

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-27275

Akamai Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

04-3432319

(I.R.S. Employer Identification No.)

150 Broadway

Cambridge, Massachusetts 02142

(Address of principle executive offices) (Zip Code)

Registrant's telephone number, including area code: (617) 444-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$8,322.4 million based on the last reported sale price of the Common Stock on the NASDAQ Global Select Market on June 30, 2017.

The number of shares outstanding of the registrant's Common Stock, par value \$0.01 per share, as of February 22, 2018: 170,031,585 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission relative to the registrant's 2018 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this annual report on Form 10-K.

AKAMAI TECHNOLOGIES, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017
TABLE OF CONTENTS

PART I

Item 1.	Business	3
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	21
Item 2.	Properties	21
Item 3.	Legal Proceedings	21
Item 4.	Mine Safety Disclosures	22

PART II

Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6.	Selected Financial Data	23
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	45
Item 8.	Financial Statements and Supplementary Data	46
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	84
Item 9A.	Controls and Procedures	84
Item 9B.	Other Information	85

PART III

Item 10.	Directors, Executive Officers and Corporate Governance	85
Item 11.	Executive Compensation	85
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	86
Item 13.	Certain Relationships and Related Transactions, and Director Independence	86
Item 14.	Principal Accounting Fees and Services	86

PART IV

Item 15.	Exhibits, Financial Statement Schedules	86
Item 16.	Form 10-K Summary	89

SIGNATURES	90
----------------------------	--------------------

Forward-Looking Statements

This annual report on Form 10-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management as of the date hereof based on information currently available to our management. Use of words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “should,” “forecasts,” “if,” “continues,” “goal,” “likely” or similar expressions indicates a forward-looking statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions. Actual results may differ materially from the forward-looking statements we make. See “Risk Factors” elsewhere in this Annual Report on Form 10-K for a discussion of certain risks associated with our business. We disclaim any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

PART I

Item 1. Business

Akamai provides cloud services for delivering, optimizing and securing content and business applications over the Internet. As a global leader in content delivery network, or CDN, services, our goal is to make the Internet faster, more reliable and more secure for customers and users around the world. For many enterprises, engaging customers through high-quality digital experiences has become mission critical. We believe that is why thousands of organizations rely on Akamai and our cloud delivery platform to make it easier for them to provide the best and most secure digital experiences to their customers.

Our Strategy – Addressing the Needs of our Customers in the Internet Age

The Internet plays a crucial role in the way companies, government agencies and other enterprises conduct business and reach the public, and the world around us is rapidly evolving. The emergent network known as the Internet of Things (IoT) is connecting billions of devices that transmit volumes of data from offices, hospitals, manufacturing plants, power grids, roads, schools and homes every second. At the same time, security threats are growing more sinister and advanced. Enterprise applications are moving from behind the firewall to the cloud at the same time that employees increasingly need remote access from a variety of devices - 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 view content and shop. Web pages are also vastly more complex with advertisements, videos, graphics and other third-party content, causing speed and reliability to suffer. More and more, government agencies want citizens to pay their taxes, submit applications and request information online. Smart enterprises want to take advantage of these trends safely, profitably and intelligently.

What our customers want to do:

- Provide consumers with superior online experiences when they access websites and applications from all types of devices from anywhere in the world
- Handle transactions securely and protect sensitive information
- Affordably present vibrant and engaging streaming content at large scale, including high definition, or HD, video, music and games
- Leverage the growth in the use of mobile devices to reach more consumers and provide dynamic experiences
- Scale and secure the enterprise network
- Receive and act on data about usage of their websites and applications to improve performance and business value

What makes it difficult to achieve those goals:

- Doing it yourself – building out data centers, coping with the technology changes, and dealing with sudden traffic spikes – is difficult and expensive
- Lack of a coordinated security system to protect against hackers, bots and other bad actors who want to steal assets and disrupt the functioning of the web can leave enterprises exposed
- Mobile networks tend to be slower and less reliable than the fixed line Internet and present other challenges
- Traffic congestion at data centers and between networks typically cannot be avoided without a CDN
- User experiences are difficult to monitor and understand given myriad devices and locations
- “Last mile” issues – such as bandwidth constraints between consumers and their Internet access provider – are challenging to solve

How Akamai helps:

Our strategy is to bridge the gap between our customers' digital goals and the inherent challenges of the native Internet by providing technology that optimizes and secures the delivery of online content and applications. We deliver a wide spectrum of content, from video and software downloads to dynamic and personalized data for many of the world's most important enterprises. We offer online solutions for delivery, acceleration, and security services to the owners of major websites and applications. We are trusted by a large percentage of the world's most important brands, including hundreds of media companies, e-retailers, major governments, financial institutions and other leading enterprises. Across all of these customers, our mission is to make the Internet faster, more reliable and more secure.

At the core of this mission is the Akamai Intelligent Platform, a globally-distributed computing platform, that comprises more than 200,000 servers deployed in more than 1,700 networks and 130 countries around the world, tied together with sophisticated software and algorithms. Our software also resides on over 100 million end-user devices, as part of our work on client-assisted delivery for large media files. The platform is architected to enable us to constantly monitor Internet conditions to:

- Identify, absorb and block security threats
- Efficiently route traffic away from Internet trouble spots
- Detect what devices individuals are using and optimize delivery to them
- Provide our customers with business and technical insights into their online operations
- Understand different types of traffic visiting websites so that customers can deal with them as desired

We believe that our unique technology leveraging a virtual Internet on top of the native Internet, our ability to efficiently manage a platform with millions of components, our high-quality intellectual property portfolio, our strong relationships with hundreds of leading telecommunications carriers and thousands of major brands on the web, and our relentless and personalized attention to customer and partner needs create significant value for stockholders and provide a meaningful edge over the many competitors that desire to acquire a share of our business.

Our Solutions

Performance and Security Solutions

Web and Mobile Performance Solutions

The ultimate goal of our web and mobile performance business is to enable dynamic websites and applications to have instant response times, no matter where the user is, what device or browser they are using, or how they are connected to the Internet. This is accomplished through a variety of advanced technologies embedded in our platform, which can be thought of as a virtual Internet overlaying the native Internet. Key offerings include:

- **Ion** – Ion is a situational performance solution that consists of an integrated suite of web delivery, acceleration and optimization technologies that make real-time optimization decisions based on the requirements of the device, network location and browser. Ion is designed to simplify increasingly complex web delivery and enable a faster website experience that is highly available, secure and scalable to meet peak capacity demands.
- **Dynamic Site Accelerator** – Dynamic Site Accelerator is designed to help customers experience globally-consistent and faster website performance, handling the specific requirements of dynamically-generated content. Our platform continuously pulls and caches fresh site content onto Akamai servers, automatically directs content requests to an optimal server, and routes the request via the most reliable path to data centers to retrieve and deliver dynamic interactive content.
- **Image Manager** – To help our customers cope with the multitude of devices used by their consumers and varying connection quality, Image Manager automatically optimizes online images for the best combination of size, quality, and file format suited for each image and device and offloads the artistic transformation of derivative assets to the cloud.
- **CloudTest** – Leveraging technology we acquired through our acquisition of Soasta, Inc., or Soasta, in 2017, CloudTest empowers customers to conduct load testing and other analysis of their websites in a pre-production environment.

[Table of Contents](#)

Testing capabilities include web and mobile applications, APIs and databases. In addition, real-time analytics and customizable dashboards allow for root cause analysis while tests are in process.

- mPulse – mPulse, originally developed by Soasta, provides real-time website performance data to provide insight about end-user experiences on a website. It is designed to enable customers to understand the impact of user-perceived performance on transaction volume, revenue, conversions and other key business metrics.
- Global Traffic Management – Global Traffic Management is designed to ensure responsiveness to end-user requests by leveraging our global load balancing technology. Unlike traditional hardware-based solutions that reside within the data center, our Global Traffic Management service is a fault-tolerant solution that makes intelligent routing decisions based on real-time data center performance health and global Internet conditions to help ensure user requests are routed to the most appropriate data center for that user at that moment.

Cloud Security Solutions

Our Cloud Security Solutions, boosted by technology we acquired through our purchase of Nominum, Inc., or Nominum, in 2017 are designed to defend websites, applications and data centers against a multitude of cyber attacks. These solutions include:

- Web Application Protector – Web Application Protector is designed to safeguard web assets from web application and distributed denial of service, or DDoS, attacks, while improving performance. This offering does not require hardware installation and offers both customized and pre-configured rule groupings to distinguish between legitimate and malicious traffic.
- Kona Site Defender – Kona Site Defender is a cloud computing security solution that defends against network and application layer DDoS attacks, web application attacks and direct-to-origin attacks. By leveraging our distributed network and proprietary technology, Akamai can absorb traffic targeted at the application layer, deflect DDoS traffic targeted at the network layer, such as SYN Floods or UDP Floods, and authenticate valid traffic at the network edge.
- Bot Manager Premier – As websites attract users, they also place business information where it can be easily accessed by other entities – often using automated tools known as “bots.” Our Bot Manager offering provides organizations with a flexible framework to better manage the wide array of bots accessing their website every day. It offers the ability to identify bots as they first arrive, categorize different types of bots, and apply the most appropriate management policy for each category.
- Fast DNS – The Domain Name System, or DNS, translates human-readable domain names into numerical IP addresses to enable individuals who type in a website name to reach the desired location on the Internet. Our Fast DNS offering is a DNS resolution solution that is designed to quickly and dependably direct individuals to our customers' websites. Importantly, we have architected this service to protect against DNS-based DDoS attacks.
- Prolexic Routed – Prolexic Routed is designed to protect web- and IP-based applications in data centers from the threat of DDoS attacks by preventing attacks before they reach the data center. It provides protection against high-bandwidth, sustained web attacks as well as potentially crippling DDoS attacks that target specific applications and services.
- Client Reputation – Client Reputation provides an additional layer of protection against DDoS and web application attacks by allowing customers to automatically block requests from IP addresses. Client Reputation leverages advanced algorithms to compute a risk score based on prior behavior as observed over the Akamai network. The algorithms use both legitimate and attack traffic to profile the behavior of attacks, clients and applications. Based on this information, Akamai assigns risk scores to each IP address and allows customers to choose which actions they wish to have Kona Site Defender perform on an IP address with specific risk scores.

Enterprise Security Solutions

Our Enterprise Security Solutions are designed to help customers boost productivity by facilitating third-party access to applications, accelerating those applications, reducing bandwidth costs and extending the Internet and public clouds into private wide area networks, or WANs. Our key Enterprise Solutions include:

[Table of Contents](#)

- Enterprise Application Access – Using technology gained through our acquisition of Soha Systems, Inc., this offering enables remote access to applications behind the firewall without providing users access to the entire network and without external hardware or software.
- Enterprise Threat Protector – Enterprise Threat Protector is designed to enable enterprise security teams to proactively identify, block, and mitigate targeted threats such as malware, ransomware, phishing, and data exfiltration that exploit DNS.

Media and Network Operator Solutions

Network Operator Solutions

With the growth in consumer adoption of Internet video and other media and web usage, carriers around the world have experienced significant traffic increases, resulting in congestion across networks from aggregation, to backbone, and to interconnection. In addition, security and personalized services are critical for carriers to protect and grow their revenue and subscriber base. Our Network Operator offerings are designed to help carriers operate a cost-efficient network that capitalizes on traffic growth and new subscriber services by reducing the complexity of building a CDN and interconnecting access providers. We also help network operators provide subscriber security and personalization services; these solutions were enhanced by our acquisition of Nominum in 2017. Our network operator offerings include:

- Aura Licensed CDN – Aura Licensed CDN is a suite of solutions designed to empower network operators to build and run a highly-scalable media content delivery network that efficiently delivers its own content, as well as content from Akamai customers and other targeted services, all utilizing a common HTTP caching infrastructure. The Aura Licensed CDN federates with the Akamai Intelligent Platform, providing global delivery of operator content with a single business agreement. The solution also includes HyperCache, a common HTTP caching layer in the network that supports traffic offload and delivery of content, and Request Router, a DNS-based content request router that directs user requests to an optimal available CDN node.
- Aura Managed CDN – Aura Managed CDN is a scalable, turnkey CDN solution designed to provide network operators with CDN capabilities through an infrastructure that is maintained by Akamai. With it, an operator can leverage the same CDN techniques used by Akamai, but on servers that are dedicated to the network operator's services. Operators can deliver multi-screen video services and large objects, plus offer commercial CDN services, relying on Akamai CDN experts and technology for content provisioning, delivery and reporting.
- DNS Infrastructure – We offer intelligent recursive DNS platforms built for effective management of DNS traffic in licensed, managed and cloud-based solutions. To improve the subscriber experience, our DNS Infrastructure solutions manage subscriber preferences and enable security and personalization services that are designed for network operators.
- Security and Personalization Services – Used in conjunction with our DNS Infrastructure offerings, Akamai's Secure Consumer product is a cybersecurity solution designed to protect a carrier's consumer subscribers and IoT devices from phishing, viruses, ransomware and malware. The solution includes parental controls that allow subscribers to tailor Internet access for each family member from a simple web page. Our Secure Business product is a solution designed to let carriers easily deploy cyberthreat protection to prevent ransomware, phishing, botnets and zero-day malware attacks to their small- and medium-sized business customers.

