

AKAMAI TECHNOLOGIES INC  
Form DEF 14A  
April 20, 2001  
Table of Contents

## 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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12 Confidential, For Use of the Commission  
Only (as permitted by Rule 14a-6(e)(2))

### **Akamai Technologies, Inc.**

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*(Name of Registrant as Specified In Its Charter)*

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*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

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:

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### **Table of Contents**

April 24, 2001

To our Stockholders:

I am pleased to invite you to attend the Annual Meeting of Stockholders of Akamai Technologies, Inc. to be held on Tuesday, May 22, 2001 at 10:00 a.m. at the Marriott Hotel Cambridge, Two Cambridge Center, Cambridge, Massachusetts.

Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

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

Thank you for your ongoing support of and continued interest in Akamai Technologies, Inc.

Sincerely,

GEORGE H. CONRADES  
*Chairman and Chief Executive Officer*

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### **TABLE OF CONTENTS**

Notice of 2001 Annual Meeting of Stockholders

Proxy Statement

Voting Securities and Votes Required

Security Ownership of Certain Beneficial Owners and Management

Election of Directors

Board Recommendation

Nominees for Terms Expiring in 2004 (Class II Directors)

Directors Whose Terms Expire in 2003 (Class I Directors)

Directors Whose Terms Expire in 2002 (Class III Directors)

Other Executive Officers of Akamai

Board and Committee Meetings

Compensation of Directors

Executive Compensation

Section 16(a) Beneficial Ownership Reporting Compliance

Report of the Compensation Committee

Compensation Committee Interlocks and Insider Participation

Comparative Stock Performance Graph

Report of the Audit Committee

Certain Relationships and Related Party Transactions

Approval of Amendment of Akamai's Stock Incentive Plan

Approval of Amendment of Akamai's Employee Stock Purchase Plan

Ratification of Selection of Independent Auditors

Other Matters

Appendix A -- Audit Committee Charter

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## **AKAMAI TECHNOLOGIES, INC.**

**500 Technology Square  
Cambridge, Massachusetts 02139**

### **NOTICE OF 2001 ANNUAL MEETING OF STOCKHOLDERS To Be Held on May 22, 2001**

The Annual Meeting of Stockholders of Akamai Technologies, Inc. will be held on Tuesday, May 22, 2001, at 10:00 a.m., local time, at the Marriott Hotel Cambridge, Two Cambridge Center, Cambridge, Massachusetts, to consider and act upon the following matters:

- (1) To elect two Class II directors of Akamai for the ensuing three years.
- (2) To approve an amendment increasing the number of shares of common stock authorized for issuance under Akamai's Second Amended and Restated 1998 Stock Incentive Plan from 37,755,600 to 41,255,600.
- (3) To approve an amendment increasing the number of shares of common stock authorized for issuance under Akamai's 1999 Employee Stock Purchase Plan from 600,000 to 3,100,000.
- (4) To ratify the selection of PricewaterhouseCoopers LLP as the independent auditors of Akamai for the fiscal year ending December 31, 2001.
- (5) To transact such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on April 10, 2001 are entitled to notice of, and to vote at, the Annual Meeting. 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 meeting.

By order of the Board of Directors,

KATHRYN JORDEN MEYER  
*Vice President, General Counsel  
and Secretary*

Cambridge, Massachusetts

April 24, 2001

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND PROMPTLY MAIL IT IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES AT THE MEETING. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.**

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**Table of Contents**

**AKAMAI TECHNOLOGIES, INC.**

**500 Technology Square  
Cambridge, Massachusetts 02139**

**PROXY STATEMENT**

**THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE BOARD OF DIRECTORS OF AKAMAI TECHNOLOGIES, INC. FOR USE AT THE 2001 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 22, 2001 AND AT ANY ADJOURNMENT OR ADJOURNMENTS OF THAT MEETING.**

All proxies will be voted in accordance with the instructions contained therein, and if no choice is specified, the proxies will be voted in favor of the matters set forth in the accompanying Notice of Meeting. Any proxy may be revoked by a stockholder at any time before it is exercised by delivery of written revocation to the Secretary of Akamai or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the Annual Meeting that the stockholder intends to revoke the proxy and vote in person.

**Akamai's Annual Report for the year ended December 31, 2000 is being mailed to stockholders with the mailing of this Notice of Annual Meeting and this Proxy Statement on or about April 24, 2001.**

**A copy of Akamai's Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the Securities and Exchange Commission, except for exhibits, will be furnished without charge to any stockholder upon written request to Steven Wolfe, Director of Investor Relations and Strategy, Akamai Technologies, Inc., 500 Technology Square, Cambridge, Massachusetts 02139. Exhibits will be provided upon request and payment of an appropriate processing fee.**

**Voting Securities and Votes Required**

On April 10, 2001, the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting, there were outstanding and entitled to vote an aggregate of 109,229,824 shares of common stock of Akamai, \$.01 par value per share. Each share is entitled to one vote.

