations to use in strategic initiatives. We believe we have effectively deployed that cash in stock repurchases and acquisition activity as reflected in the chart below.

Corporate Governance Snapshot

Akamai s governance structure reflects our commitment to advancing the long-term interests of our stockholders, maintaining accountability, diversity, ethical conduct and alignment of interests between leadership and investors. Highlights of our governance profile include:

Table of Contents

Executive Compensation Overview

Akamai has developed an executive compensation program that is designed to closely align executive compensation with performance by allocating a majority of target compensation to performance-based equity awards that directly link the value of executive compensation to our stock price performance and tying annual incentive bonuses to performance against specific financial measures. We believe that a significant portion of executive pay should be variable and at risk. Specifically, the amount earned by the executive should primarily be tied to our financial performance and the performance of our stock price. The following graphs show the key design and structural aspects of our program.

Table of Contents

Summary of Voting Matters and Recommendations

Matter	Board Recommendation	See Page Number for More Information
Election of Directors	FOR each nominee	75
Amendments to 2013 Stock Incentive Plan	FOR	75
Advisory Vote on Executive Compensation	FOR	93
Ratification of Selection of Independent Auditors	FOR	93

/6/

Table of Contents

Part One Corporate Governance Highlights

Akamai seeks to maintain and enhance our record of excellence in corporate governance by continually refining our corporate governance policies, procedures and practices based on evolving best practices. We also place great value on stockholder input and engage regularly with our investors to gain insights into the governance issues about which they care most.

Overview of our Board of Directors

Our Board of Directors currently consists of 12 individuals with a range of backgrounds as reflected in the graphics below. Collectively, they bring industry expertise, leadership skills and financial sophistication to our corporate governance. As discussed below, three of our current directors are not standing for re-election. The Nominating & Corporate Governance Committee of the Board is conducting a search to identify strong new director candidates who will bring similar levels of expertise to Akamai.

Good Governance

Engaging with our Stockholders; Declassification of the Board

During 2018, we conducted outreach to all of our 30 largest stockholders and other investors, who collectively held approximately 55% of our outstanding shares, to express an interest in meeting with them to discuss governance or executive compensation matters at Akamai. We engaged with more than 30% of those investors and discussed a broad range of operational, strategic and governance topics with them. These engagement efforts and meaningful conversations provided our Board and management with a valuable understanding of investors perspectives and an opportunity to exchange views. When the Board conducted its regular reviews of governance and executive compensation, it discussed the input that we received, and the evaluation process was reflective of those views. We were encouraged by the feedback we received and look forward to continuing our dialogue with our stockholders in the coming year.

Table of Contents

One result of those meetings was a decision by the Board to recommend that stockholders approve declassification of the structure of the Board. We presented that matter at the 2018 Annual Meeting of Stockholders, and it was approved. As we transition to a single class structure, all directors standing for election will be elected to one-year terms beginning at the 2019 Annual Meeting of Stockholders.

Board Refreshment

Akamai believes that having an independent, diverse, active and engaged Board of Directors has been key to our success. We also believe that new perspectives and ideas are critical to a forward-looking and strategic Board. Over the past three years, we have seen five incumbent directors transition off of the Board and have added three new directors.

Our goal is to seek a balance between new points of view and the valuable experience and familiarity that longer-serving directors bring to the boardroom. We remain committed to ensuring our Board is composed of a highly capable and diverse group of directors well-equipped to oversee the success of the business and effectively represent the interests of stockholders. A summary of the ages and tenures of our current directors is reflected in the graphs below:

With three of our incumbent directors not standing for re-election this year, we are actively conducting a search for new directors who we believe will complement and enhance the expertise and experience of the current membership of the Board.

Board Diversity

We believe that we have assembled an outstanding set of directors with varied backgrounds, experiences and viewpoints who understand our markets, customers and employees. Female and/or minority directors make up one-third of the total Board. In addition, the Board is dedicated to encouraging diversity in its leadership positions, and two of our committees are chaired by women. As part of our ongoing new director search, we are actively seeking diverse candidates who can help us build upon our longstanding commitment in this area.

Table of Contents

Board Evaluations

A key component of our approach is a robust annual Board evaluation process. Led by our Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee, this review is intended to elicit the views of all directors about what makes the Board effective, what improvements can be made, how their peers are most effective and whether steps should be taken to improve contributions and their views on the performance of the Board and its committees over the past year. The evaluation has taken a variety of forms including written surveys, interviews conducted by an outside consultant and interviews conducted by our Chairman. We have historically also conducted individual peer evaluations. The Nominating and Corporate Governance Committee also regularly oversees and plans for director succession and refreshment of the Board to ensure a mix of skills, experience, tenure, and diversity that promotes and supports the Company s long-term strategy. In doing so, the Nominating and Corporate Governance Committee takes into consideration the overall needs, composition and size of the Board, as well as the criteria adopted by the Board regarding director candidate qualifications.

Ethics

We have adopted a written Code of Ethics that applies to, among others, our principal executive officer and principal financial and accounting officer, or persons serving similar functions. Our Code of Ethics is available on our website at www.akamai.com. We did not waive any provisions of the Code of Ethics for our directors or executive officers during the year ended December 31, 2018. If we amend, or grant a waiver under, our Code of Ethics that applies to our executive officers or directors, we intend to post information about such amendment or waiver on our website at www.akamai.com. We have also adopted Corporate Governance Guidelines, a copy of which is also available on our website at www.akamai.com/html/investor/corporate_governance.html.

Table of Contents

Corporate Social Responsibility Initiatives

Community Involvement

Akamai and our employees are dedicated to providing a great place to work and to contributing to the communities in which we operate. Some ongoing and recent Corporate Social Responsibility, or CSR, initiatives to promote this goal are highlighted below.

Human Rights

In 2016, we adopted a Human Rights Policy. We believe that the Internet can bring the world closer together and facilitate greater understanding among people across the globe. We are proud of our mission to make the Internet work better for people around the world. We also believe that respect for human rights is fundamental to unlocking the potential of the Internet and an essential value for the communities in which we operate. We are committed to ensuring that our employees, the people who work for our contractors, customers and suppliers, and individuals in the communities affected by our activities are treated with dignity and respect. Our Human Rights Policy is intended to advance these ideals.

Environment

Akamai is committed to mitigating the environmental impact of our operations. We have adopted a Sustainability Policy to reflect our belief that Akamai can and should operate with a minimal environmental footprint. This Policy is centered on efforts to reduce greenhouse gas emissions arising from our business operations through energy conservation, energy efficiency, and the procurement of renewable energy; responsibly

Table of Contents

manage and dispose of our electronic waste; and deliver sustainable work environments that promote wellness and the conservation of natural resources through water efficiency, source reduction, material reuse and recycling, and the purchase of materials containing recycled and/or renewable natural resources. We set carbon output reduction targets and publicly share our progress in meeting those targets. In addition, we have submitted climate disclosures to the CDP, formerly the Carbon Disclosure Project, since 2010.

We have announced a goal of sourcing renewable energy for at least 50% of our network operations by 2020. In furtherance of that goal:

🌑 we have entered into three virtual power purchase agreements in the U.S. with the goal of having our share of the expected generation of the solar and wind farms represent 23% and 44% of Akamai s global and U.S. network energy consumption in 2020, respectively;

🌑 we have developed our own low power usage effectiveness data centers to improve the efficiency of our usage of facilities on our Intelligent Edge Platform; and

🌑 we have entered into renewable partnerships with companies like Iron Mountain through its Green Power Pass Program, which is focused on providing 100% renewable energy for its data center operations.

Our Board of Directors

Our Board of Directors currently consists of 12 persons, divided into three classes, serving staggered terms of three years, as follows: four Class I directors (with terms expiring at the 2021 Annual Meeting of Stockholders), four Class II directors (with terms expiring at the 2019 Annual Meeting of Stockholders) and four Class III directors (with terms expiring at the 2020 Annual Meeting of Stockholders). Because our stockholders approved the declassification of our Board of Directors at the 2018 Annual Meeting of Stockholders, beginning this year, directors standing for election will be elected for new terms of one year each.

Pam Craig, Paul Sagan and Naomi Seligman, whose terms expire at the Annual Meeting, will not stand for re-election, and we thank them for their years of service to Akamai.

We have nominated Tom Killalea, whose term currently expires at the 2020 Annual Meeting of Stockholders, and Tom Leighton, whose term currently expires at the 2021 Annual Meeting of Stockholders, to stand for election as Class II directors this year. Messrs. Killalea and Leighton have tendered their resignations as directors in Classes III and I, respectively; these resignations will only become effective if Messrs. Killalea and Leighton are elected Class II directors at the Annual Meeting.

Table of Contents

Set forth below is information about the professional experiences of members of the Board, including the three nominees for election at the 2019 Annual Meeting of Stockholders. In addition, for each individual, we discuss the specific experience, qualifications and attributes that we believe qualify him or her to serve on the Board. We have included their committee memberships as of March 1, 2019.

Class II: Nominees for Director Whose Terms Will Expire in 2020

	Biography	Key Attributes
Peter Thomas Killalea Director Since 2018 Age 51 Independent **Board Committees** Audit Compensation	President, Aionle LLC, a consulting firm, since November 2014 VP Technology, Amazon.com, a multi-national technology company (2008-11/2014) Other Current Boards Capital One Financial Corp., a financial services company Carbon Black, an endpoint security technology company MongoDB, a database technology company Prior Public Company Boards in Last 5 Years Xoom Technologies	Professional focus on Internet security issues, a key area of emphasis in Akamai s strategic plan Experience with digital innovation and focus on customer experience Understanding of the CDN business through his work at Amazon Extensive corporate governance experience serving on several public company boards

	Biography	Key Attributes
	Chief Executive Officer, Akamai, since January 2013	Co-founder and key developer of the software underlying our platform
Tom Leighton	Chief Scientist, Akamai (8/1998-12/2012)	Unparalleled understanding of our technology and how the Internet works
Director Since 1998	Professor of Applied Mathematics at the Massachusetts Institute of Technology since 1982 (on leave)	Crucial source of industry information, technical and market trends and how Akamai can address those needs
Age 62		
Board Committees		Provides the Board with vital information about the strategic and operational challenges and opportunities facing the company
Financial Operating		

Table of Contents

	Biography	Key Attributes
Jonathan Miller Director Since 2015 Age 62 Independent **Board Committees** Compensation Nominating and Corporate Governance Financial Operating	CEO of Integrated Media Co., an investment company, since February 2018 Advisor at Advancit Capital, a venture capital firm focusing on early-stage companies, since January 2018, having previously served as a partner since 2014 Former Chairman and CEO of the Digital Media Group and Chief Digital Officer of Newscorp, a global media company (4/2009-12/2013) Other Current Boards AMC Networks, an entertainment company Interpublic Group of Companies, a marketing solutions provider J2 Global, which provides telecommunications solutions as well as technology, gaming and lifestyle content Prior Public Company Boards in Last 5 Years	Insight into the challenges, goals and priorities of media companies such as those that are key current and prospective customers Key participant in the rapid development of the Internet as a global platform for video and audio entertainment Deep understanding of the ongoing evolution of digital media Involvement with early-stage media and technology companies gives our management and the Board a window into developments that could shape our industry in the future

TripAdvisor

Houghton Mifflin Harcourt

Live Nation

RTL Group

Shutterstock

/13/

Table of Contents

Class III: Directors With Terms That Will Expire in 2020

	Biography	Key Attributes
Monte Ford	Principal Partner of CIO Strategy Exchange, a membership organization for chief information officers, since 2016	Experience as an information technology executive:
Director Since 2013	Network Partner at Brightwood Capital Partners, a venture capital firm, since 2013	🌑 CEO of a software company
Age 59	CEO of Aptean Software, a provider of enterprise application software (2/2012-9/2013)	🌑 At American Airlines, oversaw all aspects of information systems and business analytics functions
Independent	SVP & CIO of American Airlines (2000-2011)	Helps fellow Board members and management understand what Akamai s current and potential customers expect and want from our solutions and to provide actionable insight into our innovation initiatives
Board Committees	Other Current Boards	Provides valuable advice and counsel regarding potential improvements to our internal IT systems
Compensation	Iron Mountain, a provider of storage and other information management services	
Nominating and Corporate Governance	The Michaels Companies, an arts and crafts retailer	