Media Delivery Solutions

In recent years, streaming of movies, television and live events has come to represent a significant percentage of traffic on the Internet. Providing solutions to handle that media is an important part of our current and future strategy. Our Media Delivery Solutions are designed to enable enterprises to execute their digital media distribution strategies, not only by providing solutions for their volume and global reach requirements but also by improving the end-user experience, boosting reliability and reducing the cost of Internet-related infrastructure. Our offerings include:

- Adaptive Delivery – We provide adaptive delivery solutions for streaming video content that are designed to cope with variable connection speeds, different devices and disparate locations around the world.
- Download Delivery – Our download delivery offerings provide accelerated distribution for large file downloads, including games, progressive media (video and audio) files, documents and other file-based content.

[Table of Contents](#)

- Infinite Media Acceleration – These media delivery acceleration solutions are designed with the goal of bringing broadcast quality TV experiences to broadband.
- Media Services – These services help simplify the preparation of online media with integrated transcoding, digital rights management and content packaging designed to enable our customers to quickly and easily deliver live and on-demand content to multiple types of devices and platforms.
- Media Analytics – We offer a comprehensive suite of analytics tools to monitor online video viewer experiences and the effectiveness of web software downloads, while measuring audience engagement, and quality of service performance. These solutions are designed to provide actionable and relevant metrics to help businesses understand their entire media workflow from ingest to device through four complementary modules: Quality of Service Monitor, Viewer Diagnostics, Audience Analytics and Download Analytics.
- NetStorage – NetStorage is a globally-distributed cloud storage solution for our customers' content that offers automatic geographically-dispersed replication that is architected for resiliency, high availability and real time performance optimization.

Services and Support Solutions

Akamai provides an array of service and support offerings that are designed to assist our customers with integrating, configuring, optimizing and managing our core offerings. Once customers are deployed on our network, they can rely on our professional services experts for customized solutions, problem resolution and 24/7 technical support. Special features available to enterprises that purchase our premium support solution include a dedicated technical account team, proactive service monitoring, custom technical support handling procedures and customized training.

Our Technology and Network

The Akamai Intelligent Platform provides the technological underpinnings for all of our solutions. We use data generated in connection with each of our services to improve and augment the functionality of our overlay network and, in turn, to improve the effectiveness of our other services. In this approach, insights and learnings are integrated across the broader platform in service of our entire solution portfolio.

The Akamai Intelligent Platform leverages more than 200,000 servers deployed in more than 1,700 networks ranging from large, backbone network providers to medium and small Internet service providers, or ISPs, to cable modem and satellite providers to universities and other networks. By deploying servers within a wide variety of networks across more than 130 countries, we are better able to manage and control routing and delivery quality to geographically diverse users. We also have thousands of peering relationships that provide us with direct paths to end-user networks, which reduce data loss, while also potentially giving us more options for delivery at reduced cost.

To make this wide-reaching deployment effective, we use specialized technologies, such as advanced routing, load balancing, data collection and monitoring. Our intelligent routing software is designed to ensure that website visitors experience fast page loading, access to applications and content assembly wherever they are on the Internet and regardless of global or local traffic conditions. Dedicated professionals staff our network operations command center 24 hours a day, seven days a week to monitor and react to Internet traffic patterns and trends. We frequently deploy enhancements to our software globally to strengthen and improve the effectiveness of our network.

Our platform offers flexibility too. Customers can control the extent of their use of Akamai services to scale on demand, using as much or as little capacity of the global platform as they require, to support widely varying traffic and rapid growth without the need for expensive and complex internal infrastructure.

Research and Development

Our research and development personnel are continuously undertaking efforts to enhance and improve our existing services, strengthen our network and create new services in response to our customers' needs and market demand. As of December 31, 2017, we had 2,227 research and development employees. Our research and development expenses were \$222.4 million, \$167.6 million and \$148.6 million for the years ended December 31, 2017, 2016 and 2015, respectively. These amounts are net of capitalized costs related to the development of internal-use software used to deliver our services and operate our network. For the years ended December 31, 2017, 2016 and 2015, we capitalized \$149.3 million, \$124.6 million and

[Table of Contents](#)

\$105.7 million, respectively, of payroll, payroll-related and external consulting costs related to the development of internal-use software. Additionally, for the years ended December 31, 2017, 2016 and 2015, we capitalized \$26.8 million, \$21.4 million and \$16.7 million, respectively, of stock-based compensation attributable to our research and development personnel.

Industry Segment and Geographic Information

We operate in one industry segment: providing cloud services for delivering, optimizing and securing content and business applications over the Internet. Our revenue derived from operations outside the U.S. was \$855.0 million, \$720.0 million and \$593.0 million, for each of the years ended December 31, 2017, 2016 and 2015, respectively. This represented 34% of our total revenue for the year ended December 31, 2017, 31% of our total revenue for the year ended December 31, 2016 and 27% of our total revenue for the year ended December 31, 2015. No single country outside of the U.S. accounted for 10% or more of our revenue in any such year. See Note 19 to our consolidated financial statements included elsewhere in this annual report on Form 10-K for revenue attributable to the U.S. for the periods presented and for a description of the basis on which we attribute revenue to individual countries.

Our long-lived assets include servers, which are deployed into networks worldwide, in addition to other property and equipment used to support our operations. We had net property and equipment, excluding internal use software, located in the U.S. of \$311.7 million, \$297.8 million and \$298.9 million, for each of the years ended December 31, 2017, 2016 and 2015, respectively. We had net property and equipment, excluding internal use software, located outside of the U.S. of \$249.8 million, \$231.8 million and \$227.8 million, for each of the years ended December 31, 2017, 2016 and 2015, respectively.

Customers

As of December 31, 2017, our customers included many of the world's leading corporations, including Airbnb, Alibaba, Apple, Autodesk, Bristol Myers Squibb, Cathay Pacific, The Coca-Cola Company, Crate & Barrel, eBay, Electronic Arts, FedEx, Fidelity Investments, Ford Motor Company, FOX, General Electric, Home Depot, HubSpot, IKEA, JetBlue, Marriott, NBCUniversal, Norwegian Cruise Line, Panasonic, Panera Bread, PayPal, Qantas, Qualcomm, Rabobank, Rakuten, Salesforce.com, Siemens, Sony Interactive Entertainment, Spotify, Ticketmaster, Toshiba, Turner Broadcasting, Ubisoft and Viacom. We also actively sell to government agencies. As of December 31, 2017, our public sector customers included the Federal Aviation Administration, the U.S. Census Bureau, the U.S. Department of Defense, the U.S. Postal Service, the U.S. Department of Labor and the U.S. Securities and Exchange Commission.

No customer accounted for 10% or more of total revenue for any of the years ended December 31, 2017, 2016 and 2015. Six of our customers that are large Internet platform companies: Amazon, Apple, Facebook, Google, Microsoft and Netflix, or our Internet Platform Customers, in aggregate, accounted for 8%, 11% and 17% of our total revenue during the years ended December 31, 2017, 2016 and 2015, respectively. Less than 10% of our total revenue in each of the years ended December 31, 2017, 2016 and 2015 was derived from contracts or subcontracts terminable at the election of the federal government, and we do not expect such contracts to account for more than 10% of our total revenue in 2018.

Sales, Service and Marketing

We market and sell our solutions globally through our direct sales and service organization and through many channel partners including AT&T, Deutsche Telecom, IBM, Orange Business Services and Telefonica Group. In addition to entering into agreements with resellers, we have several other types of sales and marketing focused alliances with entities such as system integrators, application service providers, referral partners and sales agents. By aligning with these partners, we believe we are better able to market our services and encourage increased adoption of our technology throughout the industry.

Our sales, service and marketing professionals are based in locations across the Americas, Europe, the Middle East and Asia and focus on direct and channel sales, sales operations, professional services, account management and technical consulting. As of December 31, 2017, we had 3,594 employees in this organization.

To support our sales efforts and promote the Akamai brand, we conduct comprehensive marketing programs. Our marketing strategies include an active public relations campaign, print advertisements, online advertisements, participation at trade shows, strategic alliances, ongoing customer communication programs, training and sales support.

Competition

The market for our services is intensely competitive and characterized by rapidly changing technology, evolving industry standards and frequent new product and service innovations. We expect competition for our services to increase both from existing competitors and new market entrants. We compete primarily on the basis of:

- the performance and reliability of our services;
- return on investment in terms of cost savings and new revenue opportunities for our customers;
- reduced infrastructure complexity;
- sophistication and functionality of our offerings;
- scalability;
- security;
- ease of implementation and use of service;
- customer support; and
- price.

We compete with companies offering products and services that address Internet performance problems, including companies that provide Internet content delivery and hosting services, security solutions, technologies used by network operators to improve the efficiency of their systems, streaming content delivery services and equipment-based solutions for Internet performance problems, such as load balancers and server switches. Other companies offer online distribution of digital media assets through advertising-based billing or revenue-sharing models that may represent an alternative method for charging for the delivery of content and applications over the Internet. In addition, existing and potential customers may decide to purchase or develop their own hardware, software or other technology solutions rather than rely on a provider of externally-managed services like Akamai.

We believe that we compete favorably with other companies in our industry through the global scale of the Akamai Intelligent Platform, which we believe provides the most effective means of meeting the needs of enterprise customers and is unique to us. In our view, we also benefit from the superior quality of our offerings, our customer service and the information we can provide to our customers about their online operations and value.

Proprietary Rights and Licensing

Our success and ability to compete are dependent on developing and maintaining the proprietary aspects of our technology and operating without infringing on the proprietary rights of others. We rely on a combination of patent, trademark, trade secret and copyright laws and contractual restrictions to protect the proprietary aspects of our technology. As of December 31, 2017, we owned, or had exclusive rights to, more than 330 U.S. patents covering our technology as well as patents issued by other countries. Our U.S.-issued patents have terms extendable to various dates between 2018 and 2036. We do not believe that the expiration of any particular patent in the near future would be material to our business. In October 1998, we entered into a license agreement with the Massachusetts Institute of Technology, or MIT, under which we were granted a royalty-free, worldwide exclusive right to use and sublicense the intellectual property rights of MIT under various patent applications and copyrights relating to Internet content delivery technology. We seek to limit disclosure of our intellectual property by requiring employees and consultants with access to our proprietary information to execute confidentiality agreements with us and by restricting access to our source code.

Employees

As of December 31, 2017, we had 7,650 full-time and part-time employees. Our future success will depend in part on our ability to attract, retain and motivate highly qualified technical, managerial and other personnel for whom competition is intense. Our employees are not represented by any collective bargaining unit. We believe our relations with our employees are good, and we have been acknowledged in respected publications as an excellent place to work.

Additional Information

Akamai was incorporated in Delaware in 1998, and we have our corporate headquarters at 150 Broadway, Cambridge, Massachusetts. Our Internet website address is www.akamai.com. We make available, free of charge, on or through our Internet website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto that we have filed or furnished with the Securities and Exchange Commission, or the Commission, as soon as reasonably practicable after we electronically file them with the Commission. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this annual report on Form 10-K.

Item 1A. Risk Factors

The following are important factors that could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this annual report on Form 10-K or presented elsewhere by management from time to time.

If we do not continue to innovate, make sound investments that bring positive returns, and develop profitable products and solutions that are attractive to existing and potential customers, our operating results may suffer.