Under Akamai's by-laws, the holders of a majority of the shares of common stock issued, outstanding and entitled to vote on any matter shall constitute a quorum with respect to that matter at the Annual Meeting. Shares of common stock present in person or represented by proxy (including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum is present.

The affirmative vote of the holders of a plurality of the shares of common stock voting on the matter is required for the election of directors. The affirmative vote of the holders of a majority of the shares of common stock voting on the matter is required for approval of the amendment to the Second Amended and Restated 1998 Stock Incentive Plan, which we refer to in this Proxy Statement as the Stock Incentive Plan, the amendment to the 1999 Employee Stock Purchase Plan, which we refer to in this Proxy Statement as the Employee Stock Purchase Plan, and the ratification of the appointment of PricewaterhouseCoopers LLP as Akamai's independent auditors for the fiscal year ending December 31, 2001.

Shares that abstain from voting as to a particular matter and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the voting of each matter that requires the affirmative vote of a certain percentage of the votes cast or shares voting on a matter.

**Table of Contents**

**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information as to the number of shares of Akamai common stock beneficially owned as of March 31, 2001 by the following:

each person known by Akamai to beneficially own more than 5% of the outstanding shares of Akamai common stock;

each director of Akamai;

the chief executive officer and the four other most highly compensated executive officers of Akamai; and

all Akamai executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, which we sometimes refer to as the Commission in this Proxy Statement, and includes voting and investment power with respect to shares. Unless otherwise indicated below, to Akamai's knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Unless otherwise indicated, the address of each person owning more than 5% of the outstanding shares of common stock is c/o Akamai Technologies, Inc., 500 Technology Square, Cambridge, Massachusetts 02139.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding(%)
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Baker Communications Fund, L.P.(1)	7,818,471	7.1
c/o Baker Capital Partners, LLC 540 Madison Avenue New York, NY 10022		
Edward W. Scott(2)	7,818,471	7.1
c/o Baker Capital Partners, LLC  540 Madison Avenue  New York, NY 10022		
Daniel M. Lewin	7,316,750	6.7
F. Thomson Leighton	7,148,250	6.5
Massachusetts Financial Services Company(3) 6,650,335 6.1 500 Boylston Street  Boston, MA 02116		
Todd A. Dages(4)	6,244,689	5.7
c/o Battery Ventures IV, L.P.  20 William Street  Wellesley, MA 02481		
Battery Ventures IV, L.P.(5)	6,178,804	5.7
20 William Street  Wellesley, MA 02481		
George H. Conrades(6)	4,560,556	4.2
Terrance G. McGuire(7)	2,665,894	2.4
c/o Polaris Management Co. II, LLC  1000 Winter Street Suite 3350  Waltham, MA 02451		
Paul Sagan	1,685,572	1.5
Arthur H. Bilger(8)	1,187,680	1.1
Earl P. Galleher III(9)	1,018,523	*
Timothy Weller	650,960	*
Robert O. Ball III(10)	248,760	*
All executive officers, Akamai Named Executive Officers and directors as a group (12 persons)(9)(11) 40,546,105 36.8		