Table of Contents

	Biography	Key Attributes
Frederic Salerno Director Since 2002 Age 75 Independent **Board Committees** Nominating and Corporate Governance Financial Operating *(Chair)*	Akamai s Chairman of the Board since March 2018; previously Lead Independent Director (5/2013-3/2018) Former executive at Verizon Communications, a telecommunications provider (1997-2002), last serving as Vice Chairman and CFO <u>Other Current Boards</u> Intercontinental Exchange, an electronic exchange for trading commodities <u>Prior Public Company Boards in Last 5 Years</u> CBS Broadcasting Florida Community Bank National Fuel Gas Company Viacom	Deep understanding of financial markets, financial statements and investments Provides essential guidance about capital structure and other strategic matters Leadership, professional judgment and operating experience enable him to provide keen insight in helping address issues faced by the company Valued advisor to management and other directors when we are contemplating strategic initiatives intended to enable future growth

	Biography	Key Attributes
Bernardus Verwaayen	General Partner of Keen Venture Partners, a venture capital firm, since 2017 Former Chief Executive Officer of Alcatel-Lucent, a provider of	Brings an international perspective to our Board deliberations, helping us better understand non-U.S. markets, public policy issues and how to operate with a global employee base

Director Since 2013	communications equipment and solutions (2008-11/2013)	CEO experience enables him to provide significant guidance to our CEO on management, leadership and operational issues
Age 66	Former Chief Executive Officer of British Telecom, a provider of communications services (2002-2008)	
Independent	<u>Other Current Boards</u>	Ability to leverage knowledge of telecommunications industry to advise us on carrier strategy and network relationships
Board Committees	Akzo Nobel, a manufacturer of powder coatings	Deep understanding of motivational aspects of executive compensation approaches and applicable international issues
Compensation *(Chair)*		
Nominating and Corporate Governance	Ofcom, the regulatory and competition authority for the broadcasting, telecommunications and postal industries of the United Kingdom	

Table of Contents

Class I: Directors With Terms That Will Expire in 2021

	Biography	Key Attributes
Jill Greenthal Director Since 2007 Age 62 Independent **Board Committees** Audit Nominating and Corporate Governance (*Chair*)	Senior Advisor in the Private Equity Group of The Blackstone Group, a global asset manager, since 2007 Senior Managing Director in Blackstone s Advisory Group (2003-2007) Previously served as Co-Head of the Global Media Investment Banking Group of Credit Suisse First Boston Other Current Boards Cars.com, an online automotive marketplace FLEX LTD., a global electronics manufacturing services company Houghton Mifflin Harcourt, an educational content company Prior Public Company Boards in Last 5 Years	Rich experience as a leading investment banker and advisor, a role that has given her a deep understanding of capital markets and mergers and acquisitions Insight into financial and strategic aspects of financial matters such as debt and equity financing transactions and acquisitions Experience working with other Internet and media companies as they have built their businesses enables her to provide valuable counsel to both our management and fellow directors Insight into corporate governance trends that drives conversations in our governance committee

Michaels Stores

Orbitz Worldwide

TEGNA Inc.

/16/

Table of Contents

	Biography	Key Attributes
Daniel Hesse Director Since 2016 Age 65 Independent **Board Committees** Audit Nominating and Corporate Governance	Former President and CEO, Sprint Corporation, a telecommunications provider, December 2007 to August 2014 <u>Other Current Boards</u> PNC Corporation, a financial institution	Insight into mobile and telecommunications industry affords important insight into strategy deliberations Plays key role in the Audit Committee s cybersecurity oversight function Experience as a chief executive officer enables him to advise on leadership, management and operational issues Leverages experience overseeing a large, complex technology company to provide valuable guidance and perspective

	Biography	Key Attributes
William Wagner	President and CEO of LogMeIn, Inc., a software-as-a-service company since December 2015, having previously served from May 2013 through November 2015 as its President and Chief Operating Officer.	Extensive sales and marketing leadership experience in successful technology and software-as-a-service businesses Current experience as a chief executive officer in the software

Director Since 2018

industry

Age 52

Understanding of how customers use Akamai solutions

Independent

Board Committees

Compensation

Financial Operating

Table of Contents

Directors With Terms Expiring in 2019 Not Standing for Re-Election

	Biography
Pamela Craig Director Since 2011 Age 62 Independent **Board Committees** Audit *(Chair)* Compensation Financial Operating	Former Chief Financial Officer of Accenture, a global management consulting, technology services and outsourcing organization, October 2006 to July 2013, having previously served in numerous positions at the firm Other Current Boards Merck and Co., a pharmaceutical company The Progressive Corporation, an insurance provider

	Biography
Paul Sagan	Managing Director, since 2018, at General Catalyst Partners, a venture capital firm; previously served as executive in residence (XIR) at the firm from 2014 until 2017

Director Since 2005	Former Chief Executive Officer, President and Chief Operating Officer (1/2005-12/2012)
Age 60	Previously served as a Senior Advisor to the World Economic Forum and in senior executive positions at Time Warner Cable, Time Inc. and CBS, Inc.
	Other Current Boards
	VMware, Inc., a provider of information infrastructure technology and solutions
	Moderna, Inc., a biotechnology company

/18/

Table of Contents

	Biography
Naomi Seligman Director Since 2001 Age 80 Independent **Board Committees** Audit Nominating and Corporate Governance	Senior partner at Ostriker von Simson, a consulting firm focusing on information technology, which brings together CIOs, CEOs, and other top executives from the largest multinational enterprises and premier venture capitalists and entrepreneurs to discuss technology issues, since 1999 Other Current Boards Oracle Corporation, an enterprise software company

Table of Contents

Our Executive Officers

Our executive officers as of February 28, 2019 were:

F. Thomson Leighton, age 62, was elected Akamai s Chief Executive Officer in January 2013, having previously served as our Chief Scientist since he co-founded the company in 1998. As discussed above, Dr. Leighton also serves on our Board of Directors.

Aaron Ahola, age 49, joined Akamai in April 2000. During his tenure, he previously served as Vice President and Deputy General Counsel from 2011 to 2017. In addition, from 2008 until 2017, he was our Chief Privacy Officer. From 2015 until 2017, he was our Chief Compliance Officer. In October 2017, he became our Senior Vice President, General Counsel and Corporate Secretary.

James Benson, age 52, was elected Akamai s Chief Financial Officer in February 2012, having previously served as Senior Vice President Finance between September 2009 and February 2012. Prior to joining Akamai, he had been Vice President, Finance/Operations & CFO Americas Technology Solutions Group at Hewlett-Packard. Mr. Benson retired as our Chief Financial Officer effective March 1, 2019 and currently serves as Senior Advisor to the CEO. It is anticipated that he will retire from Akamai in September 2019.

Robert Blumofe, age 54, became Akamai s Executive Vice President, Platform and General Manager of the Enterprise Division in April 2016. He had previously served as our Executive Vice President Platform since January 2013. He was Senior Vice President Networks & Operations between 2008 and 2012, having previously served in a variety of positions at Akamai since joining us in 1999.

Table of Contents

James Gemmell, age 58, became our Executive Vice President and Chief Human Resources Officer in January 2015. He joined Akamai in April 2013 as Senior Vice President and Chief Human Resources Officer. Previously, he was employed at Cisco Systems, the technology equipment maker, from 2000 until April 2013, most recently serving as Executive Advisor from October 2012 through March 2013.

Adam Karon, age 47, joined Akamai in February 2005 and has served in numerous leadership positions during his tenure. In March 2017, he became Executive Vice President and General Manager of the Media and Carrier Division. From July 2011 through December 2013, he was a Vice President in our services organization. He served as Senior Vice President, Global Services and Support from January 2014 through February 2017.

Rick McConnell, age 53, became Akamai s President and General Manager of the Web Division in May 2016, having previously served as President Products and Development from January 2013 through May 2016 and Executive Vice President Products and Development from November 2011 through December 2012. Prior to joining Akamai, Mr. McConnell was in a number of executive positions at Cisco Systems. Mr. McConnell was Chief Executive Officer of Latitude Communications, which was acquired by Cisco in January 2004.

Bill Wheaton, age 57, joined Akamai in 2000 as a result of our acquisition of InterVu, Inc. Mr. Wheaton served in a variety of roles before being promoted from Vice President to Senior Vice President, Media Business Unit in 2011. He was Executive Vice President, Media Division from July 2015 through February 2017. He became our Chief Strategy Officer in March 2017.

Security Ownership of Certain Beneficial Owners and Management

The following table includes information as to the number of shares of our common stock beneficially owned as of February 28, 2019, by the following:

🌑 each person known to us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

🌑 each of our directors;

🌑 our Named Executive Officers, who consist of (i) our principal executive officer during 2018; (ii) our principal financial officer during 2018; and (iii) our three other most highly compensated employees who were serving as executive officers on December 31, 2018; and

🌑 all of our executive officers and directors as of February 28, 2019 as a group.

Beneficial ownership is determined in accordance with the rules of the Commission and includes voting and/or investment power with respect to shares. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to shares of common stock identified below, except to the extent authority is shared by spouses under applicable law. Beneficial ownership includes any shares that the person has the right to acquire within 60 days after February 28, 2019, through the exercise of any stock option or other equity right. Unless otherwise indicated, the address of each person identified in the table below is c/o Akamai Technologies, Inc., 150 Broadway, Cambridge, Massachusetts 02142. On February 28, 2019, there were 163,170,332 shares of our common stock outstanding.

Table of Contents

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Outstanding (%)
5% Stockholders		
The Vanguard Group (1)	16,672,094	10.2
BlackRock, Inc. (2)	11,121,568	6.8
FMR LLC (3)	8,649,618	5.3
Directors		
Pamela J. Craig (4)	47,866	*
Monte Ford (5)	41,012	*
Jill A. Greenthal (6)	38,039	*
Daniel Hesse (7)	9,862	*
Peter T. Killalea		*
F. Thomson Leighton	3,022,125	1.9
Jonathan Miller	14,671	*
Paul Sagan (8)	377,702	*
Frederic V. Salerno	72,180	*
Naomi O. Seligman (9)	40,895	*
Bernardus Verwaayen (10)	45,654	*
William R. Wagner		*
Other Named Executive Officers		
James Benson	56,757	*
Robert Blumofe	31,109	*
Adam Karon	22,822	*
Rick McConnell	49,308	*
All executive officers and directors as of February 28, 2019 as a group (19) persons) (11)	3,913,125	2.4

* Percentage is less than 1% of the total number of outstanding shares of our common stock.

(1) The information reported is based on a Schedule 13G/A filed with the Commission on February 11, 2019 by The Vanguard Group, Inc., or Vanguard, which reports its address as 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. Vanguard reports that it holds sole dispositive power with respect to 16,434,229 shares, sole voting power with respect to 200,031 shares, shared voting power with respect to 39,275 shares and shared dispositive power with respect to 237,865 shares.

(2) The information reported is based on a Schedule 13G/A filed with the Commission on February 11, 2019 by BlackRock, Inc., or BlackRock, which reports its address as 55 East 52nd Street, New York, New York 10055. BlackRock reports that it holds sole voting power with respect to 9,710,536 shares and sole dispositive power with respect to all of the shares held by it.

(3) The information reported is based on a Schedule 13G filed with the Commission on February 13, 2019 by FMR LLC, which reports its address as 245 Summer Street, Boston, Massachusetts 02210. FMR LLC reports that it has sole voting power with respect to 458,839 shares and sole dispositive power with respect to all of the shares held by it.

(4) Includes 5,158 shares issuable in respect of DSUs that have vested but not yet been distributed.

(5) Includes 24,271 shares of our common stock issuable upon exercise of stock options exercisable within 60 days after February 28, 2019.

(6) Includes 4,842 shares issuable in respect of DSUs that have vested but not yet been distributed.

(7) Includes 4,737 shares issuable in respect of DSUs that have vested but not yet been distributed.

(8) Includes 6 shares held by Mr. Sagan in a trustee capacity and 9,112 shares issuable in respect of DSUs that have vested but not yet been distributed.

(9) Consists of shares issuable in respect of DSUs that have vested but not yet been distributed.

(10) Consists of 25,062 shares of our common stock issuable upon exercise of stock options exercisable within 60 days after February 28, 2019 and 20,592 shares issuable in respect of DSUs that have vested but not yet been distributed.

(11) Includes 49,333 shares of our common stock issuable upon exercise of stock options exercisable within 60 days after February 28, 2019, 867 shares issuable in respect of restricted stock units, or RSUs, vesting within such time period, and 85,336 shares issuable in respect of DSUs that have vested but not yet been distributed.