We have been in business for nearly two decades and consider ourselves pioneers in the development of content and application delivery and security solutions. As the information technology industry evolves, however, it may become increasingly difficult for us to maintain a technological advantage in business areas where we have historically placed our focus. In particular, our traditional offerings, particularly our media and website delivery services, could face more intense competition as competitors or even current or former customers seek to replicate them such that we must lower the prices we charge, reducing the profitability of such offerings, or risk losing such business.

It is, therefore, also important to our revenue growth and profitability that we enter into new business areas that present significant value-generating investment opportunities. This requires investing in business areas that can potentially provide positive returns and developing or acquiring innovative, high-margin solutions, including in areas such as enterprise security and digital performance management. We must do so in a rapidly-changing technology environment where it can be difficult to anticipate the needs of potential customers, where competitors may develop products and services that are, or may be viewed as, better than ours and where it can be costly to acquire other companies. The process of developing new solutions is complex and uncertain; we must commit significant resources to developing new services or features without knowing whether our investments will result in solutions the market will accept, and we may choose to invest in business areas for which a viable market for our products does not ultimately develop. This could cause our expenses to grow more rapidly than our revenue. There is often a lengthy period between commencing development initiatives and bringing new or improved solutions to market. During this time, technology preferences, customer demand and the market for our solutions, or those introduced by our competitors, may move in directions that we had not anticipated when we decided to pursue such initiatives. Furthermore, we may not successfully execute our technology initiatives because of errors in planning, timing or execution, technical or operational hurdles that we fail to overcome in a timely fashion, or a lack of appropriate resources.

Failure to invest in areas that can potentially provide a positive return or to adequately develop, on a cost-effective basis, innovative new or enhanced solutions that are attractive to customers and profitable to us and inability to keep pace with rapid technological and market changes could have a material effect on our business, results of operations, financial condition and cash flows.

Slower traffic growth on our network and numerous other factors could cause our revenue growth rate to slow and profitability to decline.

During the past twenty years, we have diversified our business from a media-dominated CDN by becoming a leading supplier of web and security products and services for a broad range of customers in myriad industries. Nevertheless, increasing traffic on our network remains key to our revenue growth and profitability. Numerous factors can impact traffic growth including:

- the pace of introduction of over-the-top (often referred to as OTT) video delivery initiatives by our customers;
- the popularity of our customers' streaming offerings as compared to those offered by companies that do not use our services;
- the pace at which our customers' enterprise applications move from behind the firewall to the cloud;

[Table of Contents](#)

- media and other customers utilizing their own data centers and implementing delivery approaches that limit or eliminate reliance on third party providers like us; and
- macro-economic market and industry pressures.

We base our decisions about expense levels and investments on estimates of our future revenue and future anticipated rate of growth. In addition, many of our expenses are fixed cost in nature for some minimum amount of time so it may not be possible to reduce costs in a timely manner or without the payment of fees to exit certain obligations early. If we experience slower traffic growth on our network than we expect or than we have experienced in recent years, our revenue growth rate will slow, and we may not be able to maintain our current level of profitability in 2018 or on a quarterly or annual basis thereafter.

Our profitability may also decline in future periods as a result of a number of other factors unrelated to traffic growth, including:

- inability to increase sales of our core services and advanced features;
- pricing pressure on our solutions;
- failure of our new products and services, including our enterprise security and digital performance management solutions, to achieve sufficient market acceptance given our investment to develop them;
- increased headcount expenses;
- changes in our customers' business models that we do not fully anticipate or that we fail to address adequately; and
- increased reliance by customers on our secure socket layer, or SSL, network which is more expensive to maintain and operate.

If we are unable to compete effectively, our business will be adversely affected.

We compete in markets that are intensely competitive and rapidly changing. Our current and potential competitors vary by size, product and service offerings, and geographic region and range from start-ups that offer solutions competing with a discrete part of our business to large technology or telecommunications companies that offer, or may be planning to introduce, products and services that are broadly competitive with what we do. The primary competitive factors in our market are: excellence of technology, global presence, customer service, technical expertise, security, ease-of-use, breadth of services offered, price and financial strength. Competitors include some of our current partners and customers.

Many of our current and potential competitors have substantially greater financial, technical and marketing resources, larger customer bases, broader product portfolios, longer operating histories, greater brand recognition and more established relationships in the industry than we do. As a result, some of these competitors may be able to:

- develop superior products or services, gain greater market acceptance, enter new markets more easily, and expand their service offerings more efficiently or more rapidly;
- combine their products that are competitive with ours with other solutions they offer in a way that makes our offerings less appealing to current and potential customers;
- adapt to new or emerging technologies and changes in customer requirements more quickly;
- take advantage of acquisition, investment and other opportunities more readily;
- adopt more aggressive pricing policies and allocate greater resources to the promotion, marketing, and sales of their services; and
- dedicate greater resources to the research and development of their products and services.

Smaller and more nimble competitors may be able to:

- attract customers by offering less sophisticated versions of services than we provide at lower prices than those we charge;
- develop new business models that are disruptive to us; and
- respond more quickly than we can to new or emerging technologies, changes in customer requirements and market and industry developments, resulting in superior offerings.

Existing and potential customers may not purchase our services, or may limit their use of them, because they:

- pursue a "do-it-yourself" approach by putting in place equipment, software and other technology solutions for content and application delivery within their internal systems;
- enter into relationships directly with network providers instead of relying on an overlay network like ours; or
- implement multi-vendor policies to reduce reliance on external providers like us.

Ultimately, increased competition of all types could result in price and revenue reductions, loss of customers and loss of market share, each of which could materially impact our business, profitability, financial condition, results of operations and cash flows.

We may be unable to replace lost revenue due to customer cancellations, renewals at lower rates or other less favorable terms.

It is key to our profitability that we offset lost committed recurring revenue due to customer cancellations, terminations, price reductions or other less favorable terms by adding new customers, selling more high-margin services, features and functionalities to existing customers and increasing traffic usage by all customers. Some customers may elect not to renew and others may renew at lower prices, lower committed traffic levels, or for shorter contract lengths. Historically, a significant percentage of our renewals, particularly with larger customers, has led to unit price declines as competition has increased and the market for certain parts of our business has matured. Our renewal rates may decline as a result of a number of factors, including competitive pressures, customer dissatisfaction with our services, customers' inability to continue their operations and spending levels, the impact of multi-vendor policies, customers implementing or increasing their use of in-house technology solutions and general economic conditions. In addition, our customer contracting models may change to move away from a committed revenue structure to a "pay-as-you-go" approach. The absence of a commitment would make it easier for customers to stop doing business with us, which would negatively impact revenue.

Security breaches and attacks on our platform could lead to significant costs and disruptions that could harm our business, financial results and reputation.

Our business is dependent on providing our customers with fast, efficient and reliable distribution of applications and content over the Internet. We transmit and store our customers' information, data and encryption keys as well as our own; customer information and data may, in turn, include individual data of and about their customers. Maintaining the security and availability of our services, network and internal IT systems and the security of information we hold is a critical issue for us and our customers. Attacks on our customers and our own network are frequent and take a variety of forms, including DDoS attacks, infrastructure attacks, botnets, malicious file uploads, cross-site scripting, credential abuse, ransomware, bugs, viruses, worms and malicious software programs. Malicious actors can attempt to fraudulently induce employees or suppliers to disclose sensitive information through illegal electronic spamming, phishing or other tactics. In addition, unauthorized parties may attempt to gain physical access to our facilities in order to infiltrate our information systems.

In recent years, Internet-based attacks have increased in size, sophistication and complexity, increasing exposure for our customers and us. In addition, as we expand our emphasis on selling security-related solutions, we may become a more attractive target for attacks on our infrastructure intended to destabilize, overwhelm or shut down our platform. The costs to us to avoid or alleviate cyber or other security problems and vulnerabilities are significant. However, our efforts to address these problems may not be successful. Any significant breach of our security measures could:

- lead to the dissemination of proprietary information or sensitive, personal or confidential data about us, our employees or our customers – including personally identifiable information of individuals involved with our customers;
- threaten our ability to provide our customers with our services;
- generate negative publicity about us;
- result in litigation and increased legal liability or fines; or
- lead to governmental inquiry or oversight.

The occurrence of any of these events could harm our business or damage our brand and reputation, lead to customer credits, loss of customers, higher expenses, and possibly impede our present and future success in retaining and attracting new customers. A successful assault on our infrastructure would be damaging to our reputation and could adversely affect our financial condition.

Similar security risks exist with respect to our business partners and the third-party vendors that we rely on for aspects of our information technology support services and administrative functions. As a result, we are subject to the risk that the activities of our business partners and third-party vendors may adversely affect our business even if an attack or breach does not directly impact our systems.

We may have insufficient transmission and co-location space, which could result in disruptions to our services and loss of revenue.

Our operations are dependent in part upon transmission capacity provided by third party telecommunications network providers and access to co-location facilities to house our servers. There can be no assurance that we are adequately prepared for unexpected increases in bandwidth demands by our customers, particularly those under cyber-attack. The bandwidth we have contracted to purchase may become unavailable for a variety of reasons, including payment disputes, network providers going out of business, natural disasters, networks imposing traffic limits, or governments adopting regulations that impact network operations. In some regions, network providers may choose to compete with us and become unwilling to sell us adequate transmission capacity at fair market prices. This risk is heightened where market power is concentrated with one or a few major networks. We also may be unable to move quickly enough to augment capacity to reflect growing traffic or security demands. Failure to put in place the capacity we require could result in a reduction in, or disruption of, service to our customers and ultimately a loss of those customers.

Acquisitions and other strategic transactions we complete could result in operating difficulties, dilution, diversion of management attention and other harmful consequences that may adversely impact our business and results of operations.

We expect to continue to pursue acquisitions and other types of strategic relationships that involve technology sharing or close cooperation with other companies. Acquisitions and other complex transactions are accompanied by a number of risks, including the following:

- difficulty integrating the operations and personnel of acquired companies;
- potential disruption of our ongoing business;
- potential distraction of management;
- diversion of business resources from core operations;
- expenses related to the transactions;
- failure to realize synergies or other expected benefits;
- increased accounting charges such as impairment of goodwill or intangible assets, amortization of intangible assets acquired and a reduction in the useful lives of intangible assets acquired; and
- potential unknown liabilities associated with acquired businesses.

Any inability to integrate completed acquisitions or combinations in an efficient and timely manner could have an adverse impact on our results of operations. If we use a significant portion of our available cash to pay for acquisitions that are not successful, it could harm our balance sheet and limit our flexibility to pursue other opportunities without having enjoyed the intended benefits of the acquisition. As we complete acquisitions, we may encounter difficulty in incorporating acquired technologies into our offerings while maintaining the quality standards that are consistent with our brand and reputation. If we are not successful in completing acquisitions or other strategic transactions that we may pursue in the future, we may incur substantial expenses and devote significant management time and resources without a successful result. Future acquisitions could require use of substantial portions of our available cash or result in dilutive issuances of securities. Technology sharing or other strategic relationships we enter into may give rise to disputes over intellectual property ownership, operational responsibilities and other significant matters. Such disputes may be expensive and time-consuming to resolve.

The information technology industry and the markets in which we compete are constantly evolving, which makes our future business strategies, practices and results difficult to predict.

The information technology industry and the markets in which we compete have grown significantly over the life of our company and continue to evolve rapidly in response to new technological advances, changing business models and other factors. We and the other companies that compete in this industry and these markets experience continually shifting business relationships, commercial focuses and business priorities, all of which occur in reaction to industry and market forces and the emergence of new opportunities. These shifts have led or could lead to:

- our customers or partners becoming our competitors;
- our network suppliers becoming partners with us or, conversely, no longer seeking to work with us;
- our working more closely with hardware providers;
- large technology companies that previously did not appear to show interest in the markets we seek to address entering into those markets as competitors; and
- needing to expand into new lines of business or to change or abandon existing strategies.

[Table of Contents](#)

The Internet itself is constantly evolving. There could develop an inflection point above which global usage of the Internet increases to a level that causes our current approaches to the delivery of content and applications to no longer be sustainable at current levels of profitability or at all. We also need to continue to manage successfully the transition from the IPv4 protocol to IPv6.

With this constantly changing environment, our future business strategies, practices and results may be difficult to predict, and we may face operational difficulties in adjusting to the changes. Any of these developments could harm our business.

Our operating results can be impacted by the actions and business life cycles of a small number of large customers.