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

2

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**Table of Contents**

- (1) Includes 934,668 shares issuable upon the exercise of warrants exercisable within 60 days after March 31, 2001.
- (2) Represents 6,883,803 shares held by Baker Communications Fund, L.P. and 934,668 shares issuable upon the exercise of warrants exercisable within 60 days after March 31, 2001 held by Baker Communications Fund, L.P. Baker Capital Partners, LLC is general partner of Baker Communications Fund, L.P. Mr. Scott, a director of Akamai, is a manager of Baker Capital Partners, LLC. Mr. Scott disclaims beneficial ownership of the shares held by Baker Communications Fund, L.P. except to the extent of his pecuniary interest in Baker Communications Fund, L.P.
- (3) The information reported is based on a Schedule 13G dated February 9, 2001, filed with the Commission by Massachusetts Financial Services Company ( MFS ). MFS is a registered investment advisor in which capacity it has beneficial ownership of 6,650,335 shares.
- (4) Includes 6,082,298 shares held by Battery Ventures IV, L.P. and 96,506 shares held by Battery Investment Partners IV, LLC. Battery Ventures IV, L.P. is the managing member of Battery Investment Partners IV, LLC. Mr. Dagres, a director of Akamai, is a general partner of Battery Ventures IV, L.P. Mr. Dagres disclaims beneficial ownership of the shares held by Battery Ventures IV, L.P. and Battery Investment Partners IV, LLC except to the extent of his pecuniary interest in those entities.
- (5) Includes 96,506 shares held by Battery Investment Partners IV, LLC. Battery Ventures IV, L.P. is the managing member of Battery Investment Partners IV, LLC.
- (6) Includes 8,694 shares issuable upon the exercise of warrants exercisable within 60 days after March 31, 2001. Excludes shares held by entities affiliated with Polaris Venture Management Co. II, L.L.C., of which Mr. Conrades is a venture partner.
- (7) Includes 2,546,037 shares held by Polaris Venture Partners II, L.P. and 53,168 shares held by Polaris Venture Partners Founders Fund II, L.P. Polaris Venture Management Co. II, L.L.C. is the general partner of Polaris Venture Partners II, L.P. and Polaris Venture Partners Founders Fund II, L.P. Mr. McGuire, a director of Akamai, is a general partner of Polaris Venture Management Co. II, L.L.C. Mr. McGuire disclaims beneficial ownership of the shares held by Polaris Venture Partners II, L.P. and Polaris Venture Partners Founders Fund II, L.P. except to the extent of his pecuniary interest in those entities.
- (8) Represents 1,145,872 shares held by ADASE Partners, L.P., 28,458 shares held by AT Investors LLC and 13,350 shares issuable upon the exercise of warrants held exercisable within 60 days after March 31, 2001 by AT Investors LLC. Mr. Bilger, a director of Akamai, is the managing member of the general partner of ADASE Partners, L.P. and managing member of AT Investors LLC. Mr. Bilger disclaims beneficial ownership of the shares held by ADASE Partners, L.P. and AT Investors LLC except to the extent of his pecuniary interest in those entities. Excludes shares held by Baker Communications Fund, L.P., of which Mr. Bilger is a limited partner.
- (9) Mr. Galleher resigned as our Executive Vice President in April 2001. Under the terms of a letter agreement between Akamai and Mr. Galleher, Akamai will repurchase 236,250 shares of restricted common stock held by Mr. Galleher.

- (10) Includes 100 shares held as custodian for each of Mr. Ball's three minor children. Includes 22,500 shares issuable upon the exercise of options exercisable within 60 days after March 31, 2001.
- (11) Includes 979,212 shares of common stock issuable upon the exercise of options and warrants exercisable within 60 days after March 31, 2001.

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**Table of Contents**

**ELECTION OF DIRECTORS**

Akamai's board of directors currently consists of seven persons, divided into three classes serving staggered terms of three years. Currently there are two directors in Class I (whose terms expire at the Annual Meeting of Stockholders in 2003), two directors in Class II (whose terms expire at this Annual Meeting) and three directors in Class III (whose terms expire at the Annual Meeting of Stockholders in 2002). Two Class II directors are to be elected at this Annual Meeting. Each of these Class II directors will hold office until the Annual Meeting of Stockholders in 2004 or until his or her successor has been duly elected and qualified.

In the event that any nominee for Class II director becomes unavailable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote the proxies in their discretion for any nominee who is designated by the current board of directors to fill the vacancy. It is not expected that any of the nominees will be unavailable to serve.

Set forth below is the name of each member of the board of directors (including the nominees for election as Class II directors), and the positions and offices held by him, his principal occupation and business experience during the past five years, the names of other publicly held companies of which he serves as a director and the year of the commencement of his term as a director of Akamai. Information with respect to the number of shares of common stock beneficially owned by each director, directly or indirectly, as of March 31, 2001, appears above under the heading Security Ownership of Certain Beneficial Owners and Management.

**Board Recommendation**

**Akamai's board of directors believes that approval of the election of the two Class II directors is in the best interests of Akamai and its stockholders and therefore it recommends a vote FOR this proposal.**

**Nominees for Terms Expiring in 2004 (Class II Directors)**

**F. Thomson Leighton**, age 44, co-founded Akamai and has served as Chief Scientist and as a director since August 1998. Dr. Leighton has been a professor of Mathematics at MIT since 1982 and has served as the Head of the Algorithms Group in MIT's Laboratory for Computer Science since its inception in 1996. Dr. Leighton is currently on leave from MIT. Dr. Leighton is a former two-term chair of the 2,000-member Association of Computing Machinery Special Interest Group on Algorithms and Complexity Theory, and a former two-term Editor-in-Chief of the Journal of the ACM, one of the nation's premier journals for computer science research.

**Edward W. Scott**, age 38, has served as a director of Akamai since April 1999. Mr. Scott is a founder and general partner of the Baker Communications Fund, L.P., a communications private equity fund. He has been a general partner of that firm since March 1996. From December 1990 until March 1996, Mr. Scott was a private equity



investor with the Apollo Investment Fund, L.P. Mr. Scott also serves on the board of directors of Advanced Switching Communications, Inc., a provider of broadband services platforms.