Board Leadership and Role in Risk Oversight

Chairman of the Board

In March 2018, Frederic Salerno was elected as our independent Chairman of the Board. In this role, he works with his fellow directors and management to prepare Board meeting agendas, chairs meetings of the Board (including its independent director sessions) and our annual stockholder meetings and informs other directors about the overall progress of Akamai. Mr. Salerno also provides leadership and advice to management on key strategic initiatives and seeks to ensure effective communication among the committees of the Board. He leads discussions on the performance of the Chief Executive Officer and succession planning for executive officers and other key management positions. Mr. Salerno also led our 2018 director peer evaluation process.

Roles of Chairman of the Board and CEO

Currently, the roles of Chairman of the Board of Directors and Chief Executive Officer are held by two different individuals. We believe this structure represents an appropriate allocation of roles and responsibilities at this time. Mr. Salerno, as a strong independent director, is able to play a key role in ensuring Board effectiveness, management oversight and adherence to good governance principles. Dr. Leighton is then better able to focus on our day-to-day business and strategy, meet with investors and convey the management perspective to other directors.

Table of Contents

Risk Oversight

Our Board of Directors has an active role in supervising management s oversight of Akamai s risks. The Board and its committees perform this through both formal and informal mechanisms. They review business, regulatory, operational, cyber security and other risks that are incorporated in operating and strategic presentations that members of management and our advisors make to the Board. In addition, the Board regularly reviews information regarding our liquidity and operations, as well as the risks associated with each.

Financial reporting risks are typically addressed by the Audit Committee through internal audits, committee agenda items, ethics and whistleblower updates and other discussions. As an example, the Audit Committee has overseen and reviewed analyses prepared by our internal audit function designed to assess the likelihood that enumerated risks would occur, the harm such risks would create if they occurred and current sufficiency of controls to address such risks. The Audit Committee is also charged with oversight of Akamai s cybersecurity risks, particularly our security practices and controls for both Akamai s internal and external networks, including security frameworks, breach planning and steps being taken to address vulnerabilities.

The Compensation Committee, in consultation with our independent executive compensation consultants, reviews Akamai s management of executive compensation and retention risks as part of its annual executive compensation review and individual compensation discussions. See also the discussion of our annual risk assessment in How We Evaluate and Address Risk in Our Compensation Policies and Practices in Part Two of this Proxy Statement. The full Board typically reviews on an annual basis executive succession planning and development.

The Nominating and Corporate Governance Committee, or the N&G Committee, assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with Board organization, membership and structure, succession planning for our directors and executive officers, and corporate governance.

Board Committees

The standing committees of our Board of Directors consist of an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each committee operates under a charter that has been approved by the Board. Copies of the charters are posted in the Investor Relations section of our website at www.akamai.com. The Board has determined that all of the members of each of the three standing committees of the Board are independent as defined under The Nasdaq Stock Market, Inc. Marketplace Rules, or the Nasdaq Rules, including, in the case of all members of the Audit Committee, the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, in the case of all members of the Compensation Committee, the independence requirements under Rule 10C-1 under the Exchange Act. Membership on each standing committee as of March 1, 2019 is reflected in the chart below.

Membership in Standing Committees as of March 1, 2019

	Audit	Compensation	N&G
Pamela Craig	X*	X	
Monte Ford		X	X
Jill Greenthal	X		X*
Daniel Hesse	X		X
Tom Killalea	X	X	
Jonathan Miller		X	X
Frederic Salerno			X
Naomi Seligman	X		X
Bernardus Verwaayen		X*	X
William Wagner		X	

* Committee Chair

The Board elected Daniel Hesse to become chair of the Nominating and Corporate Governance Committee and Jill Greenthal to become chair of the special Financial Operating Committee effective on March 12, 2019. In addition, the Board elected Frederic Salerno to become chair of the Audit Committee effective on May 15, 2019.

The Audit Committee assists the Board of Directors in overseeing the financial and accounting reporting processes and audits of our financial statements, which includes reviewing the professional services provided by our independent auditors, the independence of such auditors from our management, our annual financial statements and our system of internal financial and IT controls. The Audit Committee also reviews such other matters with respect to our accounting, auditing and financial reporting practices and procedures as it may find appropriate or may be brought to its attention. The Board has determined that Pamela Craig is an audit committee financial expert within the meaning of Item 407(d)(5)(ii) under Regulation S-K promulgated by the Commission under the Exchange Act. Mr. Salerno was appointed to the Audit Committee in March 2019 and was designated an audit committee financial expert. The Board also voted to name him Chair of the Committee effective as of the Annual Meeting. The Audit Committee held 10 meetings in 2018.

The Compensation Committee assists the Board of Directors in discharging its responsibilities relating to the compensation of our executive officers, including determining the compensation of our Chief Executive Officer and other executive officers, administering our bonus, incentive compensation and stock plans, approving equity grants and approving the salaries and other benefits of our executive officers. In addition, the Compensation Committee consults with our management regarding our benefit plans and compensation policies and practices. The Compensation Committee is directly responsible for the appointment and oversight of our independent compensation consultants and other advisors it retains. The Compensation Committee held six meetings in 2018 and took one action by unanimous written consent.

The N&G Committee is responsible for, among other things, identifying individuals qualified to become members of our Board of Directors; recommending to the full Board the persons to be nominated for election as directors and to each of its committees; overseeing self-evaluation of the Board, including the performance of individual directors; and reviewing and making recommendations to the Board with respect to corporate governance practices. The N&G Committee held five meetings in 2018.

The Financial Operating Committee was formed in March 2018 and is responsible for, among other things, reviewing and evaluating our operating margins and assisting and advising on a long-term margin improvement plan designed to create durable, sustainable long-term stockholder value. The members of the Financial Operating Committee are Frederic Salerno (Chair), Pamela Craig, Tom Leighton, Jonathan Miller and William Wagner. It held six meetings in 2018.

Meeting Attendance

The Board of Directors held 20 meetings during 2018 and took two actions by unanimous written consent. Each incumbent director attended more than 75% of the total number of meetings of the Board and each committee on which he or she served during the fiscal year ended December 31, 2018. All directors are expected to attend regular Board meetings, Board committee meetings for committees on which he or she serves and our annual meeting of stockholders. All of our directors, other than Messrs. Sagan and Verwaayen, attended the 2018 Annual Meeting of Stockholders.

Determination of Independence

Under the Nasdaq Rules, a director of Akamai will only qualify as an independent director if, in the opinion of the Board of Directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that each of the following individuals is an independent director as defined under Nasdaq Rule 5605(a)(2):

Pamela Craig	Monte Ford	Jill Greenthal
Daniel Hesse	Tom Killalea	Jonathan Miller
Frederic Salerno	Naomi Seligman	Bernardus Verwaayen
William Wagner		

In making its independence determination with respect to Mr. Wagner, the Board considered that, in 2018, Akamai sold approximately $1.6 million of products and services to, and purchased approximately $69,000 of products and services from, LogMeIn, Inc., where Mr. Wagner is an executive officer. The amount of sales and the amount purchases in 2018 were less than 1% of LogMeIn, Inc. s annual revenues and less than 1% of Akamai s annual revenues and the transactions were conducted in the ordinary course of business, on commercial terms and on an arms -length basis.

Our independent directors meet separately as part of each Board meeting and at other times as appropriate. In the independent director sessions, Mr. Salerno and the other independent directors review management performance, assess the focus and content of meetings of the Board and establish the strategic issues that the Board believes should be the focus of management s attention to drive short-term and longer-term business success. Mr. Salerno then provides feedback to the Chief Executive Officer and other members of management on their performance and important issues on which the independent members of the Board believe management should focus.

Director Compensation

The Compensation Committee, with the help of an outside advisor, periodically reviews the compensation structure and levels paid to non-employee directors and makes recommendations for adjustments, as appropriate, to the Board. Our objective is to pay non-employee directors over time at or near the median of our executive compensation benchmarking peer group, to award the majority of compensation in equity, and to make meaningful adjustments every few years. As a result, we typically make adjustments when we fall below the median, and after such adjustments to provide compensation that is in the range of the median levels for our executive compensation benchmarking peer group.

In early 2019, the Compensation Committee s independent compensation consultant conducted a benchmarking review of our outside director compensation, covering both compensation levels and program design as compared to our peer group and shared its findings with committee members. The results of the review indicated that our non-employee director program is aligned with our peers, both in terms of practices and structure as well as pay levels. After discussion, the Compensation Committee determined not to make any changes to outside director compensation for 2019.

The Board of Directors has approved an amendment to the Akamai Technologies, Inc. 2013 Stock Incentive Plan, as amended to date, which we refer to as the 2013 Stock Incentive Plan, to cap annual individual director compensation at $1 million (including both cash and the value of equity awards, as determined for financial reporting purposes) absent special circumstances. See Part Three, Item Two Approval of Amendments to 2013 Stock Incentive Plan below for further discussion of this amendment.

Table of Contents

The following table sets forth compensation paid in 2018 to our directors for their service as directors, other than Dr. Leighton, whose compensation is reflected in Executive Compensation Matters below.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Total ($)
George H. Conrades (2)		299,943	299,943
Pamela L. Craig (3)	80,000	244,948	324,948
Monte Ford (4)	75,000	224,960	299,960
Jill A. Greenthal (5)	80,000	229,976	309,976
Daniel Hesse (6)	75,000	224,960	299,960
Tom Killalea (7)		224,960	224,960
Jonathan Miller (8)	75,000	224,960	299,960
Paul Sagan (9)	75,000	224,960	299,960
Frederic V. Salerno (10)	80,000	279,984	359,984
Naomi O. Seligman (11)	75,000	224,960	299,960
Bernardus Verwaayen (12)	80,000	244,948	324,948
William Wagner (13)		224,960	224,960

(1) For individuals other than Messrs. Conrades, Killalea and Wagner, consists of DSUs granted to directors on June 1, 2018. Messrs. Killalea and Wagner were issued RSUs on April 13, 2018 following their appointment to the Board and DSUs on the date of the 2018 Annual Meeting of Stockholders. Mr. Conrades was granted RSUs in connection with his retention as an executive advisor to our CEO. The amount reflects the grant date fair value, calculated in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718.

(2) Mr. Conrades served as Chairman of the Board of Directors from 2017 until May 31, 2018; cash compensation reflects amounts paid for such service. He was an advisor to our CEO from June 1, 2018 through December 31, 2018; equity compensation reflects amounts paid for such service. At December 31, 2018, Mr. Conrades held 4,038 unvested RSUs.

(3) At December 31, 2018, Ms. Craig held 3,223 unvested DSUs.

(4) At December 31, 2018, Mr. Ford held 2,960 unvested DSUs and stock options to purchase 24,721 shares of our common stock.

(5) At December 31, 2018, Ms. Greenthal held 3,026 unvested DSUs.

(6) At December 31, 2018, Mr. Hesse held 2,564 unvested RSUs and 2,960 unvested DSUs.

(7) Stock award compensation consists of $400,000 in grant date fair value of RSUs and $225,000 in grant date fair value of DSUs. At December 31, 2018, Mr. Killalea held 5,599 unvested RSUs and 2,960 unvested DSUs.

(8) At December 31, 2018, Mr. Miller held 2,960 unvested DSUs.

(9) At December 31, 2018, Mr. Sagan held 2,960 unvested DSUs.

(10) At December 31, 2018, Mr. Salerno held 3,684 unvested DSUs.

(11) At December 31, 2018, Ms. Seligman held 2,960 unvested DSUs.

(12) At December 31, 2018, Mr. Verwaayen held 3,223 unvested DSUs and stock options to purchase 25,062 shares of our common stock.

Table of Contents

(13) Stock award compensation consists of $400,000 in grant date fair value of RSUs and $225,000 in grant date fair value of DSUs. At December 31, 2018, Mr. Wagner held 5,599 unvested RSUs and 2,960 unvested DSUs.

Under our non-employee director compensation plan, non-employee directors are entitled to receive annual compensation of $300,000, of which $75,000 is paid in cash and $225,000 is paid in DSUs representing the right to receive shares of Akamai common stock. This compensation is generally paid or, in the case of DSUs, granted, on the date of our annual meeting of stockholders, and the number of DSUs issued is based on the fair market value of our common stock on that date. For so long as the person remains a director, DSUs will vest in full on the first anniversary of the grant date, but a director may defer distribution of his or her shares for up to ten years. If a director has completed one year of service on our Board, vesting of 100% of the DSUs held by such director will accelerate at the time of his or her departure from the Board.