Historically, our operating results have been subject to fluctuations due to our dependence on several large customers, particularly media companies, for a significant portion of our revenues. The amount of traffic we deliver on behalf of those customers can vary significantly based on decisions they make about their businesses, including whether to start or delay new business initiatives, build out their own networks to handle delivery, or implement or maintain multiple vendor strategies. These approaches can change rapidly and unpredictably. While we believe that we will be less reliant on individual customers in the future, we are likely to continue to face some uncertainty in forecasting our revenues as they relate to these customers from quarter to quarter or over longer periods. We could also experience inconsistent revenue growth patterns and earnings as a result of the behavior of these customers.

Our failure to effectively manage our operations as our business evolves could harm us.

Our future operating results will depend on our ability to manage our operations. As a result of the diversification of our business, personnel growth, acquisitions and international expansion in recent years, many of our employees are now based outside of our Cambridge, Massachusetts headquarters; however, most key management decisions are made by a relatively small group of individuals based primarily at our headquarters. If we are unable to appropriately increase management depth, enhance succession planning and decentralize our decision-making at a pace commensurate with our actual or desired growth rates, we may not be able to achieve our financial or operational goals. It is also important to our continued success that we hire qualified personnel, properly train them and manage out poorly-performing personnel, all while maintaining our corporate culture and spirit of innovation. If we are not successful in these efforts, our growth and operations could be adversely affected.

As our business evolves, we must also expand and adapt our IT and operational infrastructure. Our business relies on our data systems, traffic measurement systems, billing systems, ordering processes and other operational and financial reporting and control systems. All of these systems have become increasingly complex due to the diversification and complexity of our business, acquisitions of new businesses with different systems and increased regulation over controls and procedures. As a result, these systems could generate errors that impact traffic measurement or invoicing. We will need to continue to upgrade and improve our data systems, traffic measurement systems, billing systems, ordering processes and other operational and financial systems, procedures and controls. These upgrades and improvements may be difficult and costly. If we are unable to adapt our systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, our business may be adversely affected.

Our restructuring and reorganization activities may be disruptive to our operations and harm our business.

Over the past several years, we have implemented internal restructurings and reorganizations designed to reduce the size and cost of our operations, improve operational efficiencies, enhance our ability to pursue market opportunities and accelerate our technology development initiatives. We may take similar steps in the future as we seek to realize operating synergies, optimize our operations to achieve our target operating model and profitability objectives, or better reflect changes in the strategic direction of our business. Disruptions in operations may occur as a result of taking these actions. Taking these actions may also result in significant expense for us, including with respect to workforce reductions, as well as decreased productivity and unanticipated employee turnover. Substantial expense or business disruptions resulting from restructuring and reorganization activities could adversely affect our operating results.

If we are unable to retain our key employees and hire and retain qualified sales, technical, marketing and support personnel, our ability to compete could be harmed.

Our future success depends upon the services of our executive officers and other key technology, sales, marketing and support personnel who have critical industry experience and relationships. There is significant competition for talented individuals in the regions in which our primary offices are located, which affects both our ability to retain key employees and hire new ones. In making employment decisions, particularly in our industry, job candidates and current personnel often

[Table of Contents](#)

consider the value of stock-based compensation. In recent years, we have increasingly linked compensation levels to corporate performance metrics. Declines in the price of our stock or failure to achieve annual revenue and profitability metrics could adversely affect our ability to attract or retain key employees.

None of our officers or key employees is bound by an employment agreement for any specific term. Members of our senior management team have left Akamai over the years for a variety of reasons, and we cannot be certain that there will not be additional departures, which may be disruptive to our operations and detrimental to our future outlook. The loss of the services of any of our key employees or our inability to attract and retain new talent could hinder or delay the implementation of our business model and the development and introduction of, and negatively impact our ability to sell, our services.

Our stock price has been, and may continue to be, volatile, and your investment could lose value.

The market price of our common stock has been volatile. Trading prices may continue to fluctuate in response to a number of events and factors, including the following:

- quarterly variations in operating results;
- announcements by our customers related to their businesses that could be viewed as impacting their usage of our solutions;
- market speculation about whether we are a takeover target or considering a strategic transaction;
- activism by any single large stockholder or combination of stockholders;
- changes in financial estimates and recommendations by securities analysts;
- failure to meet the expectations of securities analysts;
- purchases or sales of our stock by our officers and directors;
- macro-economic factors;
- repurchases of shares of our common stock;
- successful cyber-attacks against our network or systems;
- performance by other companies in our industry; and
- geopolitical conditions such as acts of terrorism or military conflicts.

Furthermore, our revenue, particularly that portion attributable to usage of our services beyond customer commitments, can be difficult to forecast, and, as a result, our quarterly operating results can fluctuate substantially. This concern is particularly acute with respect to our media and commerce customers for which holiday sales are a key but unpredictable driver of usage of our services. In the future, our customer contracting models may change to move away from a committed revenue structure to a "pay-as-you-go" approach. The absence of a minimum revenue commitment would make it easier for customers to stop doing business with us, which would create additional challenges with our forecasting processes. Because a significant portion of our cost structure is largely fixed in the short-term, revenue shortfalls tend to have a disproportionately negative impact on our profitability. If we announce revenue or profitability results that do not meet or exceed our guidance or make changes in our guidance with respect to future operating results, our stock price may decrease significantly as a result.

Any of these events, as well as other circumstances discussed in these Risk Factors, may cause the price of our common stock to fall. In addition, the stock market in general, and the market prices of stock of publicly-traded technology companies in particular, have experienced significant volatility that often has been unrelated to the operating performance of such companies. These broad stock market fluctuations may adversely affect the market price of our common stock, regardless of our operating performance.

Actions of activist stockholders could be distracting to us, cause us to incur significant expenses and impact the trading value of our common stock.

Responding to actions by activist stockholders could be distracting to our Board of Directors, executives and our other employees. Such activities may also require us to incur significant legal and other advisor fees and public relations costs. Perceived uncertainty as to our future direction could affect customer and investor sentiment, resulting in longer sales cycles, employee retention and hiring challenges, and volatility in the price of our common stock.

We face risks associated with global operations that could harm our business.

We have operations in numerous foreign countries and may continue to expand our operations internationally. As a result, we are increasingly subject to a number of risks associated with international business activities that may increase our costs, make our operations less efficient and require significant management attention. These risks include:

[Table of Contents](#)

- regulations related to security requirements, data localization or restricting content that could pose risks to our intellectual property, increase the cost of doing business in a country or create other disadvantages to our business;
- interpretations of laws or regulations that would subject us to regulatory supervision or, in the alternative, require us to exit a country, which could have a negative impact on the quality of our services or our results of operations;
- uncertainty regarding liability for content or services;
- adjusting to different employee/employer relationships and different regulations governing such relationships;
- corporate and personal liability for alleged or actual violations of laws and regulations;
- difficulty in staffing, developing and managing foreign operations as a result of distance, language and cultural differences;
- currency exchange rate fluctuations and limitations on the repatriation and investment of funds;
- difficulties in transferring funds from, or converting currencies in, certain countries;
- reliance on channel partners over which we have limited control or influence on a day-to-day basis; and
- potentially adverse tax consequences.

Geo-political events such as the United Kingdom's pending withdrawal from the European Union, commonly referred to as Brexit, may increase the likelihood of certain of these risks materializing or heighten their impact on us in affected regions. In particular, it is possible that the level of economic activity in the United Kingdom and the rest of Europe will be adversely impacted and that we will face increased regulatory and legal complexities, including those related to tax, trade, security and employee relations as a result of Brexit. Such changes could be costly and potentially disruptive to our operations and business relationships in affected regions.

In addition, compliance with complex foreign and U.S. laws and regulations that apply to our international operations increases our cost of doing business. These numerous, rapidly-changing and sometimes conflicting laws and regulations include, among others:

- internal control and disclosure rules;
- data protection, privacy and filtering regulations and requirements;
- anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and local laws prohibiting corrupt payments to governmental officials; and
- antitrust and competition regulations.

We entered into a Non-Prosecution Agreement with the Commission in June 2016 in connection with the previously-disclosed investigation relating to sales practices in a country outside the U.S. In the event we violate the terms of this Non-Prosecution Agreement, we could be subject to additional investigation or enforcement by the Commission or the Department of Justice. Although we have implemented policies and procedures designed to ensure compliance with the Non-Prosecution Agreement and relevant laws and regulations, there can be no assurance that our employees, contractors or agents will not violate our policies or applicable laws. Any such violations could result in fines and penalties, criminal sanctions against us or our employees and prohibitions on the conduct of our business and on our ability to offer our products and services in one or more countries. They could also materially affect our brand, our global operations, any international expansion efforts, our ability to attract and retain employees, our business overall, and our financial results.

Defects or disruptions in our services could diminish demand for our solutions or subject us to substantial liability.

Our services are highly complex and are designed to be deployed in and across numerous large and complex networks that we do not control. From time to time, we have needed to correct errors and defects in the software that underlies our services and platform that have given rise to service incidents or otherwise impacted our operations. We have also experienced customer dissatisfaction with the quality of some of our media delivery and other services, which has led to loss of business and could lead to loss of customers in the future. While we have robust quality control processes in the place, there may be additional errors and defects in our software that may adversely affect our operations. We may not have in place adequate quality assurance procedures to ensure that we detect errors in our software in a timely manner, and we may have insufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession. If we are unable to efficiently and cost-effectively fix errors or other problems that may be identified and improve the quality of our services or systems, or if there are unidentified errors that allow persons to improperly access our services or systems, we could experience loss of revenue and market share, damage to our reputation, increased expenses, delayed payments and legal actions by our customers.

Government regulation is evolving, and unfavorable changes could harm our business.

Laws and regulations that apply to communications and commerce over the Internet are becoming more prevalent. In particular, domestic and foreign government attempts to regulate the operation of the Internet could negatively impact our business. It is unclear whether potential changes to regulations previously adopted by the U.S. Federal Communications Commission that govern certain aspects of the operation of the Internet (such as content blocking and throttling and paid prioritization) will be adopted and, if adopted, how they would apply to content delivery network providers like us. It is also uncertain how future regulatory and legislative initiatives or changes will impact our business.

Increasing regulatory focus on privacy issues and expanding laws and regulations could expose us to increased liability.

Privacy laws, including the European Union General Data Protection Regulation, or GDPR, are rapidly changing and evolving globally. Governments, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. New laws and industry self-regulatory codes have been enacted and more are being considered that, like the GDPR, may affect our ability to reach current and prospective customers, to understand how our products and services are being used, and to respond to customer requests allowed under the laws, and how we use data generated from our network. Any perception that our business practices, data collection activities or how our services operate represent an invasion of privacy, whether or not consistent with current regulations and industry practices, may subject us to public criticism (or boycotts), class action lawsuits, reputational harm or claims by regulators, industry groups or other third parties, all of which could disrupt our business and expose us to increased liability. Compliance with GDPR may be administratively difficult and expensive.

Over the past several years, the regulatory landscape governing the transfer of covered personal data from Europe to the United States has seen sweeping changes. Currently, we have in place U.S.-European Union and U.S. Swiss Privacy Shield Frameworks to legally transfer covered personal data from Europe to the United States, but their legitimacy may continue to be subject to challenge and review. Any changing or new requirements or rulings by the European Commission or EU member jurisdictions may impact our services or subject us to sanctions, including fines and a prohibition on data transfers, by EU data protection regulators. Furthermore, any continued or new judicial challenges or reviews may result in new, modified or inconsistent standards or requirements for the transfer of personal data, which could result in increased regulation, cost of compliance and limitations on data transfer for us and our customers. These developments could harm our business, financial condition and results of operations.

We also have a publicly-available privacy policy concerning our collection, use and disclosure of user data. Any failure, or perceived failure, by us to comply with our posted privacy policy could result in damage to our reputation or proceedings or actions against us, which could potentially have an adverse effect on our business.

We may need to defend against patent or copyright infringement claims, which would cause us to incur substantial costs or limit our ability to use certain technologies in the future.