#### **Directors Whose Terms Expire in 2003 (Class I Directors)**

**George H. Conrades**, age 62, has served as Chairman and Chief Executive Officer of Akamai since April 1999 and as a director since December 1998. Mr. Conrades has also been a venture partner of Polaris Venture Partners, Inc., an early stage investment company, since August 1998. From August 1997 to July 1998, Mr. Conrades served as Executive Vice President of GTE and President of GTE Internetworking, an integrated telecommunication services firm. Mr. Conrades served as Chairman of the board of directors and Chief Executive Officer of BBN Corporation, a national Internet services provider and Internet technology research and development company, from January 1994 until its acquisition by GTE Internetworking in July 1997. Prior to joining BBN Corporation, Mr. Conrades was an IBM Senior Vice President and a member of IBM's Corporate Management Board. Mr. Conrades is currently a director of Viacom, Inc., a media company, and Cardinal Health, Inc., a provider of services supporting the healthcare industry.

4

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#### **Table of Contents**

**Terrance G. McGuire**, age 45, has served as a director of Akamai since April 1999. Mr. McGuire is a founder and has been a general partner of Polaris Venture Partners, Inc. since June 1996. Since 1992, Mr. McGuire has also been a general partner of Burr, Egan, Deleage & Co., a venture capital firm. Mr. McGuire also serves as a director of Aspect Medical Systems, Inc., an anesthesia monitoring company, deCODE Genetics, a medical research firm, and Inspire Pharmaceuticals, a pharmaceuticals company.

#### **Directors Whose Terms Expire in 2002 (Class III Directors)**

**Arthur H. Bilger**, age 48, has served as a director of Akamai since November 1998 and has served as Vice Chairman of the board of directors since August 1999. Mr. Bilger is a founder and has been Managing Member of Shelter Capital Partners LLC, a venture capital firm, since December 2000. From December 1994 until March 1997, Mr. Bilger was President, Chief Operating Officer and a member of the board of directors of New World Communications Group Incorporated, an entity engaged in television broadcasting and production. Mr. Bilger is currently a director of Mandalay Resort Group, an owner and operator of hotel casino facilities.

**Todd A. Dages**, age 40, has served as a director of Akamai since November 1998. Since February 1996, Mr. Dages has been a general partner of Battery Ventures, a venture capital firm. From February 1994 to February 1996, Mr. Dages was a Principal and Senior Technology Analyst at Montgomery Securities, now known as Banc of America Securities LLC, an investment bank and brokerage firm. Mr. Dages also serves as a director of Focal Communications, Inc., a communications provider.

**Daniel M. Lewin**, age 30, co-founded Akamai and has served as a director since August 1998. Mr. Lewin served as President of Akamai from August 1998 to May 1999 and as Chief Technology Officer since May 1999. Since July 1996, Mr. Lewin has been a Ph.D. candidate in the Algorithms Group at MIT's Laboratory for Computer Science. From May 1994 to May 1996, Mr. Lewin worked at IBM's research laboratory in Haifa, Israel as a full-time Research Fellow and Project Leader responsible for the development and support of IBM's Genesys system.

## Other Executive Officers of Akamai

**Paul Sagan**, age 41, joined Akamai in October 1998 as Vice President and Chief Operating Officer and has served as President since May 1999. Mr. Sagan was Senior Advisor to the World Economic Forum, a Geneva, Switzerland-based organization, from July 1997 to August 1998. From December 1995 to December 1996, Mr. Sagan was the President and Editor of Time Inc. New Media, an affiliate of Time Warner, Inc., a global media and entertainment company.

**Chris Schoettle**, age 37, joined Akamai in March 2001 as Chief Operating Officer, responsible for product management, product marketing, engineering, network infrastructure and strategy, information services, human resources, legal and corporate services. Prior to joining Akamai, Mr. Schoettle was employed at Lucent Technologies, a communications infrastructure company, serving as President of Broadband Access from May 2000 to March 2001, as Vice President and General Manager of VoIP (Voice over IP) Access Networks from July 1999 to May 2000 and as Vice President of IP Communications from August 1998 to July 1999. Prior to joining Lucent, Mr. Schoettle was employed at AT&T, the global voice and data communications company, serving as General Manager of Next Generation IP Services from March 1997 to August 1998 and Director of Strategy and Market Planning from September 1996 to March 1997. From November 1994 to September 1996, Mr. Schoettle was Senior Director of Corporate Business Development at Novell, Inc., a software company. Mr. Schoettle holds B.S. and M.S. degrees in Computer Science and Mathematics from Emory University, and he has completed post-graduate programs at the University of St. Andrews in Scotland and at the London Business School.