In addition, our Chairman of the Board is entitled to $80,000 of additional annual compensation, of which $25,000 is paid in cash and $55,000 is paid in DSUs. Chairs of the Audit Committee and the Compensation Committee are entitled to $25,000 of additional compensation, of which $5,000 is paid in cash and $20,000 is paid in DSUs. The Chair of the N&G Committee is entitled to $10,000 of additional compensation, of which $5,000 is paid in cash and $5,000 is paid in DSUs. Each non-employee director is eligible to receive RSUs with a fair value at the time of grant of $400,000 when he or she joins the Board. Such RSUs vest over a three-year period, with one-third vesting on each of the first, second and third anniversaries of the date of grant. We also reimburse directors for reasonable out-of-pocket expenses incurred in attending meetings of the Board.

Stock Ownership Guidelines

We have minimum stock ownership requirements for our senior management team and Board of Directors. Pursuant to the guidelines, each member of Akamai s senior management team is required to own a number of shares of our common stock having at least the value calculated by applying the following multiples: for the Chief Executive Officer, six times his base salary; for our other Named Executive Officers, two times his or her base salary; and for other executives, one times his or her base salary. In addition, each non-employee director is required to own a number of shares of our common stock having a value equal to five times his or her then-current base cash retainer. If a director s base cash retainer or an executive s base salary is increased, the minimum ownership requirement is re-calculated at the end of the year in which the increase occurred, taking into account our stock price at that time. If a non-employee director or executive fails to meet the ownership guidelines as of a test date that occurs after the period of time for attainment of the ownership level, he or she will not be permitted to sell any shares of our common stock until such time as he or she has exceeded the required ownership level. A more detailed description of these guidelines, including the timeline for compliance, is set forth in our Corporate Governance Guidelines, which are posted on our website at www.akamai.com/html/investor/corporate_governance.html. All directors are currently in compliance with the ownership guidelines. See Stock Ownership Requirements in Part

Table of Contents

Two of this Proxy Statement for additional information regarding our executive officers compliance with the ownership guidelines.

N&G Committee s Process for Reviewing and Considering Director Candidates

The N&G Committee assists the Board of Directors in identifying and attracting individuals qualified to become members of our Board. In executing its mission to solicit qualified candidates to become directors of Akamai, the N&G Committee seeks to attract qualified potential candidates from varied backgrounds who have a strong desire to understand and provide insight about Akamai s business and corporate goals; to understand and contribute to the role of the Board in representing the interests of stockholders; and to promote good corporate governance and ethical behavior by the members of the Board and our employees.

Criteria Used to Consider Nominees to the Board of Directors

In assessing whether an individual has these characteristics and whether to recommend any particular candidate for inclusion in the Board of Directors slate of recommended director nominees, the N&G Committee will apply the criteria attached to its charter. These criteria include:

🌑 Integrity, honesty and adherence to high ethical standards

🌑 Business and financial acumen

🌑 Knowledge of Akamai s business and industry

🌑 Experience in business, government, or other fields relevant to our business

🌑 Diversity

🌑 Avoidance of potential conflicts of interest with various constituencies of Akamai

🌑 Commitment to dedicate the necessary time and attention to Akamai

🌑 Ability to act in the interests of all stockholders

The Board particularly values demonstrated leadership experience and skills and reputation for high standards of honesty, ethics and integrity. Although the N&G Committee does not assign specific weights to particular criteria, we believe that it is essential that all potential Board members have integrity and honesty, adhere to high ethical standards and possess a commitment to dedicate the necessary time and attention to Akamai and an ability to act in the interests of all stockholders without any potential personal conflict of interest. The N&G Committee and the Board believe that the backgrounds and qualifications of its directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

With respect to considering whether to re-nominate our incumbent directors, the N&G Committee and the full Board apply the criteria discussed above. The Board may also take into account information available to it about directors professional status and performance on other boards of directors. In addition, each of our directors annually undergoes an evaluation by the other directors, which measures, among other things, the director s contributions to the Board including his or her knowledge, experience and judgment. In addition, if there is a change in a director s professional status, under our Corporate Governance Guidelines, that director must offer to resign from the Board and in considering whether to accept the resignation, the Board considers whether the director s new status continues to complement the Board s skills and qualities.

Importance of Diversity

Since adoption in 2003, the Criteria for Nomination as a director appended to Akamai s N&G Committee charter have always emphasized the importance of diversity in determining the appropriate composition of our Board of Directors. The Criteria specifically state, The [N&G] Committee shall actively consider nominees who can contribute to the diversity of the Board in terms of gender, race, ethnicity, professional background. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. To help us maintain the broad diversity we have already achieved and to continually assess the effectiveness of this diversity policy, the Board conducts an annual self-evaluation and survey. The survey questions include an assessment of whether the composition of the Board is appropriately diverse and reflects the skills, experience and other characteristics consistent with achieving our corporate goals now and in the coming years.

Female and/or minority directors currently make up one-third of the total Board. With the planned departures from the Board of Mses. Craig and Seligman at the time of the Annual Meeting, we are actively engaged in a process to find additional women and other diverse candidates to join the Board.

Process for Identifying Candidates to Serve as Directors

To identify and evaluate attractive candidates, the members of the N&G Committee actively and regularly solicit recommendations for highly-qualified director candidates, including from other members of Akamai s Board of Directors and other professional contacts. From time to time, we have also retained professional search firms to help identify individuals that would meet our selection criteria. As potential candidates emerge, the N&G Committee meets from time to time to evaluate biographical information and background material relating to potential candidates; discusses those individuals with other members of the Board; and reviews the results of personal interviews and meetings conducted by members of the Board, senior management and our outside advisors.

At the Annual Meeting, stockholders will be asked to consider the election of Mr. Killalea who has been nominated for election as a director for the first time. Mr. Killalea was appointed to the Board in 2018. He was initially recommended by a non-employee director on our Board.

Stockholders may recommend individuals to the N&G Committee for consideration as potential director candidates by submitting their names, together with appropriate biographical information and background materials and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made, to Nominating and Corporate Governance Committee, c/o Corporate Secretary, Akamai Technologies, Inc., 150 Broadway, Cambridge, Massachusetts 02142. Assuming that appropriate biographical and background material has been provided on a timely basis, the N&G Committee will evaluate stockholder-recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Stockholders also have the right under Akamai s bylaws to directly nominate director candidates, without any action or recommendation on the part of the N&G Committee or the Board, by following the procedures set forth in our bylaws and described under Deadline for Submission of Stockholder Proposals for the 2020 Annual Meeting below.

The Board will give appropriate attention to written communications that are submitted by stockholders and will respond if and as appropriate. The Chairman of the Board, with the assistance of our General Counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors as he or she considers appropriate. Communications are forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the Chairman of the Board considers to be important for the Board to know.

Stockholders who wish to send communications on any topic to the Board should address such communications to Board of Directors, c/o Corporate Secretary, Akamai Technologies, Inc., 150 Broadway, Cambridge, Massachusetts 02142.

Compensation Committee Interlocks and Insider Participation

Ms. Craig and Messrs. Ford, Miller and Verwaayen were members of the Compensation Committee throughout 2018. In 2018, Messrs. Killalea and Wagner served as members of the Compensation Committee from June 1, 2018 until December 31, 2018. No member of the Compensation Committee was at any time during 2018, or formerly, an officer or employee of Akamai or of any of our subsidiaries, and no member of the Compensation Committee had any relationship with us requiring disclosure under Item 404 of Regulation S-K under the Exchange Act. No member of the Compensation Committee receives compensation, directly or indirectly, from Akamai in any capacity other than as a director.

None of our executive officers served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity where an

Table of Contents

executive officer of that entity also served as a director or member of our Compensation Committee at any time during 2018.

Report of the Audit Committee

The Audit Committee of our Board of Directors has furnished the following report on the Audit Committee s review of our audited financial statements:

The Audit Committee of Akamai s Board of Directors is responsible for, among other things:

- 🌑 Monitoring the integrity of Akamai s consolidated financial statements
- 🌑 Oversight of Akamai s compliance with legal and regulatory requirements
- 🌑 Oversight of Akamai s system of internal controls (including oversight of our internal audit function, which reports directly to the Audit Committee)
- 🌑 Oversight of Akamai s management of cybersecurity risks
- 🌑 Appointment, oversight and evaluation of the qualifications, independence and performance of our internal and independent auditors with the authority to replace Akamai s independent auditors
- 🌑 Review and oversight of handling of ethical and compliance issues brought to the attention of management and the Board
- 🌑 Review of management s enterprise risk assessments

The Audit Committee acts under a written charter that is available on our website at www.akamai.com/html/investor/corporate_governance.html. The members of the Audit Committee are independent directors as defined by the Audit Committee charter and the Nasdaq Rules.

Akamai s management is responsible for the financial reporting process, including Akamai s system of internal controls, and for the preparation of consolidated financial statements in accordance with GAAP. PricewaterhouseCoopers LLP, or PwC, Akamai s independent auditors, is responsible for auditing those financial statements and expressing an opinion as to their conformity with GAAP. The Audit Committee s responsibility is to oversee and review these processes. The members of the Audit Committee are not, however, professionally engaged in the practice of accounting or auditing and do not provide any expert or other special assurance as to the financial statements concerning compliance with laws, regulations or GAAP or as to auditor independence.

Our Director of Internal Audit reports directly to the Audit Committee. The Internal Audit function annually conducts a series of audits to test Akamai s internal financial and IT controls. This annual internal audit plan is reviewed and approved by the Audit Committee. Individual audit reports are reviewed at each Audit Committee meeting and any deficiencies are reviewed with management.

Table of Contents

We reviewed Akamai s audited consolidated financial statements that were included in Akamai s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed with the Commission, which we refer to herein as the Financial Statements. We reviewed and discussed the Financial Statements with Akamai s management and PwC. PwC has represented to the Audit Committee that, in its opinion, Akamai s Financial Statements were prepared in accordance with GAAP. We discussed with PwC the matters required to be discussed by AS 1301: Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board.

We also discussed with PwC its independence from Akamai and considered whether PwC s rendering of certain services to Akamai, other than services rendered in connection with the audit or review of the Financial Statements, is compatible with maintaining PwC s independence. See Ratification of Selection of Independent Auditors included elsewhere in this Proxy Statement. In connection with these matters, Akamai received the written disclosures and letter from PwC required by the applicable requirements of the Public Company Accounting Oversight Board.

Based on our review of the Financial Statements and reports to us and our participation in the meetings and discussions described above, and subject to the limitations on our role and responsibilities referred to above and in the Audit Committee charter, we recommended to the Board of Directors that the Financial Statements be included in Akamai s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 as filed with the Commission.

We have also appointed PwC to act as Akamai s independent auditors for 2019.

Audit Committee

Pamela Craig Chair	Jill Greenthal	Dan Hesse
Tom Killalea	Naomi Seligman	

Certain Relationships and Related Party Transactions; Code of Ethics; Interest in Annual Meeting Matters

Akamai did not enter into any transactions of the type required to be disclosed under Item 404 of Regulation S-K under the Exchange Act. Under our written Code of Ethics, our employees and members of our Board of Directors are prohibited from entering into any business, financial, or other relationship with our existing or potential customers, competitors, or suppliers that might impair, or appear to impair, the exercise of his or her judgment for Akamai. Our Code of Ethics also prohibits situations involving Akamai entering into a business transaction with an executive officer or director, a family member of an executive officer or director, or a business in which such a person has any significant role or interest if such a transaction could give rise to a conflict of interest. Our executive officers and directors are obligated under the Code of Ethics to disclose to our Legal Department any existing or proposed transaction or relationship that reasonably could be

Table of Contents

expected to give rise to a conflict of interest. Under the procedures reflected in our Code of Ethics and Audit Committee Charter, proposed related party transactions are subject to review to determine if they are in our best interests and, if such transaction is entered into, the conditions under which it may proceed. Proposed transactions involving executive officers, other than the General Counsel, are reviewed and subject to approval by the General Counsel after notifying the Audit Committee and the Chairman of the Board. Proposed transactions involving the General Counsel or a director are reviewed and subject to approval by disinterested members of the Audit Committee after notifying the Chairman of the Board.