As we expand our business and develop new technologies, products and services, we may become increasingly subject to intellectual property infringement and other claims, including those that may arise under international laws. In many cases, we have agreed to indemnify our customers and channel and strategic partners if our services infringe or misappropriate specified intellectual property rights; therefore, we could become involved in litigation or claims brought against customers or channel or strategic partners if our services or technology are the subject of such allegations. Any litigation or claims, whether or not valid, brought against us or pursuant to which we indemnify our customers or channel or strategic partners could result in substantial costs and diversion of resources and require us to do one or more of the following:

- cease selling, incorporating or using features, functionalities, products or services that incorporate the challenged intellectual property;
- pay substantial damages and incur significant litigation expenses;
- obtain a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all; or
- redesign products or services.

If we are forced to take any of these actions, our business may be seriously harmed.

Our business will be adversely affected if we are unable to protect our intellectual property rights from unauthorized use or infringement by third parties.

We rely on a combination of patent, copyright, trademark and trade secret laws and contractual restrictions on disclosure to protect our intellectual property rights. These legal protections afford only limited protection. We have previously brought lawsuits against entities that we believed were infringing our intellectual property rights but have not always prevailed. Such lawsuits can be expensive and require a significant amount of attention from our management and technical personnel, and the outcomes are unpredictable. Monitoring unauthorized use of our services is difficult, and we cannot be certain that the steps we have taken or will take will prevent unauthorized use of our technology. Furthermore, we cannot be certain that any pending or future patent applications will be granted, that any future patent will not be challenged, invalidated or circumvented, or that rights granted under any patent that may be issued will provide competitive advantages to us. If we are unable to protect our proprietary rights from unauthorized use, the value of our intellectual property assets may be reduced. Although we have licensed from other parties proprietary technology covered by patents, we cannot be certain that any such patents will not be challenged, invalidated or circumvented. Such licenses may also be non-exclusive, meaning our competition may also be able to access such technology.

We rely on certain “open-source” software the use of which could result in our having to distribute our proprietary software, including our source code, to third parties on unfavorable terms, which could materially affect our business.

Certain of our service offerings use software that is subject to open-source licenses. Open-source code is software that is freely accessible, usable and modifiable; however, certain open-source code is governed by license agreements, the terms of which could require users of such software to make any derivative works of the software available to others on unfavorable terms or at no cost. Because we use open-source code, we may be required to take remedial action in order to protect our proprietary software. Such action could include replacing certain source code used in our software, discontinuing certain of our products or taking other actions that could be expensive and divert resources away from our development efforts. In addition, the terms relating to disclosure of derivative works in many open-source licenses are unclear. If a court interprets one or more such open-source licenses in a manner that is unfavorable to us, we could be required to make certain of our key software available at no cost. Furthermore, open-source software may have security flaws and other deficiencies that could make our solutions less reliable and damage our business.

We may be unsuccessful at developing and maintaining strategic relationships with third parties that expand our distribution channels and increase revenue, which could significantly limit our long-term growth.

Achieving future success will likely require us to maintain and increase the number and depth of our relationships with resellers, systems integrators, product makers and other strategic partners and to leverage those relationships to expand our distribution channels and increase revenue. If we become reliant on a small number of large partners, any termination of our relationship with one of them could have an adverse impact on our financial condition. The need to develop such relationships can be particularly acute in areas outside of the U.S. We have not always been successful at developing these relationships due to the complexity of our services, our historical reliance on an internal sales force and other factors. Recruiting and retaining qualified channel partners and training them in the use of our technology and services and ensuring that they are compliant with our ethical expectations requires significant time and resources. In order to develop and expand our distribution channel, we must continue to expand and improve our portfolio of solutions as well as the systems, processes and procedures that support our channels. Those systems, processes and procedures may become increasingly complex and difficult to manage. The time and expense required for the sales and marketing organizations of our channel partners to become familiar with our offerings, including our new services developments, may make it more difficult to introduce those products to enterprises. Our failure to maintain and increase the number and quality of relationships with channel partners, and any inability to successfully execute on the partnerships we initiate, could significantly impede our revenue growth prospects in the short and long term.

If the accounting estimates we make, and the assumptions on which we rely, in preparing our financial statements prove inaccurate, our actual results may be adversely affected.

Our financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments about, among other things, taxes, revenue recognition, stock-based compensation costs, capitalization of internal-use software development costs, investments, contingent obligations, allowance for doubtful accounts, intangible assets and restructuring charges. These estimates and judgments affect, among other things, the reported amounts of our assets, liabilities, revenue and expenses, the amounts of charges accrued by us, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. If our estimates or the assumptions underlying them are not correct, actual results may differ materially from our

[Table of Contents](#)

estimates and we may need to, among other things, accrue additional charges that could adversely affect our results of operations, which in turn could adversely affect our stock price. In addition, new accounting pronouncements and interpretations of accounting pronouncements have occurred and may occur in the future that could adversely affect our reported financial results.

We may have exposure to greater-than-anticipated tax liabilities.

Our future income taxes could be adversely affected by earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, or changes in tax laws, regulations, or accounting principles, as well as certain discrete items such as equity-related compensation. In particular, we do not yet know the full effect that the U.S. Tax Cuts and Jobs Act of 2017 and subsequent related regulations will have on our business and tax exposure assessment. We have recorded certain tax reserves to address potential exposures involving our income tax and sales and use tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different jurisdictions. We are currently subject to tax audits in various jurisdictions including the Commonwealth of Massachusetts. If the outcome of such audit or other audits were to be adverse to us, our reserves may not be adequate to cover our total actual liability. Although we believe our estimates, our reserves and the positions we have taken are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.

We have complied with Section 404 of the Sarbanes-Oxley Act of 2002 by assessing, strengthening and testing our system of internal controls. Even though we concluded our internal control over financial reporting and disclosure controls and procedures were effective as of the end of the period covered by this report, we need to continue to maintain our processes and systems and adapt them to changes as our business evolves and we rearrange management responsibilities and reorganize our business. This continuous process of maintaining and adapting our internal controls and complying with Section 404 is expensive and time-consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404. Furthermore, as our business changes, including by expanding our operations in different markets, increasing reliance on channel partners and completing acquisitions, our internal controls may become more complex and we will require significantly more resources to ensure our internal controls remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses, the disclosure of that fact, even if quickly remediated, could reduce the market's confidence in our financial statements and harm our stock price.

Any failure to meet our debt obligations would damage our business.

As of December 31, 2017, we had total par value of \$690.0 million of convertible senior notes outstanding due in 2019. Our ability to refinance the notes, make cash payments in connection with conversions of the notes or repurchase the notes in the event of a fundamental change (as defined in the indenture governing the notes) will depend on market conditions and our future performance, which is subject to economic, financial, competitive and other factors beyond our control. We also may not use the cash we have raised through the issuance of the convertible senior notes in an optimally productive and profitable manner. If we are unable to remain profitable or if we use more cash than we generate in the future, our level of indebtedness at such time could adversely affect our operations by increasing our vulnerability to adverse changes in general economic and industry conditions and by limiting or prohibiting our ability to obtain additional financing for additional capital expenditures, acquisitions and general corporate and other purposes. In addition, if we are unable to make cash payments upon conversion of the notes, we would be required to issue significant amounts of our common stock, which would be dilutive to the stock of existing stockholders. If we do not have sufficient cash to repurchase the notes following a fundamental change, we would be in default under the terms of the notes, which could seriously harm our business. In addition, the terms of the notes do not limit the amount of future indebtedness we may incur. If we incur significantly more debt, this could intensify the risks described above.

Fluctuations in foreign currency exchange rates affect our operating results in U.S. dollar terms.

An increasing portion of our revenue is derived from international operations. Revenue generated and expenses incurred by our international subsidiaries are often denominated in the currencies of the local countries. As a result, our consolidated

[Table of Contents](#)

U.S. dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international subsidiaries are translated from local currencies into U.S. dollars. In addition, our financial results are subject to changes in exchange rates that impact the settlement of transactions in non-functional currencies. While we have implemented a foreign currency hedging program to mitigate transactional exposures, there is no guarantee that such program will be effective.

We may issue additional shares of our common stock or instruments convertible into shares of our common stock and thereby materially and adversely affect the market price of our common stock.

Our Board of Directors has the authority to issue additional shares of our common stock or other instruments convertible into, or exchangeable or exercisable for, shares of our common stock. If we issue additional shares of our common stock or instruments convertible into, or exchangeable or exercisable for, shares of our common stock, it may materially and adversely affect the market price of our common stock.

Our sales to government clients subject us to risks including early termination, audits, investigations, sanctions and penalties.

We have customer contracts with the U.S. government, as well as foreign, state and local governments and their respective agencies. Such government entities often have the right to terminate these contracts at any time, without cause. There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Most of our government contracts are subject to legislative approval of appropriations to fund the expenditures under these contracts. These factors combine to potentially limit the revenue we derive from government contracts in the future. Additionally, government contracts generally have requirements that are more complex than those found in commercial enterprise agreements and therefore are more costly to comply with. Such contracts are also subject to audits and investigations that could result in civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

Litigation may adversely impact our business.

From time to time, we are or may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including patent, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. In addition, under our charter, we could be required to indemnify and advance expenses to our directors and officers in connection with their involvement in certain actions, suits, investigations and other proceedings. Such matters can be time-consuming, divert management's attention and resources and cause us to incur significant expenses.

We are currently involved in litigation with one of our competitors, Limelight Networks, Inc., or Limelight, involving claims for patent infringement. Limelight has asserted that it is entitled to significant damages. While we challenge the basis of the underlying claims and amount of such assertions, if such action were to be decided against our favor and a court were to award Limelight significant damages, our business and financial condition would be adversely impacted.

Furthermore, because litigation is inherently unpredictable and may not be covered by insurance, there can be no assurance that the results of the Limelight litigation or any of these other matters will not have an adverse impact on our business, results of operations, financial condition or cash flows.

General global market and economic conditions may have an adverse impact on our operating performance, results of operations and cash flows.

Our business has been and could continue to be affected by general global economic and market conditions. To the extent economic conditions impair our customers' ability to profitably monetize the content we deliver on their behalf, they may reduce or eliminate the traffic we deliver for them. Such reductions in traffic would lead to a reduction in our revenue. Additionally, in a down-cycle economic environment, we may experience the negative effects of increased competitive pricing pressure, customer loss, a deceleration in commerce over the Internet and corresponding decrease in traffic delivered over our network and failures by customers to pay amounts owed to us on a timely basis or at all. Suppliers on which we rely for servers, bandwidth, co-location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on our operations or expenses.

[Table of Contents](#)

Global climate change and natural resource conservation regulations could adversely impact our business.

Our deployed network of servers consumes significant energy resources, including those generated by the burning of fossil fuels. In response to concerns about global climate change, governments may adopt new regulations affecting the use of fossil fuels or requiring the use of alternative fuel sources. While we have invested in projects to support renewable energy development, our customers, investors and other stakeholders may require us to take more steps to demonstrate that we are taking ecologically responsible measures in operating our business. The costs and any expenses we incur to make our network more energy efficient could make us less profitable in future periods. Failure to comply with applicable laws and regulations or other requirements imposed on us could lead to fines, lost revenue and damage to our reputation.

Because we currently do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We currently intend to retain our future earnings, if any, for use in the operation of our business and do not expect to pay any cash dividends in the foreseeable future on our common stock. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

Provisions of our charter, by-laws and Delaware law may have anti-takeover effects that could prevent a change in control even if the change in control would be beneficial to our stockholders.

Provisions of our charter, by-laws and Delaware law could make it more difficult for a third party to control or acquire us, even if doing so would be beneficial to our stockholders. These provisions include:

- a classified board structure so that only approximately one-third of our Board of Directors is up for re-election in any one year;
- our Board of Directors has the right to elect directors to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director;
- stockholders must provide advance notice to nominate individuals for election to the Board of Directors or to propose matters that can be acted upon at a stockholders' meeting; and
- our Board of Directors may issue, without stockholder approval, shares of undesignated preferred stock.

Further, as a Delaware corporation, we are also subject to certain Delaware anti-takeover provisions. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our Board of Directors could rely on Delaware law to prevent or delay an acquisition of us.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease approximately 490,000 square feet of property in Cambridge, Massachusetts where our primary corporate offices are located. The majority of the current leases for such space are scheduled to expire in December 2019. In November 2016, we executed a lease for a new primary headquarters space at 145 Broadway in Cambridge, Massachusetts. The lease is for approximately 480,000 square feet and is expected to commence at the termination of our existing corporate headquarter lease at 150 Broadway in Cambridge, Massachusetts. The initial lease term is 15 years. During 2017 we also extended our lease for 150 Broadway in Cambridge, Massachusetts, which represents 177,000 square feet of our current footprint in Cambridge, Massachusetts. The term of the extended lease is coterminous with the 145 Broadway lease.