**Timothy Weller**, age 35, joined Akamai in August 1999 as Chief Financial Officer. From July 1993 until August 1999, Mr. Weller was an equity research analyst at Donaldson, Lufkin & Jenrette, an investment banking firm. Mr. Weller holds a Ph.D. in Electrical Engineering from the University of Illinois.

## Table of Contents

No person who served as a director or executive officer of Akamai during the year ended December 31, 2000 has a substantial interest, direct or indirect, in any matter to be acted upon at the Annual Meeting, other than the election of the Class II Directors. Each executive officer serves at the discretion of Akamai's board of directors and holds office until his successor is elected and qualified or until his earlier resignation or removal. There are no family relationships among any of the directors or executive officers of Akamai.

## Board and Committee Meetings

All directors attended at least 75% of the total number of meetings of the board of directors and each committee on which he served during the fiscal year ended December 31, 2000.

The board of directors has an Audit Committee and a Compensation Committee.

The Audit Committee consists of three outside directors, Messrs. Bilger, McGuire and Scott. The Audit Committee reviews the professional services provided by Akamai's independent accountants, the independence of such accountants from Akamai's management, Akamai's annual financial statements and Akamai's system of internal accounting controls. The Audit Committee also reviews such other matters with respect to Akamai's accounting, auditing and financial reporting practices and procedures as it may find appropriate or may be brought to its attention. The Audit Committee held four meetings in fiscal year 2000.

The Compensation Committee consists of Messrs. Dagues and McGuire. Mr. Conrades served on the Compensation Committee from April 1999 to April 2000. Mr. Scott also served on the Compensation Committee from April 1999 to January 2000. The Compensation Committee reviews executive salaries, administers Akamai's bonus, incentive compensation and stock plans, and approves the salaries and other benefits of Akamai's executive officers. In addition, the Compensation Committee consults with Akamai's management regarding Akamai's benefit plans and compensation policies and practices. The Compensation Committee held one meeting during fiscal year 2000 and took 12 actions by unanimous written consent during such year.

### Compensation of Directors

Akamai reimburses directors for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors. Akamai may, in its discretion, grant stock options and other equity awards to its non-employee directors from time to time pursuant to the Stock Incentive Plan. Akamai has not yet determined the amount and timing of such grants or awards.

### Executive Compensation

#### Summary Compensation Table

The following table sets forth information with respect to the compensation earned by

each of the persons who served during 2000 as Akamai's chief executive officer; and

each of Akamai's four other most highly compensated executive officers who received annual compensation in excess of \$100,000 in 2000.

6

### Table of Contents

Akamai refers to these individuals as the Akamai Named Executive Officers. In the table below, columns required by the regulations of the Commission have been omitted where no information was required to be disclosed under those columns.

Name and Principal Position(1)	Year	Annual Compensation	Other Compensation(2)	Long-Term Compensation Awards Number of Securities Underlying Options/SARs
		Salary(\$)	Bonus(\$)	
George H. Conrades Chairman of the Board of Directors and Chief Executive Officer	2000	345,000		
	1999	260,077		
	1998			
Paul Sagan 2000 President	2000	250,000		

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1999 205,417 1998 22,275  
 Timothy Weller  
 2000 250,000  
 Vice President and Chief Financial  
 Officer  
 1999 75,962  
 1998  
 Robert O. Ball III  
 2000 250,000 71,868(3) 100,000  
 Vice President, Business  
 Development  
 1999 105,769 100,000 26,564(3) 60,000  
 1998  
 Earl P. Galleher III(4)  
 2000 218,077  
 Executive Vice President  
 1999 137,981 1998

- (1) Mr. Conrades commenced employment with Akamai in April 1999; Mr. Sagan commenced employment with Akamai in October 1998; Mr. Weller commenced employment with Akamai in August 1999; Mr. Ball commenced employment with Akamai in July 1999; and Mr. Galleher commenced employment with Akamai in March 1999.
- (2) With the exception of Mr. Ball, other compensation in the form of perquisites and other personal benefits has been omitted because these perquisites and other personal benefits contributed less than \$50,000 or 10% of the total salary and bonus for each Akamai Named Executive Officer for that year.
- (3) Consists of relocation benefits.
- (4) Mr. Galleher resigned as our Executive Vice President in April 2001.

*Option Grants During Fiscal Year 2000*

The following table sets forth each grant of Akamai stock options during 2000 to each of the Akamai Named Executive Officers. No stock appreciation rights were granted during such fiscal year.

Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(2)	
Number of Securities Underlying Options/SARs Granted	Percent of Total Options/SARs Granted to Employees in Fiscal Year 2000	Exercise or Base Price Per Share (\$/share)(1)	Expiration Date	5%(\$)	10%(\$)

George H. Conrades  
 Paul Sagan

Timothy Weller

Robert O. Ball III  
 100,000 less than 1% 85.50 June 6,  
 2010 5,377,050 13,626,498  
 Earl P. Galleher III

- (1) The exercise price was equal to the fair market value of Akamai's common stock as determined by Akamai's board of directors on the date of grant.
- (2) The potential realizable value is calculated based on the term of the Akamai stock option at the time of grant. Stock price appreciation of 5% and 10% is assumed pursuant to rules promulgated by the Securities and Exchange Commission and does not represent Akamai's prediction of its stock price performance. The potential realizable values at 5% and 10% appreciation are calculated by assuming that the exercise price on the date of grant appreciates at the indicated rate for the entire term of the Akamai stock option and that the Akamai stock option is exercised at the exercise price and sold on the last day of its term at the appreciated price.

## **Table of Contents**

### *Options Exercised During Fiscal Year 2000*

None of the Akamai Named Executive Officers exercised Akamai stock options in 2000.

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, requires Akamai's officers and directors, and persons who own more than ten percent of a registered class of our equity securities, which we refer to as reporting persons, file reports of ownership and changes in ownership of such securities with the Commission. Officers, directors and greater than ten-percent beneficial owners are required by applicable regulations to furnish us with copies of all Section 16(a) forms they file. We are not aware of any beneficial owner of more than ten percent of our common stock.

Based on our review of copies of reports filed by reporting persons or written representations from such persons, Akamai believes that during fiscal 2000 all filings required to be made by the reporting persons were made in accordance with the requirements of the Exchange Act except for the following inadvertent late filings: Mr. Galleher was late in filing a Form 4 to report the exercise of a warrant to purchase shares of common stock in January 2000; in November, Mr. McGuire amended his Form 4 filing for the month of September to report exercises of warrants to purchase shares of common stock by Polaris Venture Partners II, L.P. and Polaris Venture Partners Founders Fund II, L.P. in such month; Mr. Sagan amended his Form 4 filing for the month of August to report the exercise of a warrant to purchase common stock in such month; Kathryn Jordan Meyer, our Vice President and General Counsel, amended her Form 3 to include shares she purchased through an employee stock purchase plan prior to her becoming a Section 16 reporting person; and Mr. Conrades was late in filing a Form 4 to report a distribution to him of shares of common stock held by one or more entities affiliated with Polaris Venture Management Co. II, L.L.C.

## **Report of the Compensation Committee**

The Compensation Committee of Akamai's board of directors has furnished the following report on executive compensation.

The Compensation Committee of Akamai's board of directors, which consists of Mr. Dagres and Mr. McGuire, reviews executive salaries, administers Akamai's stock plans and any executive bonus and other executive incentive plans and approves the salaries and other benefits of its executive officers. In addition, the Compensation Committee consults with Akamai's management regarding its benefit plans and is responsible for reviewing Akamai's overall compensation policies and practices.

### *Compensation Philosophies*

Akamai's executive compensation program for 2000 consisted primarily of base salary and stock options or restricted stock designed to align executive compensation with Akamai's long-term strategic goals and stockholder interest and to attract, retain and reward executives. Akamai employed first-year cash bonuses to attract few key executives. The Compensation Committee's executive compensation philosophy holds that a significant portion of executive compensation should be tied directly to the performance of Akamai as a whole. The stock option and restricted stock grants for Akamai executives reflect this philosophy. By linking compensation to Akamai's business objectives, we believe that a performance-oriented environment is created for its executives and other employees.

Akamai's executive compensation program for 2000 was also intended to align executive and stockholder interests by providing executives with an equity interest in Akamai through the granting of stock options or restricted stock, or a combination of both. The Compensation Committee based its review of recommended grants on various factors, including the executive's responsibilities, the executive's past, present and expected contributions to Akamai and current market grants in companies of similar size, market capitalization and industry.

## **Table of Contents**

### *Compensation in Fiscal 2000*

*Base Salary.* Base salaries for executive officers are determined annually by reviewing three key areas: 1) the pay practices of companies of similar size, market capitalization and industry 2) the skills and performance level of the individual executive relative to targeted performance criteria and 3) actual corporate performance.

*Incentive Bonus.* Akamai does not have an annual incentive plan for executive officers. Cash bonuses are used on an exception basis to attract, retain and motivate executives, primarily as a first year incentive. When cash bonuses are employed, the executive's cash bonus is based on the achievement of company specific performance measures and individual specific objectives and the contribution of the executive to the overall success and achievements of Akamai and its management team.