No person who served as a director or executive officer of Akamai during the year ended December 31, 2018 has a substantial interest, direct or indirect, in any matter to be acted upon at the Annual Meeting. Each executive officer serves at the discretion of the Board and holds office until his or her successor is elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Table of Contents

Compensation Discussion and Analysis (CD&A)

The following discussion and analysis of Akamai s executive compensation objectives, policies and practices is designed to provide an overview of the material elements of our compensation structure. This discussion is focused on the following persons who served as Akamai executive officers in 2018:

Name	Title	Date Appointed to Current Role	Year of Hire
F. Thomson Leighton	Chief Executive Officer	January 2013	1998
James Benson	Chief Financial Officer	February 2012	2009
Robert Blumofe	EVP, Platform and GM of Enterprise Division	April 2016	1999
Adam Karon	EVP, GM Media and Carrier Division	March 2017	2005
Rick McConnell	President and GM Web Division	May 2016	2011

We refer to these individuals as our Named Executive Officers or our NEOs. Please refer to the Summary Compensation Table and the additional tables that follow for detailed information on compensation paid to our NEOs.

Executive Summary

In this Executive Summary, we describe our guiding principles on executive compensation, how those principles have aligned with our executive pay outcomes and how we establish our compensation levels and performance targets. We also discuss key compensation policies and practices.

Table of Contents

Our Compensation Principles

We use the following guiding principles to design our compensation programs:

Aligning Executive Compensation with our Performance

Akamai seeks to align executive compensation with performance by:

- 🌑 Tying annual incentive bonuses to performance against specific financial measures
- 🌑 Utilizing performance-based vesting restricted stock units, or PRSUs, that require achievement of financial targets to vest
- 🌑 Granting restricted stock units that require us to meet relative total shareholder return, or TSR, targets in order to vest, which we refer to as TSR-Based RSUs

Table of Contents

We believe that a significant portion of executive pay should be variable and at risk. Specifically, the amount earned by the executive should primarily be tied to our financial performance and the performance of our stock price. The charts below show the percentage of at risk compensation for our CEO and other NEOs at target. We consider compensation to be at risk if vesting is subject to achievement of performance targets and/or the value received is dependent on our stock price.

Overview of Compensation Components

We structure the compensation opportunities for our executive officers using three principal components: base salary, annual incentive bonuses and long-term equity-related incentives. Within our long-term equity incentive program, we grant three types of awards: PRSUs, time-vesting RSUs and TSR-Based RSUs.

We generally align our pay mix strategy with the practices of our peer group when possible and to the extent consistent with our business model. In addition, our pay mix decisions for individual members of management and employees reflect our view of internal pay equity and the ability of a given employee to contribute to our results. In making decisions about how to balance different compensation components, we strive to advance our overarching compensation principles outlined above.

Table of Contents

In the graphic below, we provide an overview of each material component of our 2018 executive compensation program and describe how each component is tied to our compensation objectives.

Setting Compensation Levels for our Executives

Each year we establish the base salary, target annual incentive bonus opportunity and long-term equity incentives for each NEO based on review and assessment of the following factors:

🌑 Each individual s overall performance

🌑 Company performance

🌑 Success in executing against corporate and functional goals

🌑 Importance and scope of role

🌑 Future potential contributions

🌑 Prior background, training and experience

🌑 Internal pay equity considerations

🌑 Retention concerns

🌑 Practices of companies in our compensation benchmarking and design peer groups

We also consider the effect of market or competitive forces, changes in strategy or priorities that may bear upon an individual s performance, and any other specific challenges faced or overcome by each person or the function or unit that they led during the prior fiscal year.

Table of Contents

The Compensation Committee does not assign relative weights or rankings to such factors. Rather, the Compensation Committee relies upon the CEO s recommendations (for NEOs other than the CEO) and the directors knowledge and judgment in assessing the various qualitative and quantitative inputs it receives as to each individual and makes compensation decisions accordingly.

If our results do not meet our expectations, our NEOs will receive compensation that is below target opportunity levels and may be below market in comparison. Similarly, when superior results are achieved, our NEOs may receive compensation that is above their respective target opportunity level. As an example, the chart below demonstrates how our annual bonus plan payouts have closely reflected our financial performance over the past three years:

Setting Financial Performance Targets

Revenue and profitability performance targets are used both in our annual bonus plan and our equity incentive plan. We engage in a rigorous and deliberate process in setting those targets, which are directly linked to our annual operating plan and 3-year strategic plan and are set early in the year. The performance targets for 2018 were also consistent with the financial guidance we gave to investors on our public earnings call in February 2018. As a result, we believe that the performance targets reflect our goals and expectations for the business, are common performance indicators in our industry and are meaningful to our stockholders. The performance goals are rigorous but achievable without encouraging inappropriate risk taking.

Revenue goals are set based on trends in sales of our solutions in prior quarters and reflect our understanding of how markets for our offerings may be evolving, information we learn about customer plans, expectations associated with new product introductions, predictions about macro-economic conditions, changes we have witnessed in the competitive landscape and other factors. Profitability goals are set based on our revenue expectations,

Table of Contents

plans for capital expenditures and hiring, expected growth in operating expenses as well as efforts to curtail spending growth and other factors. Our performance targets are also adjusted during the year to give effect to acquisitions that occur and to eliminate the impact of foreign currency exchange rate fluctuations.

We also carefully set our minimum and maximum target opportunities. Because we primarily derive income from sales of services to customers executing contracts with terms of one year or longer, we have a relatively consistent base level of revenue growth from year to year. In setting annual performance targets and associated payout levels, the Compensation Committee takes this into account. A 5%-10% or greater improvement over target revenue or operating income targets represents excellent performance and is reflected in cash bonus payments; a 5%-10% or greater shortfall against such targets leads to much lower payouts. For example, bonuses are not payable under our annual incentive plan unless revenue achievement is at least 90% of target.

The Compensation Committee has considered using different metrics for the annual incentive and equity incentive programs but has concluded that using both revenue and profitability targets is appropriate because they are fundamental metrics used by investors to assess our performance. In particular, these performance targets represent key metrics by which we are evaluated by investors. We believe they also provide an appropriate and effective balance of performance incentives to focus and motivate executive officers to maximize value for our stockholders without excessive risk-taking, as evidenced by our revenue growth and strong GAAP gross margins and operating margins.

Once the Compensation Committee has approved performance targets, we set a range of payouts that can be earned by the NEOs based on achieved results against those targets. For each performance-based component, there is a threshold level of performance below which no cash, PRSUs or TSR-Based RSUs, as applicable, will be earned and a maximum level where achievement at or above that level would lead to a payout of 200% of target.

The Compensation Committee approves the performance targets and applicable ranges only after the full Board of Directors has met to review, discuss and approve the short- and long-term financial plans for the company.

CEO Compensation

Dr. Leighton became our CEO in January 2013, having previously served as our Chief Scientist since co-founding Akamai. In establishing his salary as CEO, the Compensation Committee considered Dr. Leighton s past compensation history, his significant equity holdings, peer group practices and the desire to include performance-based compensation as the majority of his pay package. This approach conforms to our philosophy of aligning his compensation with the interests of our long-term investors. In 2013, when Dr. Leighton became CEO, his salary was established at $1. In 2018, in order to align Dr. Leighton with his leadership team, the Compensation Committee established an annual target bonus opportunity for him of $1 million, with the remainder of his annual compensation to be

Table of Contents

market competitive and consisting of equity-based components. The Compensation Committee and Dr. Leighton agreed that his earned 2018 annual incentive bonus would be paid to him in shares of our common stock in lieu of cash to reinforce further the alignment of his compensation with stockholder interests. Ultimately, nearly 100% of Dr. Leighton s compensation is at risk.

Compensation Policies and Practices Highlights

Every year, the Compensation Committee assesses the effectiveness of the performance of our compensation plans and practices. We evaluate the financial metrics we use and how our programs compare with those used by our peer group companies. We also consider whether our goal of aligning awards with performance is being realized and if programs appear to have led to any unintended consequences. In recent years, we have continuously taken steps to strengthen and improve our executive compensation policies and practices. Highlights of our current policies and practices include:

What we do and don t do

We align executive compensation with the interests of our stockholders by designing our executive compensation to avoid excessive risk and foster sustainable growth	Focus on Performance-Based Pay Include a Relative Market-Based Performance Metric (TSR) in Executive Compensation Mitigate Undue Risk in Compensation Programs Include Double-Trigger Change in Control Provisions for All Equity Awards Issued to NEOs After 2015 Utilize Objective Performance Metrics Review Tally Sheets when Making Executive Compensation Decisions Provide Modest Perquisites Enforce Stock Ownership Guidelines for Officers and Directors Bonus and PRSU Awards Have Maximum Payout Caps
We adhere to executive compensation best practices	Prohibit Hedging Transactions and Short Sales by Executive Officers or Directors Prohibit Pledging of Company Stock Maintain a Clawback Policy Mitigate Potential Dilutive Effect of Equity Awards Through Robust Share Repurchase Program Utilize an Independent Compensation Consulting Firm that Provides No Other Services to Akamai Provide Reasonable Post-Employment/Change in Control Provisions No Employment Contracts (unless required by law) No Repricing Underwater Stock Options No Excise Tax Gross-Ups Upon Change in Control

Table of Contents

2018 Executive Compensation Program and Results

In this section, we describe our 2018 NEO compensation program including the impact of our 2018 financial performance on overall achievement.

Base Salary

Base salary is used to provide NEOs with a fixed amount of annual cash compensation. The Compensation Committee views base salary as a way to attract and retain talent by providing a reliable source of income while also motivating strong business performance without encouraging excessive risk taking. Base salaries represent a relatively small percentage of our overall compensation in order to ensure that our programs provide significant alignment with our stockholders interests.

Each year, the Compensation Committee evaluates each NEO s base salary and the other components of his or her compensation to ensure that total compensation is in line with our overall compensation philosophy. Data from our benchmarking peer group indicated that the 2018 base salaries for our NEOs as a group (other than the CEO) were, on average, slightly below market median. The Committee addressed some of these gaps with the increases reflected in the table below.

Year-End 2018 Base Salaries for Named Executive Officers

Name	2018 Base Salary	Percentage Increase from 2017
Dr. Leighton	$1	0%
Mr. Benson	$500,000	4.2%
Dr. Blumofe	$490,000	3.2%
Mr. Karon	$450,000	12.5%
Mr. McConnell	$565,000	2.7%

Annual Incentive Bonuses

Annual incentive bonuses are performance-based awards that are intended to drive the achievement of key business results while rewarding NEOs based upon their contributions to Akamai s success. Each year, the Compensation Committee sets a target annual incentive bonus award opportunity for each NEO, or Target Annual Bonus Opportunity, expressed as a percentage of base salary, based upon each executive s role and responsibilities, internal equity considerations and peer group data. The Compensation Committee believes that the Target Annual Bonus Opportunity should make up a more significant portion of an NEO s total target cash compensation as the executive s level of responsibility increases.

Each NEO has the opportunity to earn between 0% and 200% of his or her Target Annual Bonus Opportunity based on performance against objective financial targets. The Compensation Committee believes that these goals and objectives encourage a balanced

Table of Contents

focus on revenue growth and profitability. Data from our benchmarking peer group indicated that, on average, our NEOs Target Annual Bonus Opportunity was slightly below market median.

The table below reflects the structure of the annual incentive program as well as 2018 performance against target. The overall payout percentage against the Target Annual Bonus Opportunity was 155.2% due to positive revenue growth and significant overachievement in profitability.

2018 Annual Incentive Bonus Plan Targets and Results

Metric	% Weighting	Why We Use This Metric	2018 Target	2018 Actual	Achievement % Against Target	Payout % Against Target
Revenue (adjusted for foreign currency)*	50%	Revenue is a fundamental measure of our success at selling our solutions, innovating and competing in the marketplace.	$2,678.9 million	$2,719.8 million	101.5%	115.3%
Non-GAAP Operating Income*	50%	Non-GAAP operating income is an indicator of profitability that eliminates the effects of events that either are not part of our core operations or are non-cash as well as the impact of income taxes; we use it as a component of the bonus targets to align our executives interests with those of our investors.	$655.1 million	$717.5 million	109.5%	195.2%

Overall Payout as a % Against Target	155.2%

* Refer to Financial Metrics Definitions below for an explanation of the calculation of this measure.