We also have offices in other locations in the United States and other countries, the largest of which are in Santa Clara, California; Bangalore, India; and Krakow, Poland. All of our facilities are leased. We believe our facilities are sufficient to meet our needs for the foreseeable future and, if needed, additional space will be available at a reasonable cost.

Item 3. Legal Proceedings

We are party to litigation that we consider routine and incidental to our business. We do not currently expect the results of any of these litigation matters to have a material effect on our business, results of operations, financial condition or cash flows.

In November 2015, Limelight filed a complaint in the U.S. District Court for the Eastern District of Virginia against Akamai and XO Communications LLC, or XO, alleging patent infringement by the two companies. The complaint seeks to recover from Akamai and XO significant monetary damages based upon lost revenue due to infringing technology used by the companies. We have agreed to indemnify XO for damages it incurs in this matter. We have made counterclaims in the action

[Table of Contents](#)

against Limelight alleging that Limelight has infringed Akamai content delivery patents, and we are seeking monetary damages based upon lost revenue due to the infringing technology used by Limelight. A trial date on Limelight's patents has been set for April 2018. We currently believe that the outcome of this litigation will not have a material impact on our business.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock, par value \$0.01 per share, trades under the symbol "AKAM" on the NASDAQ Global Select Market. The following table sets forth, for the periods indicated, the high and low sales price per share of our common stock on the NASDAQ Global Select Market:

	2017		2016	
	High	Low	High	Low
First quarter	\$ 71.64	\$ 59.50	\$ 57.05	\$ 39.43
Second quarter	\$ 62.58	\$ 46.81	\$ 57.50	\$ 48.88
Third quarter	\$ 53.45	\$ 44.65	\$ 58.47	\$ 47.80
Fourth quarter	\$ 68.03	\$ 48.72	\$ 71.04	\$ 52.63

As of February 22, 2018, there were 320 holders of record of our common stock.

We have never paid or declared any cash dividends on shares of our common stock or other securities and do not anticipate paying or declaring any cash dividends in the foreseeable future. We currently intend to retain all future earnings, if any, for use in the operation of our business.

Issuer Purchases of Equity Securities

The following is a summary of our repurchases of our common stock in the fourth quarter of 2017 (in thousands, except share and per share data):

Period ⁽¹⁾	Total Number of Shares Purchased ⁽²⁾	Average Price Paid per Share ⁽³⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽⁴⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under Plans or Programs ⁽⁴⁾
October 1, 2017 – October 31, 2017	773,304	\$ 50.69	773,304	\$ 348,673
November 1, 2017 – November 30, 2017	126,618	53.97	126,618	341,839
December 1, 2017 – December 31, 2017	144,838	58.90	144,838	333,309
Total	1,044,760	\$ 52.23	1,044,760	\$ 333,309

(1) Information is based on settlement dates of repurchase transactions.

(2) Consists of shares of our common stock, par value \$0.01 per share.

(3) Includes commissions paid.

(4) In February 2016, the Board of Directors authorized a \$1.0 billion share repurchase program effective from February 2016 through December 2018.

During the year ended December 31, 2017, we repurchased 6.9 million shares of our common stock for an aggregate of \$361.2 million.

Item 6. Selected Financial Data

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial data included elsewhere in this annual report on Form 10-K. The consolidated statements of income and balance sheet data for all periods presented is derived from the audited consolidated financial statements included elsewhere in this annual report on Form 10-K or in prior year annual reports on Form 10-K on file with the Commission.

The following table sets forth selected financial data for the last five fiscal years (in thousands, except per share data):

Year ended December 31,	2017	2016	2015	2014	2013
Revenue	\$ 2,502,996	\$ 2,340,049	\$ 2,197,448	\$ 1,963,874	\$ 1,577,922
Total costs and operating expenses	2,186,777	1,880,455	1,731,298	1,474,355	1,163,954
Income from operations	316,219	459,594	466,150	489,519	413,968
Net income	218,321	316,132	321,406	333,948	293,487
Basic net income per share	1.27	1.81	1.80	1.87	1.65
Diluted net income per share	1.26	1.79	1.78	1.84	1.61
Cash, cash equivalents and marketable securities	1,279,528	1,616,329	1,524,235	1,628,284	1,246,922
Total assets	4,602,844	4,373,146	4,181,684	4,001,546	2,957,685
Convertible senior notes	662,913	640,087	624,288	604,851	—
Other long-term liabilities	165,304	134,101	110,319	117,349	65,088
Total stockholders’ equity	3,310,723	3,224,370	3,120,878	2,945,335	2,629,431

During the years presented in the table above, various acquisitions occurred, the results of which are presented prospectively from the date of acquisition. These acquisitions may impact the comparability of the consolidated financial data presented above. See Note 8 to our consolidated financial statements included elsewhere in this annual report on Form 10-K for more details regarding these acquisitions.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, should be read in conjunction with our consolidated financial statements and notes thereto that appear elsewhere in this annual report on Form 10-K. See "Risk Factors" elsewhere in this annual report on Form 10-K for a discussion of certain risks associated with our business. The following discussion contains forward-looking statements. The forward-looking statements do not include the potential impact of any mergers, acquisitions, divestitures or other events that may be announced after the date hereof.

Overview

We provide cloud services for delivering, optimizing and securing content and business applications over the Internet. The key factors that influence our financial success are our ability to build on recurring revenue commitments for our performance and security offerings, increase media traffic on our network, develop new products and carefully manage our capital spending and other expenses.

Revenue

For most of our solutions, our customers commit to contracts having terms of a year or longer, which allows us to have a consistent and predictable base level of revenue. In addition to a base level of revenue, we are also dependent on media customers where usage of our services is more variable. As a result, our revenue is impacted by the amount of media and software download traffic we serve on our network, the rate of adoption of social media and video platform capabilities, the timing and variability of customer-specific one-time events and the impact of seasonal variations on our business. The ability to expand our product portfolio and to effectively manage the prices we charge for our services are also key factors impacting our revenue growth.

We have observed the following trends related to our revenue in recent years:

- Increased sales of our security solutions have made a significant contribution to revenue growth, and we expect to continue our focus on security solutions in the future.
- We have experienced increases in the amount of traffic delivered for customers that use our solutions for video, gaming, social media and software downloads, contributing to an increase in our revenue. However, from the second half of 2015 onward, our traffic growth rates have moderated, primarily due to the "do-it-yourself" efforts by some of our customers that are among the large Internet platform companies: Amazon, Apple, Facebook, Google, Microsoft and Netflix. We refer to these companies as our Internet Platform Customers. Some of these customers have elected to develop and rely on their internal infrastructure to deliver more of their media content themselves rather than use our services. As a result, we are likely to continue experiencing lower revenue from these customers. We have not, however, been experiencing a significant shift to internal infrastructure usage across the remainder of our media services customer base.
- We have increased committed recurring revenue from our solutions by increasing sales of incremental services to our existing customers and adding new customers. These increases helped to limit the impact of reductions in usage of our services and contract terminations by certain customers, as well as the effect of price decreases negotiated as part of contract renewals.
- The unit prices paid by some of our customers have declined, reflecting the impact of competition. Our revenue would have been higher absent these price declines.
- We have experienced variations in certain types of revenue from quarter to quarter. In particular, we experience higher revenue in the fourth quarter of each year for some of our solutions as a result of holiday season activity. We also experience lower revenue in the summer months, particularly in Europe, from both e-commerce and media customers because overall Internet use declines during that time. In addition, we experience quarterly variations in revenue attributable to, among other things, the nature and timing of software and gaming releases by our customers using our software download solutions; whether there are large live sporting or other events that increase the amount of media traffic on our network; and the frequency and timing of purchases of custom services.

Expenses

Our level of profitability is also impacted by our expenses, including direct costs to support our revenue such as bandwidth and co-location costs. We have observed the following trends related to our profitability in recent years:

- Network bandwidth costs represent a significant portion of our cost of revenue. Historically, we have been able to mitigate increases in these costs by reducing our network bandwidth costs per unit and investing in internal-use software development to improve the performance and efficiency of our network. Our total bandwidth costs may increase in the future as a result of expected higher traffic levels and serving more traffic from higher cost regions. We will need to continue to effectively manage our bandwidth costs to maintain current levels of profitability.
- Co-location costs are also a significant portion of our cost of revenue. By improving our internal-use software and managing our hardware deployments to enable us to use servers more efficiently, we have been able to manage the growth of co-location costs. We expect to continue to scale our network in the future and will need to continue to effectively manage our co-location costs to maintain current levels of profitability.
- Due to the fixed nature of some of our co-location and bandwidth costs over a minimum time period, it may not be possible to quickly reduce those costs. If our revenue growth rate declines, our profitability could decrease.
- Restructuring costs were significant in the fourth quarter of 2017, as management committed to an action to restructure certain parts of the company. The restructuring actions are expected to facilitate cost efficiencies and savings in 2018.
- Payroll and related compensation costs have grown in the past several years as we have increased headcount to support our revenue growth and strategic initiatives. We increased our headcount by 1,161 employees during the year ended December 31, 2017, through hiring and from our acquisitions. During the year ended December 31, 2016, we increased our headcount by 406 employees. We expect to continue to hire employees, both domestically and internationally, in support of our strategic initiatives, but at a slower pace than experienced in 2017. We anticipate our headcount growth during 2018, if any, to be modest given the elimination of over 300 positions in the first quarter of 2018 as part of our restructuring actions. Payroll and related compensation costs are expected to increase in 2018 as a result of the hiring completed throughout 2017.

In recent years, we have used strategic acquisitions to complement and augment existing technological capabilities. During each of 2017, 2016 and 2015, we completed various acquisitions that, while immaterial to our financial results as a whole during those years, have contributed to increases in our revenue and level of expenses.

[Table of Contents](#)

Results of Operations

The following sets forth, as a percentage of revenue, consolidated statements of income data for the years indicated:

	2017	2016	2015
Revenue	100.0 %	100.0 %	100.0 %
Costs and operating expenses:			
Cost of revenue (exclusive of amortization of acquired intangible assets shown below)	35.0	34.6	33.0
Research and development	8.9	7.2	6.8
Sales and marketing	19.7	18.2	20.1
General and administrative	20.3	18.8	17.7
Amortization of acquired intangible assets	1.2	1.1	1.2
Restructuring charges	2.2	0.4	—
Total costs and operating expenses	87.3	80.3	78.8
Income from operations	12.7	19.7	21.2
Interest income	0.7	0.6	0.5
Interest expense	(0.8)	(0.8)	(0.8)
Other income (expense), net	—	0.2	(0.1)
Income before provision for income taxes	12.6	19.7	20.8
Provision for income taxes	3.9	6.1	6.2
Net income	8.7 %	13.6 %	14.6 %

Revenue

Revenue during the periods presented is as follows (in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2017	2016	% Change	% Change at Constant Currency	2016	2015	% Change	% Change at Constant Currency
Revenue	\$ 2,502,996	\$ 2,340,049	7.0%	7.0%	\$ 2,340,049	\$ 2,197,448	6.5%	6.6%

The increase in our revenue from 2016 to 2017 was primarily the result of continued strong growth from our Cloud Security Solutions, which grew 32% year-over-year, and from new product introductions. Overall, however, the revenue growth rates for 2017 and 2016 have been negatively impacted by the "do-it-yourself" efforts of our Internet Platform Customers, some of which have developed internal infrastructure to deliver more of their media content themselves rather than rely on our media services. Revenue from these six customers in the aggregate declined from \$250.5 million in 2016 to \$202.9 million in 2017.

The increase in our revenue from 2015 to 2016 was driven by higher demand for our services across all of our solutions and geographies, with particularly strong growth from our Cloud Security Solutions. The impact of the revenue decline from our Internet Platform Customers was particularly acute in 2016, declining to \$250.5 million as compared to \$379.3 million in 2015.

We expect our revenue to increase in 2018 as compared to 2017 as a result of increased customer traffic delivered on our network, sales of incremental services to our existing customers and sales to new customers.