*Long-Term Incentives.* The Compensation Committee believes that stock options are an excellent long-term incentive for executives that aligns executive and stockholder interests and assists in retention of key officers and employees. Stock options granted under Akamai's stock option program generally vest over four years. The Compensation Committee has and may in the future determine to more closely link the vesting of stock options with an executive's achievement of a particular objective. When determining stock option awards, the Compensation Committee considers the executive's current contributions to Akamai's performance, the anticipated contribution to meeting Akamai's long-term strategic performance goals, their position with Akamai and industry practice. The direct link between the value of a stock option to an executive and an increase in the price of Akamai's stock makes stock option awards a key method for aligning executive compensation with stockholder value. During 2000, the Akamai Named Executive Officers received options to purchase an aggregate of 100,000 shares of common stock at a weighted average exercise price of \$85.50 per share, as indicated in the table under the heading "Option Grants During Fiscal Year 2000."

### *Chairman and Chief Executive Officer*

Mr. Conrades' base salary and long-term incentive compensation are determined by the Compensation Committee without Mr. Conrades' participation, based upon the same factors as those used by the Compensation Committee for executives in general. Mr. Conrades' current annual base salary is \$345,000 and, upon his employment, he was granted 5,940,000 shares of restricted stock. Mr. Conrades does not participate in a cash based incentive plan.

Section 162(m) of the Internal Revenue Code of 1986, as amended, which we refer to in this Proxy Statement as the Code, generally disallows a federal income tax deduction to public companies for certain compensation over \$1,000,000 paid to the company's chief executive officer and four other most highly compensated executive officers. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Compensation Committee intends to review the potential effects of Section 162(m) periodically and intends to structure its stock option grants and certain other equity-based awards in a manner that is intended to avoid disallowances under Section 162(m) of the Code unless the Compensation Committee believes that such compliance would not be in the best interests of Akamai or its stockholders.

Compensation Committee

Todd A. Dages  
Terrance G. McGuire

**Compensation Committee Interlocks and Insider Participation**

The current members of the Compensation Committee are Messrs. Dages and McGuire, each of whom served on the Compensation Committee of the board of directors during 2000. Mr. Scott also served on the Compensation Committee during January 2000. Mr. Conrades, Akamai's Chief Executive Officer, was also a member of the Compensation Committee from April 1999 through April 2000. Otherwise, no member of the Compensation Committee was at any time during 2000, or formerly, an officer or employee of Akamai or any

**Table of Contents**

subsidiary of Akamai, and, except as provided below, no member of the Compensation Committee had any relationship with Akamai requiring disclosure under Item 404 of Regulation S-K under the Exchange Act.

No executive officer of Akamai has served as a director or member of the Compensation Committee (or other committee serving an equivalent function) of any other organization, one of whose executive officers served as a director of or member of the Compensation Committee of Akamai.

**Comparative Stock Performance Graph**

The following graph compares the cumulative total return to stockholders of Akamai's common stock for the period from October 29, 1999, the date Akamai's common stock was first traded on the Nasdaq National Market, through December 31, 2000 with the cumulative total return over such period of:

the Nasdaq Stock Market (U.S.) Index; and

the S&P Technology Sector Index.

The graph assumes the investment on October 29, 1999 of \$100 in Akamai's common stock (at the initial public offering price) and in each of such indices (and the reinvestment of all dividends). The performance shown is not necessarily indicative of future performance.

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10/99                      12/99                      3/00                      6/00                      9/00                      12/00

Akamai Technologies, Inc.	\$ 100.00	\$ 1260.10	\$ 618.51	\$ 456.67	\$ 201.98	\$ 81.01
Nasdaq Stock Market (U.S.)	\$ 100.00	\$ 136.84	\$ 153.59	\$ 133.54	\$ 122.89	\$ 82.35
S&P Technology Sector	\$ 100.00	\$ 132.46	\$ 149.85	\$ 136.38	\$ 117.74	\$ 79.54

## Report of the Audit Committee

The Audit Committee of Akamai's board of directors has furnished the following report on the Audit Committee's review of Akamai's audited financial statements:

The Audit Committee of Akamai's board of directors, which consists of Mr. Bilger, Mr. McGuire and Mr. Scott, provides assistance to the board of directors in fulfilling its responsibility to Akamai's stockholders with respect to the adequacy and effectiveness of Akamai's corporate accounting and reporting practices and the quality and integrity of its financial reports. The Audit Committee acts under a written charter, a copy of which is attached to this proxy statement as Appendix A, first adopted and approved in May 2000. The Audit Committee held four meetings in 2000. The members of the Audit Committee are independent directors as defined by the Audit Committee charter and the rules of the Nasdaq Stock Market.