The table below shows each NEO s payout against the Target Annual Bonus Opportunity for 2018, with payout based on actual salary earnings during the year:

Name	Target Annual Bonus Opportunity	2018 Actual Payout (155.2%)
Dr. Leighton	$ 1,000,000	$ 1,552,185
Mr. Benson	$ 416,500	$ 646,485
Dr. Blumofe	$ 386,000	$ 599,143
Mr. Karon	$ 340,000	$ 527,743
Mr. McConnell	$ 557,500	$ 865,343

Table of Contents

The Compensation Committee and Dr. Leighton agreed that his earned 2018 annual incentive bonus would be paid to him in shares of our common stock in lieu of cash.

Long-Term Equity Incentives

We believe that long-term equity-based compensation grants motivate and reward strong corporate performance, provide incentives for our NEOs that align with executive and stockholder interests and enhance stockholder value. In addition, these awards assist in attracting and retaining our NEOs. In 2018, we issued three types of RSUs to our NEOs: PRSUs that vest based upon our performance against absolute financial metrics; Time-Vesting RSUs that vest based on continued employment with us; and relative TSR-Based RSUs that vest based on how our stock performs relative to an established peer group over a three-year period. The chart below explains why we granted each award type to our NEOs in 2018.

Type of RSU	Why We use This Type of RSU	Vesting Schedule	Weighting
PRSUs	By tying vesting to achievement against absolute revenue and non-GAAP earnings per share* financial goals, we align our executives compensation with core financial metrics that we believe are meaningful indicators of our corporate performance.	3-year cliff	40%
Time-Vesting RSUs	RSUs that vest over the passage of time provide compensation certainty that helps retain our NEOs and incent them to enhance stockholder value.	1/3 annually over 3 years	40%
Relative TSR-Based RSUs	TSR-Based RSUs directly align our executives compensation with how our stock price has performed relative to our peer group, enhancing the alignment of management and investor interests.	3-year cliff	20%

* Refer to Financial Metrics Definitions below for an explanation of the calculation of this measure.

/46/

Table of Contents

The Compensation Committee sets each NEO s target equity award value based on market data, future expected contributions and performance, job responsibilities and duties. Data from our benchmarking peer group indicated that, on average, our NEOs 2018 target equity grant values were slightly above market median. The grant-date target 2018 long-term equity incentive values for our NEOs were:

Name	Target Value for PRSUs	Target Value for Time-Vesting RSUs	Target Value for TSR-Based RSUs	Total
Dr. Leighton	$ 3,400,000	$ 3,400,000	$ 1,700,000	$ 8,500,000
Mr. Benson	$ 1,080,000	$ 1,080,000	$ 540,000	$ 2,700,000
Dr. Blumofe	$ 1,080,000	$ 1,080,000	$ 540,000	$ 2,700,000
Mr. Karon	$ 920,000	$ 920,000	$ 460,000	$ 2,300,000
Mr. McConnell	$ 1,560,000	$ 1,560,000	$ 780,000	$ 3,900,000

PRSUs. Each NEO has the opportunity to earn between 0% and 200% of his or her target PRSUs based on achievement against annual revenue and non-GAAP earnings per share performance targets for each of 2018, 2019 and 2020. One-third of an NEO s 2018 PRSUs may be earned over each one-year period. At the beginning of each year, the Compensation Committee sets the performance targets for the year. After the conclusion of the year and the Compensation Committee s certification of achieved performance, however, vesting of any earned PRSUs does not occur until the date of the Compensation Committee s certification of our financial results for 2020.

In structuring our PRSUs, we sought to achieve a balance between the desire to incorporate specific performance-based components in the long-term incentive compensation for NEOs with an acknowledgment of the difficulties inherent in establishing long-term performance goals in our industry where traffic and other trends are outside of our control and consistently unpredictable. Although we carefully considered the implications of using one-year performance periods as opposed to a single three-year period, we ultimately determined that any drawbacks were outweighed by the desire to avoid any unintended consequences of motivating the wrong behavior or limiting Akamai s flexibility as a result of outdated or inapplicable long-term goals. The Committee also took into consideration that use of one-year performance periods is a common practice within our benchmarking and design peer groups and industry.

We use revenue as a target metric for our PRSUs, as well as our annual bonus plan, because it is a fundamental metric used by investors to assess our performance. Revenue growth is also key to both our short- and long-term strategic plans.

Because the PRSUs are dependent upon annual financial goals, the values reported in the Summary Compensation Table below are different than the target values set forth in the tables above. Financial Accounting Standards Board ASC Topic 718 requires that the value of the PRSUs reported in the Summary Compensation Table include only that portion of the

Table of Contents

value of the PRSUs for which annual financial performance metrics were established during fiscal 2018 based on probable achievement of such metrics. As a result, for the 2018 PRSUs, the Summary Compensation Table does not include the value of the PRSUs based on the annual financial metrics for fiscal 2019 or fiscal 2020. Such amounts will be included as equity compensation in the Summary Compensation Table for fiscal 2019 and fiscal 2020, respectively, when the financial metrics are established.

The chart below shows the applicable 2018 performance metrics and our achievement against them:

2018 PRSU Targets and Results

Metric	% Weighting	Why We Use This Metric	2018 Target	2018 Actual	Achievement % Against Target	% of PRSUs Earned Against Target
Revenue (adjusted for foreign currency)*	50%	Revenue is a fundamental measure of our performance against our long-term growth strategy.	$2,678.9 million	$2,719.8 million	101.5%	115.3%
Non-GAAP Earnings per Share*	50%	Non-GAAP earnings per share is an indicator of profitability that eliminates the effects of events that either are not part of our core operations or are non-cash as well as the impact of income taxes; we use it as a performance target to align our executives interests with	$3.02/per share	$3.61/per share	119.5%	200%

those of our investors.

Overall Payout as a % Against Target	157.6%

* Refer to Financial Metrics Definitions below for an explanation of the calculation of this measure.

Relative TSR-Based RSUs. Each NEO has the opportunity to earn between 0% and 200% of his or her target TSR-Based RSU award based on the three-year performance of our stock price relative to that of companies in the S&P 500 Information Technology Index (or any successor index), which we refer to as the S&P 500 IT Index, as of January 1, 2018. The number of TSR-Based RSUs earned and vested is based upon the percentile ranking of our TSR within the Index Group at the conclusion of the three-year performance period ending on December 31, 2020. TSR is calculated on a per share basis as the quotient of (i) (Ending Price *plus* Dividends per Share Paid *minus* Beginning Price), *divided by* (ii) the Beginning Price, where Ending Price means the average closing stock price of one share of our common stock over the 90 trading days immediately preceding January 1, 2021; Dividends

Table of Contents

per Share Paid means cumulative dividends per share of common stock paid by us between January 1, 2018 through December 31, 2020; and Beginning Price means the average closing stock price of one share of our common stock over the 90 trading days immediately preceding January 1, 2018. TSR-Based RSUs, to the extent earned, will vest following the Compensation Committee s certification of our financial results for 2020.

We first introduced TSR-Based RSUs in 2016, with those awards having a performance period of 2016 through 2018. Our three-year relative TSR for the period 2016-2018 of 7% ranked at the 12th percentile of the S&P 500 IT Index. This ranking was below the threshold required for any portion of the TSR-Based RSUs to vest. As a result, and as shown in the chart below, the payout to executives was zero for this portion of their compensation.

Metric	Why We Use This Metric	Target	2016-18 Actual	Achievement Against Target	% of RSUs Earned
2016-2018 TSR Performance	Alignment of share performance with executive compensation.	50th percentile as compared to return for S&P IT Index	7%	12th percentile	0%

*   *   *

How We Select and Use Peer Groups

The Compensation Committee works closely with Meridian Compensation Partners, LLC, or Meridian, our independent compensation consultant, to establish the peer groups we use in reviewing and setting executive compensation for the upcoming year. Meridian provides research data, and the Compensation Committee also considers input from Akamai executives and members of the Board on the competitive landscape in our industry and adjacent ones. We adhere to the following key principles to establish our peer groups:

🌑 *Consistency.* Peer group composition should remain relatively stable year over year.

🌑 *Competitors.* Peer group companies should reflect Akamai s competitors for executive talent as well as in business (including investment capital).

🌑 *Similarity in Size.* Benchmarking peer group companies should be of a similar size; we generally consider revenue and market capitalization.

🌑 *Statistical Validity*. Peer group should include enough data points to develop statistically valid data. We generally expect to include approximately 20 companies in our peer group.

As we considered companies to include in our peer group, we identified a number of companies with which we compete for executive talent that are larger than Akamai. Failing to consider the practices of these companies would not allow us to structure our

Table of Contents

compensation programs effectively. To address this, the Compensation Committee approved and adopted two peer groups for use in connection with setting 2018 compensation, one for benchmarking and one for additional design considerations.

Benchmarking Peer Group

The benchmarking peer group is comprised of companies of similar size and industry as Akamai. The Compensation Committee reviewed compensation data for executives with comparable positions at these benchmarking peer group companies to gauge the reasonableness and competitiveness of each of our NEO s total compensation as well as to inform the design of our programs. Our benchmarking peer group consisted of the following companies:

Adobe Systems	Arista Networks	Autodesk
Brocade Communications	CA	Ciena
Citrix Systems	Equinix	Fortinet
F5 Networks	IAC/Interactive Group	Juniper Networks
Nuance Communications	PTC	Red Hat
Sabre Corporation	Salesforce.com	Twitter
VeriSign	VMWare	Zavo Group

The Compensation Committee established this benchmarking peer group in mid-2017 for use in setting 2018 compensation. Akamai s revenue for 2018 was $2.7 billion, and our market capitalization at the end of that year was $9.9 billion. The median 2018 revenue for our benchmarking peer group was approximately $2.9 billion, and the median market capitalization for the group at the end of that year was $14.5 billion.

Design Reference Peer Group

In addition to the benchmarking peer group, the Compensation Committee approved a supplemental design reference peer group to provide it with further information on competitive market design practices. The companies in the design reference peer group consistently provide the greatest challenges for Akamai in competing for talent even though they are considerably larger than us and are therefore not included in the benchmarking peer group at this time. The Compensation Committee used data derived from the design reference peer group to inform our incentive plan design, pay mix, long-term incentive vehicles and other practices. The Compensation Committee believes that understanding design reference peer group data helps us to successfully attract and retain experienced and talented individuals who are critical to our long-term success.

Our 2018 design reference peer group consisted of the following companies:

Amazon.com	Apple	Cisco Systems	eBay
Facebook	Google	Microsoft	Netflix
Oracle	Salesforce.com		

Table of Contents

Target Compensation Philosophy

Our philosophy is generally to target each NEO s total direct compensation (i.e., the sum of base salary, target annual incentive bonus and target value of long-term incentives) at the 50th percentile of our benchmarking peer group; however, the Compensation Committee may ultimately set an NEO s total direct compensation at a level above or below the 50^{th} percentile based on non-market data factors.

In determining 2018 compensation levels for each NEO, the Compensation Committee took into account a number of factors beyond market data, including long-term retention objectives, individual and corporate performance, complexity of job roles and the highly-competitive marketplace for executives with the skills and expertise of our NEOs.

The Compensation Committee set 2018 total direct compensation for Messrs. Leighton, Benson, Blumofe, Karon and McConnell at approximately the 50th percentile of the benchmarking peer group.

We also structure and balance the different elements of compensation to reflect trends across our design reference peer group.

Table of Contents

Our Executive Compensation Process

The Compensation Committee constructs our executive compensation program with input from Meridian and our Chief Executive Officer. We establish the annual compensation packages for our executive officers at the beginning of each year after an extensive process of analysis and review of competitive trends, assessment of prior compensation programs to understand their effectiveness and results, consideration of the peer group practices we use, performance evaluations, and investor input that occurs during the third and fourth quarters of the prior year. Following is an overview of the planning and assessment process for our 2018 executive compensation:

Role of the Compensation Committee

The Compensation Committee sets the compensation for each of our Named Executive Officers and other senior executives. It establishes the financial metrics for performance-based awards based on Akamai s operating plans and long-term strategy approved by the Board and then assesses performance against those targets in later years. For NEOs other than our CEO, the Compensation Committee reviews Dr. Leighton s evaluation of his direct reports performance and establishes compensation levels and opportunities. The full Board makes the determination of our CEO s performance when setting his compensation levels and opportunities.

The Compensation Committee makes judgments about the role of each executive in the pursuit and achievement of our corporate and strategic objectives. Typically, these judgments involve qualitative, rather than quantitative, evaluations of each individual s past performance and expectations about future contributions. We believe that it is important to reward excellence, leadership and outstanding long-term company performance through compensation arrangements designed to retain and motivate executives while aligning their incentives with continued high levels of performance.