[Table of Contents](#)

The following table quantifies the contribution to revenue during the periods presented from our divisions (in thousands). It is a customer-focused reporting view that reflects revenue we received from customers that are managed by the indicated division. For example, Media Division revenue represents all revenue received from customers that are predominately purchasing solutions from our media verticals (OTT video services, gaming, social media, etc.), including revenue from non-media solutions that those customers purchase. During 2017, the divisional categorization of certain customers was adjusted based on how those customer relationships were being managed. The historical presentation of divisional revenue was revised in order to reflect the most recent categorization and to provide a comparable view for all periods presented. During 2018, we plan to consolidate and manage our customers in two divisions: the Web Division and the Media and Carrier Division.

	For the Years Ended December 31,				For the Years Ended December 31,			
	2017	2016	% Change	% Change at Constant Currency	2016	2015	% Change	% Change at Constant Currency
Web Division	\$ 1,302,489	\$ 1,132,858	15.0 %	15.0 %	\$ 1,132,858	\$ 986,025	14.9 %	14.9 %
Media Division	1,119,282	1,136,150	(1.5)	(1.5)	1,136,150	1,157,016	(1.8)	(1.7)
Enterprise and Carrier Division	81,225	71,041	14.3	14.3	71,041	54,408	30.6	31.0
Total revenue	\$ 2,502,996	\$ 2,340,049	7.0 %	7.0 %	\$ 2,340,049	\$ 2,197,449	6.5 %	6.6 %

The increase in Web Division revenue for 2017 as compared to 2016 was due to increased purchases of new solutions and upgrades to existing services by this customer base. Increased sales of our Cloud Security Solutions to Web Division customers, in particular our Kona Site Defender and Prolexic solutions, as well as our new Bot Manager, offering were a principal contributor to our overall revenue growth. The increase in Web Division revenue in 2016 as compared to 2015 was due to increased demand across most of our customer base particularly for our Cloud Security Solutions.

The declines in the year-over-year revenue growth rate in Media Division revenue for 2017 as compared to 2016, and 2016 as compared to 2015, were primarily the result of decreased traffic from our Internet Platform Customers. The year-over-year revenue growth rate for other Media Division customers was 4% and 14% for the years ended December 31, 2017 and 2016, respectively.

The following table quantifies the contribution to revenue during the periods presented from our solution categories, which is a product-focused view that reflects revenue by solution purchased (in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2017	2016	% Change	% Change at Constant Currency	2016	2015	% Change	% Change at Constant Currency
Performance and Security Solutions	\$ 1,542,558	\$ 1,355,030	13.8 %	13.9 %	\$ 1,355,030	\$ 1,158,281	17.0 %	17.3 %
Media Delivery Solutions	738,916	787,179	(6.1)	(6.2)	787,179	868,820	(9.4)	(9.6)
Services and Support Solutions	221,522	197,840	12.0	12.0	197,840	170,347	16.1	16.0
Total revenue	\$ 2,502,996	\$ 2,340,049	7.0 %	7.0 %	\$ 2,340,049	\$ 2,197,448	6.5 %	6.6 %

The increases in Performance and Security Solutions revenue for 2017 as compared to 2016, and 2016 as compared to 2015, were due to new product introductions and increased demand across all major product lines, with especially strong growth in our Cloud Security Solutions. Cloud Security Solutions revenue for the year ended December 31, 2017 was \$481.5 million, as compared to \$364.9 million and \$254.4 million for the years ended December 31, 2016 and 2015, respectively.

[Table of Contents](#)

The declines in Media Delivery Solutions revenue for 2017 as compared to 2016, and 2016 as compared to 2015, were primarily the result of decreased traffic from our Internet Platform Customers, resulting from their "do-it-yourself" efforts in delivering their content. During 2017 as compared to 2016, revenue from our Media Delivery Solutions for other customers remained flat.

The increases in Services and Support Solutions revenue for 2017 as compared to 2016, and 2016 as compared to 2015, were due to strong attachment rates for our professional services for new customers as well as purchases of upgrades to professional services by our existing customers.

The following table quantifies revenue derived in the U.S. and internationally (in thousands):

	For the Years Ended December 31,				For the Years Ended December 31,			
	2017	2016	% Change	% Change at Constant Currency	2016	2015	% Change	% Change at Constant Currency
U.S.	\$ 1,647,948	\$ 1,620,724	1.7%	1.7%	\$ 1,620,724	\$ 1,604,492	1.0%	1.0%
International	855,048	719,325	18.9	18.9	719,325	592,956	21.3	21.6
Total revenue	\$ 2,502,996	\$ 2,340,049	7.0%	7.0%	\$ 2,340,049	\$ 2,197,448	6.5%	6.6%

The reduced revenue from our Internet Platform Customers negatively impacted our U.S. revenue growth rates for the years ended December 31, 2017 and 2016, as these customers are based in the U.S. For the year ended December 31, 2017, approximately 34% of our revenue was derived from our operations located outside of the U.S., compared to 31% for the year ended December 31, 2016, and 27% for the year ended December 31, 2015. No single country outside of the U.S. accounted for 10% or more of revenue during any of these periods.

During 2017 and 2016, we continued to see strong revenue growth from our operations in the Asia Pacific region. Changes in foreign currency exchange rates negatively impacted our revenue by \$0.4 million in 2017 as compared to 2016, and by \$1.0 million in 2016 as compared to 2015.

Cost of Revenue

Cost of revenue consisted of the following for the periods presented (in thousands):

	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Bandwidth fees	\$ 168,092	\$ 168,202	(0.1)%	\$ 168,202	\$ 150,607	11.7%
Co-location fees	130,181	129,904	0.2	129,904	125,983	3.1
Network build-out and supporting services	75,209	61,320	22.7	61,320	58,207	5.3
Payroll and related costs	216,681	189,409	14.4	189,409	158,742	19.3
Stock-based compensation, including amortization of prior capitalized amounts	36,677	31,145	17.8	31,145	26,222	18.8
Depreciation of network equipment	143,825	140,777	2.2	140,777	130,098	8.2
Amortization of internal-use software	105,093	88,244	19.1	88,244	75,761	16.5
Total cost of revenue	\$ 875,758	\$ 809,001	8.3 %	\$ 809,001	\$ 725,620	11.5%
<i>As a percentage of revenue</i>	<i>35.0%</i>	<i>34.6%</i>		<i>34.6%</i>	<i>33.0%</i>	

[Table of Contents](#)

The increase in total cost of revenue for 2017 as compared to 2016 was primarily due to increases in:

- payroll and related costs, as well as stock-based compensation, due to increased hiring in our services team to support revenue growth;
- amounts paid for network build-out and supporting services related to investments in network expansion to support our expanding web performance and cloud security solutions as a result of new product launches and our acquisitions; and
- amortization of internal-use software as we continued to release internally-developed software onto our network as a result of new product launches and significant enhancements to our existing services.

The increase in total cost of revenue for 2016 as compared to 2015 was primarily due to increases in:

- amounts paid to network providers for bandwidth fees to support the increase in traffic served on our network and for traffic served from higher cost regions;
- payroll and related costs, as well as stock-based compensation, due to increased hiring in our services team to support revenue growth; and
- depreciation of network equipment and amortization of internal-use software as we continued to invest in our infrastructure and release internally-developed software onto our network.

We have long-term purchase commitments for co-location services and bandwidth usage with various vendors and network and Internet service providers. Our minimum commitments related to bandwidth usage and co-location services may vary from period to period depending on the timing and length of contract renewals with our service providers. See Note 12 to our consolidated financial statements included elsewhere in this annual report on Form 10-K for details regarding our bandwidth usage and co-location services purchase commitments.

We believe that cost of revenue will increase during 2018 as compared to 2017 due to higher bandwidth expenses associated with increased customer traffic on our network and the costs we expect to incur to increase our network's capacity and resiliency with the goal of combating potential attacks on our platform. Additionally, during 2018, we anticipate amortization of internal-use software development costs to increase as compared to 2017, along with increased payroll and related costs associated with our professional services personnel and related expenses. However, we do not anticipate that cost of revenue will increase as a percentage of revenue during 2018 as compared to 2017. We plan to continue making investments in our network with the expectation that our customer base will continue to expand and that we will continue to deliver more traffic to existing customers.

Research and Development Expenses

Research and development expenses consisted of the following for the periods presented (in thousands):

	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Payroll and related costs	\$ 322,604	\$ 253,351	27.3%	\$ 253,351	\$ 220,198	15.1 %
Stock-based compensation	38,863	29,739	30.7	29,739	23,926	24.3
Capitalized salaries and related costs	(148,998)	(122,084)	22.0	(122,084)	(103,352)	18.1
Other expenses	9,965	6,622	50.5	6,622	7,819	(15.3)
Total research and development	\$ 222,434	\$ 167,628	32.7%	\$ 167,628	\$ 148,591	12.8 %
<i>As a percentage of revenue</i>	<i>8.9%</i>	<i>7.2%</i>		<i>7.2%</i>	<i>6.8%</i>	

The increases in research and development expenses for 2017 as compared to 2016 and 2016 as compared to 2015, were due to increases in:

- payroll and related costs as a result of headcount growth to support investments in new product development and network scaling, and as a result of recent acquisitions; and
- stock-based compensation due to increased headcount and market adjustments of award sizes to existing employees due to competition for certain engineering talent.

[Table of Contents](#)

The increases in research and development expenses for the periods presented above were partially offset by increases in capitalized salaries and related costs due to continued investment in internal-use software deployed on our network. Research and development costs are expensed as incurred, other than certain internal-use software development costs eligible for capitalization. Capitalized development costs consist of payroll and related costs for personnel and external consulting expenses involved in the development of internal-use software used to deliver our services and operate our network. For the years ended December 31, 2017, 2016 and 2015, we capitalized \$26.8 million, \$21.4 million and \$16.7 million, respectively, of stock-based compensation. These capitalized internal-use software development costs are amortized to cost of revenue over their estimated useful lives, which is generally two years.

We believe that research and development expenses during 2018 will increase as compared to 2017, as a result of the increases in headcount we experienced throughout 2017. We expect the increases to payroll and related costs in 2018 as compared to 2017 to be at a slower pace than we experienced in 2017.

Sales and Marketing Expenses

Sales and marketing expenses consisted of the following for the periods presented (in thousands):

	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Payroll and related costs	\$ 354,829	\$ 309,181	14.8%	\$ 309,181	\$ 316,845	(2.4)%
Stock-based compensation	60,247	55,407	8.7	55,407	53,542	3.5
Marketing programs and related costs	48,551	36,904	31.6	36,904	43,990	(16.1)
Other expenses	30,005	25,475	17.8	25,475	26,611	(4.3)
Total sales and marketing	\$ 493,632	\$ 426,967	15.6%	\$ 426,967	\$ 440,988	(3.2)%
<i>As a percentage of revenue</i>	<i>19.7%</i>	<i>18.2%</i>		<i>18.2%</i>	<i>20.1%</i>	

The increase in sales and marketing expenses for 2017 as compared to 2016 was primarily due to increases in:

- payroll and related costs from headcount increases to enable our Web and Enterprise and Carrier Divisions' go-to-market strategies in support of growth opportunities; and
- marketing programs and related costs in support of our go-to-market strategies and ongoing geographic expansion.

The decrease in sales and marketing expenses for 2016 as compared to 2015 was primarily due to a decrease in performance-based commissions earned and reduced spending on marketing programs and related costs as we moderated discretionary spending to align with our revenue growth rates.

We believe that sales and marketing expenses will increase during 2018 as compared to 2017, due to increased payroll and related costs as a result of headcount growth during 2017 and expected hiring in 2018.

[Table of Contents](#)

General and Administrative Expenses

General and administrative expenses consisted of the following for the periods presented (in thousands):

	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Payroll and related costs	\$ 194,199	\$ 163,348	18.9 %	\$ 163,348	\$ 161,660	1.0 %
Stock-based compensation	44,884	41,073	9.3	41,073	35,062	17.1
Depreciation and amortization	76,128	65,780	15.7	65,780	54,562	20.6
Facilities-related costs	80,452	72,549	10.9	72,549	64,302	12.8
Provision for doubtful accounts	3,209	1,235	159.8	1,235	1,717	(28.1)
Acquisition-related costs	23,373	1,028	2,173.6	1,028	1,756	(41.5)
License of patent	(16,421)	(8,577)	91.5	(8,577)	—	(100.0)
Professional fees and other expenses	103,341	103,480	(0.1)	103,480	69,206	49.5
Total general and administrative	\$ 509,165	\$ 439,916	15.7 %	\$ 439,916	\$ 388,265	13.3 %
<i>As a percentage of revenue</i>	<i>20.3%</i>	<i>18.8%</i>		<i>18.8%</i>	<i>17.7%</i>	

The increase in total general and administrative expenses for 2017 as compared to 2016 was primarily due to increases in:

- payroll and related costs, specifically in our network infrastructure and information technology functions in support of our security infrastructure growth and network scaling and efficiency efforts;
- facilities-related costs and depreciation and amortization due to expansion of company infrastructure throughout 2016 and 2017 to support investments in engineering, go-to market capacity and enterprise expansion initiatives, particularly expansion of our facility footprint; and
- acquisition-related costs due to the release of an indemnification receivable related to an acquisition.