10

## Table of Contents

The Audit Committee reviewed the audited financial statements of Akamai for the years ended December 31, 2000 and December 31, 1999 and for the period from inception (August 20, 1998) through December 31, 1998 that were included in Akamai's annual report on Form 10-K as filed with the Commission. We refer to these audited financial statements as the Financial Statements. The Audit Committee discussed the Financial Statements with Akamai's management and its independent auditors, PricewaterhouseCoopers LLP, which we refer to as PWC. The Audit Committee discussed with PWC the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, including, but not limited to the following matters:

the auditor's responsibility under generally accepted accounting standards;

methods to account for significant unusual transactions;

significant audit adjustments, if applicable;

the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditors' conclusions regarding the reasonableness of those estimates; and

disagreements with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures in the financial statements.

The Audit Committee also discussed with PWC their 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



Akamai's financial statements, is compatible with maintaining PWC's independence. In connection with these matters, Akamai received the written disclosures and letter from PWC required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. This Standard requires auditors annually to disclose in writing all relationships that in the auditor's professional opinion may reasonably be thought to bear on their independence, confirm their perceived independence and engage in a discussion of independence.

Based on its review of the Financial Statements and its discussions with management and PWC, the Audit Committee recommended to the board of directors that the Financial Statements be included in Akamai's annual report on Form 10-K as filed with the Commission.

Audit Committee

Arthur H. Bilger  
Terrance G. McGuire  
Edward W. Scott

11

**Table of Contents**

**Certain Relationships and Related Party Transactions**

*Issuances of 15% Senior Subordinated Notes*

On May 7, 1999, Akamai issued 15% senior subordinated notes in the aggregate principal amount of \$15,000,000 coupled with warrants to purchase an aggregate of 2,002,836 shares of Akamai common stock for an exercise price of approximately \$2.50 per share to 20 investors, including certain officers, directors and holders of 5% or more of our common stock as described in the table below. The 15% senior subordinated notes had a term of five years and an interest rate of 15% per year, compounded annually. In fiscal year 2000, \$2.8 million in principal and interest were paid to the holders of 15% senior subordinated notes to repay the unpaid balance of principal and interest on such notes.

Name	15% Senior Subordinated Notes(\$)	Warrants to Purchase the Following Shares of Common Stock
Arthur H. Bilger(1)	100,000	13,350
Baker Communications Fund, L.P. 7,000,000 934,668		
George H. Conrades(2) 65,154 8,694		
Earl P. Galleher III(3) 48,333 6,450		
Entities affiliated with Polaris Venture Management Co. II, L.L.C.(4) 1,000,000 133,524		
Paul Sagan 14,477 1,932		

(1)

Excludes securities held by Baker Communications Fund, L.P., of which Mr. Bilger is a limited partner. Mr. Bilger is the managing member of the general partner of ADASE Partners, L.P. and the managing member of AT Investors LLC. Mr. Bilger's notes and warrants are held by AT Investors LLC. Mr. Bilger disclaims beneficial ownership of the securities held by AT Investors LLC except to the extent of his pecuniary interest in that entity.

- (2) Excludes securities held by entities affiliated with Polaris Venture Management Co. II, L.L.C., of which Mr. Conrades is a venture partner.
- (3) Mr. Galleher resigned as our Executive Vice President in April 2001.
- (4) Represents 15% senior subordinated notes in the principal amount of \$976,271 and 130,356 warrants held by Polaris Venture Partners II, L.P. and 15% senior subordinated notes in the principal amount of \$23,729 and 3,168 warrants purchased by Polaris Venture Partners Founders Fund II, L.P.

*Agreements With Executive Officers*

On March 26, 1999, in connection with the issuance of restricted Akamai common stock, Akamai loaned \$1,980,000 to George H. Conrades, its Chief Executive Officer and Chairman of Akamai's board of directors. The loan bears interest at a rate of 5.3% per year, compounded annually until paid in full. The loan must be paid in full by March 26, 2009 or earlier to the extent of proceeds, net of taxes, received by Mr. Conrades upon his sale of capital stock of Akamai. On March 26, 1999, Akamai entered into a severance agreement with Mr. Conrades. The severance agreement requires Akamai to pay Mr. Conrades a lump-sum cash payment equal to 299% of his average annual salary and bonus for the most recent three years if his employment is terminated by Akamai other than for cause within two years following a change in control of Akamai. Under the terms of Mr. Conrades' restricted stock grant, Akamai's right to repurchase shares of unvested restricted stock will cease in the event of a change in control of Akamai.

On July 23, 1999, in connection with the issuance of restricted common stock, Akamai loaned \$2,619,750 to Timothy Weller, Akamai's Chief Financial Officer and Treasurer. The loan bears interest at a rate of 6.1% per year, compounded annually until paid in full. The loan must be paid in full by July 23, 2009 or earlier to the extent of proceeds, net of taxes, received by Mr. Weller upon his sale of capital stock of Akamai. Under the terms of Mr. Weller's restricted