The Compensation Committee approves and grants all equity incentive awards to our NEOs. In general, annual executive compensation determinations are made at the scheduled Compensation Committee meeting in January or February of each year. Historically and for 2018, annual equity grants to executives have been made on the second business day following our earnings call for the most recently-completed fiscal-year end. For 2019, we made such grants at the same time as annual equity grants were made to our non-executive employees in early March. Equity incentive awards to newly-hired executive officers are generally approved at the first regularly-scheduled Compensation Committee meeting following the individual s date of hire. For retention purposes or to reflect changes in responsibilities or similar events or circumstances, the Compensation Committee may approve equity awards to our executive officers at other times during the year. The Compensation Committee sets a dollar value for each executive RSU award that is granted as part of our compensation program; the number of RSUs granted is determined based on the closing sale price of our stock on the grant date.

The Compensation Committee retains, but we do not currently expect that it will exercise in the future, discretion to waive the achievement of stated corporate performance targets as a condition to payment of annual incentive bonuses.

Role of our Chief Executive Officer

Annually, the Chief Executive Officer evaluates the performance of the other NEOs and sets expectations for their roles in the upcoming year. He makes a recommendation to the Compensation Committee as to proposed salary, bonus and equity incentive compensation for the coming year for these NEOs. With respect to his own compensation, the CEO conducts a self-assessment of prior year performance. The Board (without the participation

Table of Contents

of the CEO) then discusses and evaluates the Chief Executive Officer s performance. The Compensation Committee is the ultimate decision-maker with respect to the compensation of our Chief Executive Officer and other NEOs.

Role of Independent Compensation Consultants

Our Compensation Committee considered advice provided by Meridian in establishing our 2018 executive compensation program. Meridian is retained by and reports directly to the Chair of the Compensation Committee. Meridian was first retained by the Compensation Committee in 2011. Since then, Meridian has provided the following services to the Compensation Committee: (i) recommending a peer group of companies, (ii) assisting the Compensation Committee in understanding compensation levels of executive officers in the benchmarking peer group, (iii) assisting the Compensation Committee in understanding compensation design practices of companies in the design reference group, (iv) reviewing the value of equity compensation previously granted to executives, and (v) developing a long-term executive compensation strategy and related services. Meridian has not provided us with any services beyond providing advice or recommendations on the amount or form of executive and director compensation. The Compensation Committee determined that Meridian was independent of management.

How We Considered the 2018 Say-on-Pay Advisory Vote on Executive Compensation

The Compensation Committee has consistently strived to balance the need to offer competitive executive compensation with what it believes is in the long-term best interests of Akamai and our stockholders. The Compensation Committee takes seriously stockholder input. We consider that input, best practices and the competitive environment to develop compensation programs that are designed to support our short- and long-term success without encouraging excessive risk-taking.

At our 2018 Annual Meeting of Stockholders, we held an advisory vote on our 2017 executive compensation program, and 91.3% of the votes were cast in support of the program.

Taking into account feedback we have received from investors, we made the following changes to our executive compensation programs in recent years:

🌑 Introduced a one-year minimum vesting requirement

🌑 Introduced a relative stock price metric

🌑 Increased the emphasis on PRSUs and TSR-Based RSUs to 60% of the target value of executive equity awards

🌑 Eliminated the subjective component of our annual incentive plan

🌑 Adopted a compensation recovery, or clawback, policy

🌑 Moved away from the issuance of stock options to our executives and directors

🌑 Amended our Change in Control Agreements for NEOs to eliminate single-trigger vesting for RSUs except where an acquirer would cancel the awards

/54/

Table of Contents

How We Evaluate and Address Risk in Our Compensation Policies and Practices

Annual Risk Assessment

Annually, the Compensation Committee asks management and Meridian to review with it the potential risks associated with the structure and design of various Akamai compensation plans. The analysis includes assessing executive and non-executive compensation programs, with particular emphasis on incentive compensation plans, including sales compensation, against key risks that our company faces. Our review takes into account changes in compensation programs, as well as new risks we identify. In addition, our compensation plans and programs operate within strong governance and review structures that serve and support risk mitigation. In particular, we believe the following factors mitigate any components of our compensation programs that would encourage excessive risk taking:

🌑 Significant weighting towards long-term incentive compensation discourages short-term risk-taking

🌑 Performance goals are appropriately set to avoid targets that, if not achieved, result in a large percentage loss of compensation

🌑 Annual incentive awards, TSR-Based RSUs and PRSU payouts for NEOs are capped by the Compensation Committee

🌑 Stock ownership requirements align the interests of management with those of our stockholders

🌑 Our executives are granted a mix of different types of compensation awards

🌑 Our incentive plans are balanced with different types of performance metrics

🌑 Our controls and procedures are designed to provide checks and balances to ensure that one individual or a small group of individuals cannot engage in activities that expose us to excessive risks without having received approvals from other areas of the business or senior management

In reviewing our compensation policies and practices for all employees, the Compensation Committee determined that they do not create risks that are reasonably likely to have a material adverse effect on Akamai.

Compensation Recovery Policy

In 2014, the Compensation Committee adopted a Compensation Recovery Policy that is applicable to our NEOs and other members of senior management. The policy provides that the Compensation Committee may require a covered person who engages in detrimental conduct (e.g., committing a felony, gross negligence or willful misconduct with respect to our financial statements) to reimburse us for all, or a portion of, any bonus, incentive payment, equity-based award or other compensation received by him or her

/55/

Table of Contents

during the 12 months preceding such detrimental conduct and remit to us any profits realized by him or her from the sale of Akamai securities during such 12-month period. In addition, if we need to restate our reported financial results to correct a material accounting error due to material noncompliance with a financial reporting requirement under U.S. securities laws, the Compensation Committee may seek to recover or cancel the excess portion of incentive compensation paid (including through vesting of equity awards) to such individual during the 36-month period preceding the filing of the restatement that is deemed by us to be unearned.

Stock Ownership Requirements

Our executive officers are subject to minimum stock ownership requirements. Our Chief Executive Officer must hold shares of our common stock with a value at least equal to six times his annual base salary. Other Named Executive Officers must hold shares of our common stock with a value at least equal to two times their annual base salary. A senior executive s stock ownership includes all shares of our common stock owned by the individual outright or held in trust for the senior executive and his or her immediate family and any shares of Akamai common stock in employee plans, but not the executive officer s unvested or unexercised equity.

If a senior executive fails to meet the ownership guidelines under the review procedures set forth in the guidelines as of the end of a five-year qualification period, he or she will not be permitted to sell shares of Akamai stock until such time as he or she has exceeded the required minimum ownership level. As of February 28, 2019, all of our Named Executive Officers had either satisfied the minimum ownership requirement or are on track for compliance within the timeline for compliance set forth in the guidelines.

Anti-Hedging Policy

We have an insider trading policy that is applicable to all of our employees, consultants and members of our Board of Directors. The policy prohibits those individuals and certain related persons from engaging in any speculative transactions involving our stock including the following activities: use of Akamai s securities to secure a margin loan; short sales of our securities; buying or selling puts or calls on Akamai s securities; transactions in publicly-traded options relating to our securities (i.e., options that are not granted by Akamai); and other transactions involving financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities. In addition, Akamai s executive officers and members of the Board may not pledge Akamai securities as collateral for a loan.

Severance Arrangements

We believe that having in place reasonable and competitive employee severance plans is essential to attracting and retaining highly-qualified executives. Akamai s severance arrangements are designed to provide reasonable compensation to departing executives under certain circumstances to facilitate an executive s transition to new employment. We

Table of Contents

seek to mitigate any potential employer liability and avoid future disputes or litigation by requiring the executive to sign a separation and release agreement acceptable to Akamai as a condition to receiving severance benefits.

We do not consider specific amounts payable under the severance arrangements when establishing annual compensation. We do believe, however, that these arrangements are necessary to offer compensation packages that are competitive. In determining payment and benefit levels under the various circumstances triggering the provision of benefits under employment and severance agreements, the Compensation Committee has drawn a distinction between voluntary terminations or terminations for cause, and terminations without cause or as a result of a change in control. Payment in the latter circumstances has been deemed appropriate in light of the benefits to us described above, as well as the likelihood that the executive s departure is due, at least in part, to circumstances not within his or her control. In contrast, we believe that payments are not appropriate in the event of a termination for cause or voluntary resignation because such events often reflect either inadequate performance or an affirmative decision by the executive to end his or her relationship with Akamai.

We have change in control agreements in place with each of our Named Executive Officers (except in the case of Dr. Leighton, who is party to an employment offer letter agreement). We believe that these agreements are designed to align the interests of management and stockholders when considering the long-term best future for Akamai. The primary purpose of these arrangements is to keep senior executives focused on pursuing corporate transaction activity that is in the best interests of stockholders regardless of whether those transactions may result in their own job loss. Reasonable post-acquisition benefits should serve the interests of both the executive and our investors.

In 2012, we amended our Executive Severance Pay Plan and Change in Control Agreements. We also adopted new forms of stock option and RSU grant agreements. These changes primarily accomplished the following:

🌑 Eliminated excise tax gross ups from existing agreements

🌑 Replaced single-trigger vesting for stock options and time-vesting RSUs for NEOs beginning in July 2012 with a requirement that the individual s employment be terminated (including through constructive discharge) following a change in control

🌑 Eliminated the perpetual terms of executive Change in Control Agreements, thus providing flexibility to the Compensation Committee to revisit the benefits and other terms of these arrangements in response to future events

In 2015, we amended our Change in Control Agreements that we have with our NEOs, as well as our employment offer letter agreement with Dr. Leighton, to eliminate single-trigger vesting of performance-based equity awards upon a change in control of Akamai unless such awards are not assumed by the acquiring entity. If they are assumed, such awards convert to time-based vesting awards based on an assumed target-level of performance.

Table of Contents

We believe that these changes are consistent with the preferences of our largest investors and with emerging market practices.

See Post-Employment Compensation and Other Employment Agreements below for a discussion of the specific severance and change in control benefits payable to our NEOs.

Compliance with IRC Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, generally disallows a tax deduction to public companies for compensation in excess of $1 million paid in any taxable year to each of the company s chief executive officer, chief financial officer and three most highly compensated officers (other than the chief executive officer and chief financial officer). Historically, compensation paid to the company s chief financial officer and compensation that qualified under Section 162(m) as performance-based compensation was exempt from the deduction limitation. However, subject to certain transition rules, tax reform legislation signed into law on December 22, 2017, which we refer to as the Tax Act, expanded the deduction limitation to apply to compensation in excess of $1 million paid in any taxable year to the company s chief financial officer and eliminated the qualified performance-based compensation exception. As a result, for taxable years beginning after December 31, 2017, all compensation in excess of $1 million paid to each of the executives described above (other than certain grandfathered compensation or compensation paid pursuant to certain equity awards granted during the transition period following our initial public offering) will not be deductible by us. The Board of Directors reserves the right to use its business judgment to authorize compensation payments that may be subject to the limitations under Section 162(m) when the Board of Directors believes that compensation is appropriate and in the best interests of Akamai and our stockholders, after taking into consideration changing business conditions and performance of our employees.

Financial Metrics Definitions

Below are definitions of the financial metrics we used in our 2018 performance-based compensation programs:

Revenue (adjusted for foreign currency) means revenue calculated in accordance with GAAP, adjusted for the impact of fluctuations in foreign currency exchange rates.

Non-GAAP Operating Income means our annual GAAP operating income excluding amortization of intangible assets, stock-based compensation, restructuring charges and benefits, acquisition-related costs and similar items excluded by us in determining non-GAAP income from operations in issuing our public earnings announcements; adjusted for the impact of fluctuations in foreign currency exchange rates.

Non-GAAP Earnings per Share means ounon-GAAP net income for the applicable fiscal year (adjusted for constant currency) divided by our diluted weighted average shares

Table of Contents

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

* * *

Compensation Committee Report

The Compensation Committee of our Board of Directors:

(1) has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement as required by Item 402(b) of Regulation S-K under the Exchange Act with management; and

(2) based on the review and discussion referred to in paragraph (1) above, the members of the Compensation Committee have recommended to the Board of Directors the inclusion of this Compensation Discussion and Analysis in this Proxy Statement for the 2019 Annual Meeting of Stockholders.

The Compensation Committee

Bernardus Verwaayen - Chair

Pamela Craig

Monte Ford

Tom Killalea

Jonathan Miller

William Wagner

Table of Contents

Summary Compensation Table

The following table sets forth information with respect to compensation paid to our Named Executive Officers during the years ended December 31, 2018, 2017 and 2016:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)(2)(3)	Non-Equity Incentive Plan Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(g)	(j)
F. Thomson Leighton	2018	1		9,795,490	1,552,185(4)	11,347,676
Chief Executive Officer	2017	1		8,193,138	1,009,782(4)	9,202,921
	2016	1		6,258,768	1	6,258,770
James Benson	2018	490,000		3,038,659	646,485	4,175,144
Chief Financial Officer	2017	472,500		2,528,362	405,554	3,406,416
	2016	467,308		1,693,549	334,642	2,495,499
Robert Blumofe	2018	482,500		3,038,659	599,143	4,120,302
EVP Platform and GM Enterprise Division	2017	463,750		2,528,362	374,629	3,366,741
	2016	446,538		1,693,549	282,149	2,422,236
Adam Karon (5)	2018	425,000		2,334,431	527,743	3,287,174
EVP GM Media and Carrier Division						

Rick McConnell	2018	557,500	4,400,574	865,343	5,823,417
	2017	545,000	3,568,254	550,331	4,663,585
President GM Web Division					
	2016	550,385	2,577,140	463,687	3,591,212

(1) Amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for equity awards granted to the Named Executive Officer during the applicable year. The assumptions we use in calculating these amounts are discussed in Note 17 of the notes to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K, which accompanies this Proxy Statement, except that the amounts reflected in the table above exclude the impact of estimated forfeitures of equity awards. As a result, the Summary Compensation Table does not reflect the value as determined by the Compensation Committee. For example, the amounts for fiscal 2018 represent the grant date fair value for the PRSUs at target for the fiscal 2018 tranche of the PRSUs issued in each of 2016, 2017 and 2018. It excludes shares that may be earned in respect of the 2018 PRSUs based on performance against 2019 and 2020 targets. The table below shows the value of the stock awards (assuming target-level vesting) granted to the NEOs in the years presented as approved by the Compensation Committee (including all tranches of PRSUs that may be earned at target by the NEOs).

Name	Intended Value of 2018 Stock Awards ($)	Intended Value of 2017 Stock Awards ($)	Intended Value of 2016 Stock Awards ($)
F. Thomson Leighton	8,500,000	8,500,000	8,500,000
James Benson	2,700,000	2,300,000	2,300,000
Robert Blumofe	2,700,000	2,300,000	2,300,000
Adam Karon	2,300,000		

Rick McConnell	3,900,000	3,750,000	3,500,000

(2) Includes both time-vested RSUs and PRSUs (at target).

Table of Contents

(3) For PRSUs, because the performance-related component is based on separate measurements of our financial performance for each year in the three-year performance cycle, FASB ASC Topic 718 requires the grant date fair value to be calculated at the commencement of each separate year of the performance cycle when the respective performance measures are approved. The amounts for fiscal 2016 represent the grant date fair value for the PRSUs at target for the fiscal 2016 tranche of such awards. It excludes shares that may be earned based on performance against 2017 and 2018 targets. The value of these PRSUs assuming vesting at target and maximum, in each case across 2016, 2017 and 2018 performance periods, is as follows: Dr. Leighton $3,399,997 and $6,799,993, respectively; Mr. Benson $919,999 and $1,839,998, respectively; Dr. Blumofe $919,999 and $1,839,998, respectively; and Mr. McConnell $1,399,999 and $2,799,997, respectively. The value of TSR-Based RSUs issued in 2016 assuming vesting of the maximum number of such RSUs would be as follows: Dr. Leighton $3,450,879; Mr. Benson $933,767; Dr. Blumofe $933,767; and Mr. McConnell $1,420,950. The value of the 2017 PRSUs assuming vesting of the target and maximum number of PRSUs, respectively, in each case across 2017, 2018 and 2019 performance periods, is as follows: Dr. Leighton $2,717,635 and $5,435,269, respectively; Mr. Benson $788,684 and $1,577,367, respectively; Dr. Blumofe $788,684 and $1,577,367, respectively; and Mr. McConnell $1,152,311 and $2,304,622, respectively. The value of TSR-Based RSUs issued in 2017 assuming vesting at maximum would be as follows: Dr. Leighton $4,169,255; Mr. Benson $1,324,346; Dr. Blumofe $1,324,346; and Mr. McConnell $1,839,395. The value of the 2018 PRSUs assuming vesting at target and maximum, respectively, in each case across 2018, 2019 and 2020 performance periods, is as follows: Dr. Leighton $3,399,956 and $6,799,912, respectively; Mr. Benson $1,079,952 and $2,159,904, respectively; Dr. Blumofe $1,079,952 and $2,159,904, respectively; Mr. Karon $919,978 and $1,839,956, respectively; and Mr. McConnell $1,559,938 and $3,119,876, respectively. The value of TSR-Based RSUs issued in 2018 assuming vesting at maximum would be as follows: Dr. Leighton $5,056,304; Mr. Benson $1,606,070; Dr. Blumofe $1,606,070; Mr. Karon $1,368,161; and Mr. McConnell $2,319,796.

(4) The Compensation Committee and Dr. Leighton agreed that his earned 2017 and 2018 annual incentive bonuses would be paid to him in shares of our common stock in lieu of cash.

(5) Mr. Karon was determined to be an NEO for purposes of this Proxy Statement but was not determined to be an NEO in 2016 or 2017; therefore, the Summary Compensation Table includes only 2018 compensation information for Mr. Karon.

Table of Contents

2018 Grants of Plan-Based Awards

The following table sets forth information with respect to grants of plan-based awards to our Named Executive Officers during the year ended December 31, 2018. All equity awards were issued under the 2013 Stock Incentive Plan.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards				
Name/Award (a)	Grant Date (b)	Date of Approval of Grant if Different from Grant Date (1)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units(#) (i)	Grant Date Fair Value of Stock and Options Awards (2) (l)
Dr. Leighton										
PRSUs (3)	2/8/18	1/31/18					58,949	117,899		3,867,382
Time-Vesting RSUs (4)	2/8/18	1/31/18							54,408	3,399,956
TSR-Based RSUs (5)	2/8/18	1/31/18				6,801	27,204	54,408		2,528,152
Annual Incentive Plan (6)	1/31/18			1,000,000	2,000,000					
Mr. Benson										
PRSUs (3)	2/8/18	1/31/18					17,639	35,277		1,155,672
Time-Vesting RSUs (4)	2/8/18	1/31/18							17,282	1,079,952
TSR-Based RSUs (5)	2/8/18	1/31/18				2,160	8,641	17,282		803,035
Annual Incentive Plan (6)	1/31/18			425,000	850,000					
Dr. Blumofe										
PRSUs (3)	2/8/18	1/31/18					17,639	35,277		1,155,672
Time-Vesting RSUs (4)	2/8/18	1/31/18							17,282	1,079,952
TSR-Based RSUs (5)	2/8/18	1/31/18				2,160	8,641	17,282		803,035
Annual Incentive Plan (6)	1/31/18			392,000	784,000					
Mr. Karon										
PRSUs (3)	2/8/18	1/31/18					11,233	22,465		730,373
Time-Vesting RSUs (4)	2/8/18	1/31/18							14,722	919,978

TSR-Based RSUs (5)	2/8/18	1/31/18				1,840	7,361	14,722		684,081
Annual Incentive Plan (6)	1/31/18			360,000	720,000					
Mr. McConnell										
PRSUs (3)	2/8/18	1/31/18					25,649	51,297		1,680,738
Time-Vesting RSUs (4)	2/8/18	1/31/18							24,963	1,559,938
TSR-Based RSUs (5)	2/8/18	1/31/18				3,120	12,481	24,962		1,159,898
Annual Incentive Plan (6)	1/31/18			565,000	1,130,000					

(1) Equity awards were approved by the Compensation Committee on January 31, 2018, but the grants were not effective or priced until February 8, 2018, the second business day following the release of our 2017 earnings results.

(2) Amounts reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for equity awards granted to the Named Executive Officer during 2018 and assumes target level of achievement for both types of performance-based awards. The assumptions we use in calculating these amounts are discussed in Note 17 of the notes to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K, which accompanies this Proxy Statement, except that the amounts reflected in the table above exclude the impact of estimated forfeitures of equity awards.

(3) Consists of PRSUs eligible for vesting in 2021. Grant date fair value is calculated based on number of shares issuable at target achievement level. Because the performance-related component is based on separate

Table of Contents

measurements of our financial performance for each year in the three-year performance cycle, FASB ASC Topic 718 requires the grant date fair value to be calculated at the commencement of each separate year of the performance cycle when the respective performance measures are approved. The amounts for fiscal 2018 represent the grant date fair value for PRSUs at target granted in 2016, 2017 and 2018 for the fiscal 2018 tranche of each of such awards. It excludes shares that may be earned based on performance against 2019 and 2020 targets.

(4) Time-vesting RSUs vest in three equal annual installments over a three-year period from the date of grant.

(5) Consists of TSR-Based RSUs eligible for vesting in 2021. Grant date fair value is calculated based on number of shares issuable at target achievement level using the Monte Carlo simulation model.

(6) Consists of performance-based annual incentive plan bonus awards. Actual amounts awarded are set forth in the Summary Compensation Table above.

Table of Contents

Outstanding Equity Awards at December 31, 2018

The following table sets forth information with respect to outstanding equity incentive awards held by our Named Executive Officers as of December 31, 2018:

		Stock Awards			
Name/Award (a)	Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (1) (j)
Dr. Leighton					
2016 Time-Vesting RSUs (2)	2/11/2016	23,064	1,408,749		
2016 PRSUs (3)	2/11/2016	86,396	5,277,068		
2016 TSR-Based RSUs (4)	2/11/2016			0	0

2017 Time-Vesting RSUs (2)	2/09/2017	35,500	2,168,340		
2017 PRSUs (5)	2/09/2017	20,908	1,277,061	17,750	1,084,150
2017 TSR-Based RSUs (4)	2/09/2017			6,656	406,548
2018 Time-Vesting RSUs (2)	2/08/2018	54,408	3,323,241		
2018 PRSUs (6)	2/08/2018	28,582	1,745,809	36,272	2,215,494
2018 TSR-Based RSUs (4)	2/08/2018			6,801	415,405
Mr. Benson					
2016 Time-Vesting RSUs (2)	2/11/2016	6,241	381,200		
2016 PRSUs (3)	2/11/2016	23,376	1,427,806		
2016 TSR-Based RSUs (4)	2/11/2016			0	0
2017 Time-Vesting RSUs (2)	2/09/2017	11,277	688,799		

2017 PRSUs (5)	2/09/2017	6,640	405,571	5,638	344,369
2017 TSR-Based RSUs (4)	2/09/2017			2,114	129,138
2018 Time-Vesting RSUs (2)	2/08/2018	17,282	1,055,585		
2018 PRSUs (6)	2/08/2018	9,078	554,470	11,520	703,662
2018 TSR-Based RSUs (4)	2/08/2018			2,160	131,948
Dr. Blumofe					
2016 Time-Vesting RSUs (2)	2/11/2016	6,241	381,200		
2016 PRSUs (3)	2/11/2016	23,376	1,427,806		
2016 TSR-Based RSUs (4)	2/11/2016			0	0
2017 Time-Vesting RSUs (2)	2/09/2017	11,277	688,799		

2017 PRSUs (5)	2/09/2017	6,640	405,571	5,638	344,369
2017 TSR-Based RSUs (4)	2/09/2017			2,114	129,138
2018 Time-Vesting RSUs (2)	2/08/2018	17,282	1,055,585		
2018 PRSUs (6)	2/08/2018	9,078	554,470	11,520	703,662
2018 TSR-Based RSUs (4)	2/08/2018			2,160	131,948

Table of Contents

		Stock Awards			
Name/Award (a)	Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (1) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (1) (j)
Mr. Karon					
2016 Time-Vesting RSUs (2)	2/11/2016	2,985	182,324		
2016 PRSUs (3)	2/11/2016	11,180	682,874		
2016 TSR-Based RSUs (4)	2/11/2016			0	0
2017 Time-Vesting RSUs (2)	2/09/2017	2,545	155,449		
2017 PRSUs (5)	2/09/2017	6,683			