The increase in total general and administrative expenses for 2016 as compared to 2015 was primarily due to increases in:

- legal and other professional fees due to ongoing litigation;
- expansion of company infrastructure throughout 2015 and 2016 to support investments in engineering, go-to market capacity and enterprise expansion initiatives, particularly expansion of our facility footprint, which increased facilities-related costs and depreciation and amortization; and
- stock-based compensation as a result of increased headcount and the impact that changing estimates have on performance-based stock-based compensation awards from period to period.

General and administrative expenses for 2017 and 2016 are broken out by category as follows (in thousands):

	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Global functions	\$ 201,539	\$ 189,485	6.4 %	\$ 189,485	\$ 160,019	18.4 %
<i>As a percentage of revenue</i>	<i>8.1%</i>	<i>8.1%</i>		<i>8.1%</i>	<i>7.3%</i>	
Infrastructure	297,465	255,855	16.3	255,855	222,674	14.9
<i>As a percentage of revenue</i>	<i>11.9%</i>	<i>10.9%</i>		<i>10.9%</i>	<i>10.1%</i>	
Other	10,161	(5,424)	(287.3)	(5,424)	5,572	(197.3)
Total general and administrative expenses	\$ 509,165	\$ 439,916	15.7 %	\$ 439,916	\$ 388,265	13.3 %
<i>As a percentage of revenue</i>	<i>20.3%</i>	<i>18.8%</i>		<i>18.8%</i>	<i>17.7%</i>	

[Table of Contents](#)

Global functions expense includes payroll, stock-based compensation and other employee-related costs for administrative functions, including finance, purchasing, order entry, human resources, legal, information technology and executive personnel, as well as third-party professional service fees. Infrastructure expense includes payroll, stock-based compensation and other employee-related costs for our network infrastructure functions, as well as facility rent expense, depreciation and amortization of facility and IT-related assets, software and software-related costs, business insurance and taxes. Our network infrastructure function is responsible for network planning, sourcing, architecture evaluation and platform security. Other expenses includes acquisition-related costs, provision for doubtful accounts and the license of a patent.

During 2018, we expect payroll and related costs of our general and administrative functions to increase as compared to 2017 as a result of headcount growth in 2017. We do not expect other areas of general and administrative expenses to experience the same level of increases as past years and we expect acquisition-related costs to decrease as a result of the release of an indemnification receivable in 2017 that will not recur in 2018 that related to a prior acquisition.

Amortization of Acquired Intangible Assets

<i>(in thousands)</i>	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Amortization of acquired intangible assets	\$ 30,904	\$ 26,642	16.0%	\$ 26,642	\$ 27,067	(1.6)%
<i>As a percentage of revenue</i>	<i>1.2%</i>	<i>1.1%</i>		<i>1.1%</i>	<i>1.2%</i>	

The increase in amortization of acquired intangible assets in 2017 as compared to 2016 was the result of amortization of assets related to our 2016 and 2017 acquisitions. The decrease in amortization of acquired intangible assets in 2016 as compared to 2015 was attributable to the finalization of amortization of intangible assets acquired in previous years; partially offset by intangible assets we acquired in 2015 and 2016.

Based on acquired intangible assets as of December 31, 2017, future amortization is expected to be approximately \$33.3 million, \$36.5 million, \$33.8 million, \$27.9 million and \$22.4 million for the years ending December 31, 2018, 2019, 2020, 2021 and 2022, respectively.

Restructuring Charges

<i>(in thousands)</i>	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Restructuring charges	\$ 54,884	\$ 10,301	432.8%	\$ 10,301	\$ 767	1,243.0%
<i>As a percentage of revenue</i>	<i>2.2%</i>	<i>0.4%</i>		<i>0.4%</i>	<i>—%</i>	

The increase in restructuring charges in 2017 as compared to 2016 was the result of certain restructuring actions taken in the fourth quarter of 2017. Management committed to an action to restructure certain parts of the business, primarily media-related, with the intent of shifting focus to more critical areas and away from products that have not seen expected commercial success. The restructuring is also intended to facilitate other cost efficiencies and savings. Certain capitalized internal-use software charges have been realized for software not yet placed into service that will not be completed and launched due to this action. In addition, as part of cost efficiencies and savings, certain headcount and facility reductions were made. The restructuring charges in 2017 also consisted of severance expenses associated with the acquisitions of Soasta and Nominum.

The restructuring charges in 2016 were primarily the result of changes to our organizational structure to reorganize and consolidate our products and development groups and global sales, services and marketing teams into divisions centered on our solutions. The restructuring charges relate to severance expenses for impacted employees and charges for internal-use software not yet placed into service that will not be completed and launched due to changing priorities as part of the reorganization.

[Table of Contents](#)

The restructuring charges in 2015 consisted of severance expenses for redundant employees associated with acquisitions completed during those years.

We expect to incur additional restructuring charges of up to \$15.0 million in 2018 as a result of the action committed to in the fourth quarter of 2017 and continued in the first quarter of 2018. These charges will include severance and related expenses for terminations of approximately 300 employees in the first quarter of 2018 and charges related to facility closures we plan to implement in 2018.

Non-Operating Income (Expense)

<i>(in thousands)</i>	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Interest income	\$ 17,855	\$ 14,702	21.4 %	\$ 14,702	\$ 11,200	31.3 %
<i>As a percentage of revenue</i>	0.7 %	0.6 %		0.6 %	0.5 %	
Interest expense	\$ (18,839)	\$ (18,638)	1.1 %	\$ (18,638)	\$ (18,525)	0.6 %
<i>As a percentage of revenue</i>	(0.8)%	(0.8)%		(0.8)%	(0.8)%	
Other income (expense), net	\$ 887	\$ 3,788	(76.6)%	\$ 3,788	\$ (2,201)	(272.1)%
<i>As a percentage of revenue</i>	— %	0.2 %		0.2 %	(0.1)%	

For the periods presented, interest income primarily consists of interest earned on invested cash balances and marketable securities, and interest expense consists of the amortization of the debt discount and debt issuance costs related to our convertible senior notes issued in February 2014.

Other income (expense), net for the years ended December 31, 2017, 2016 and 2015 primarily represents net foreign exchange gains and losses mainly due to foreign currency exchange rate fluctuations on intercompany and other non-functional currency transactions. The fluctuation in other income (expense), net for 2016, as compared to 2015 also includes the impact of gains recognized on the disposition of certain cost method investments. Other income (expense), net may fluctuate in the future based on changes in foreign currency exchange rates or other events.

Provision for Income Taxes

<i>(in thousands)</i>	For the Years Ended December 31,			For the Years Ended December 31,		
	2017	2016	% Change	2016	2015	% Change
Provision for income taxes	\$ 97,801	\$ 143,314	(31.8)%	\$ 143,314	\$ 135,218	6.0%
<i>As a percentage of revenue</i>	3.9%	6.1%		6.1%	6.2%	
<i>Effective income tax rate</i>	30.9%	31.2%		31.2%	29.6%	

For the year ended December 31, 2017, our effective income tax rate was lower than the federal statutory tax rate due to the composition of income from foreign jurisdictions that is taxed at lower rates compared to the statutory tax rates in the U.S., the re-measurement of deferred taxes at lower tax rates expected to be in place upon realization due to the U.S. Tax Cuts and Jobs Act, or TCJA, which was enacted in December 2017, the impacts of the release of an acquisition-related reserve due to the expiration of the relevant statute of limitations and U.S. federal, state and foreign research and development credits. These benefits were partially offset by a provisional charge for the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings taken as part of the TCJA, the effects of stock-based compensation in accordance with authoritative guidance for share-based payments and state income taxes.

For the year ended December 31, 2017, the net impact of the TCJA described above was a provisional net tax expense of \$26.0 million which is comprised of a one-time transition tax expense of \$43.4 million on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017, offset by a \$17.4 million tax benefit related to the re-measurement of deferred tax assets and liabilities due to the lower corporate income tax rate.

For the year ended December 31, 2016, our effective income tax rate was lower than the federal statutory tax rate due to the composition of income from foreign jurisdictions that is taxed at lower rates compared to the statutory tax rates in the U.S., the domestic production activities deduction and U.S. federal, state and foreign research and development credits, partially

[Table of Contents](#)

offset by the effects of stock-based compensation in accordance with authoritative guidance for share-based payments and state income taxes.

For the year ended December 31, 2015, our effective income tax rate was lower than the federal statutory tax rate due to the retroactive application of a U.S. tax court ruling with respect to the treatment of stock-based compensation in intercompany arrangements, U.S. federal, state, and foreign research and development credits, the domestic production activities deduction and the composition of income from foreign jurisdictions that is taxed at lower rates compared to the statutory tax rates in the U.S. These benefits were partially offset by the effects of accounting for stock-based compensation in accordance with the authoritative guidance for share-based payments and state income taxes.

The decrease in the provision for income taxes for 2017 as compared to 2016 was mainly due to a decrease in profit before tax, the re-measurement of deferred taxes at lower tax rates expected to be in place upon realization as a result of the TCJA, the impacts of the release of an acquisition-related reserve due to the expiration of the relevant statute of limitations and an increase in U.S. federal, state and foreign research and development credits. These benefits were partially offset by a decrease in the domestic production activities deduction and a provisional charge for the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as a result of the TJCA.

The increase in the provision for income taxes for 2016 as compared to 2015 was mainly due to the retroactive application of a U.S. tax court ruling with respect to the treatment of stock-based compensation on intercompany arrangements that occurred in 2015, a decrease in U.S. federal and state research and development credits and a change in the composition of income from foreign jurisdictions. This increase in the provision for income taxes was partially offset by an increase in the domestic production activities deduction.

Our effective income tax rate may fluctuate between fiscal years and from quarter to quarter due to items arising from discrete events, such as tax benefits from the disposition of employee equity awards, settlements of tax audits and assessments and tax law changes. Our effective income tax rate is also impacted by, and may fluctuate in any given period because of, the composition of income in foreign jurisdictions where tax rates differ depending on the local statutory rates.

Non-GAAP Financial Measures

In addition to providing financial measurements based on accounting principles generally accepted in the U.S., or GAAP, we publicly discuss additional financial measures that are not prepared in accordance with GAAP, or non-GAAP financial measures. Management uses non-GAAP financial measures, in addition to GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision-making, for planning and forecasting purposes, to set executive compensation and to evaluate our financial performance. These non-GAAP financial measures are: non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income, non-GAAP net income per diluted share, Adjusted EBITDA, Adjusted EBITDA margin and impact of foreign currency exchange rates, as discussed below.

Management believes that these non-GAAP financial measures reflect our ongoing business in a manner that facilitates meaningful comparisons and analysis of trends in the business, as they assist in the comparison of financial results across accounting periods and to those of our peer companies. Management also believes that these non-GAAP financial measures enable investors to evaluate our operating results and future prospects in the same manner as management. These non-GAAP financial measures may exclude expenses and gains that may be unusual in nature, infrequent or not reflective of our ongoing operating results.

The non-GAAP financial measures do not replace the presentation of our GAAP financial measures and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with GAAP.

The non-GAAP adjustments, and our basis for excluding them from non-GAAP financial measures, are outlined below:

- **Amortization of acquired intangible assets** – We have incurred amortization of intangible assets, included in our GAAP financial statements, related to various acquisitions we have made. The amount of an acquisition's purchase price allocated to intangible assets and the term of its related amortization can vary significantly and are unique to each acquisition; therefore, we exclude amortization of acquired intangible assets from our non-GAAP financial measures to provide investors with a consistent basis for comparing pre- and post-acquisition operating results.
- **Stock-based compensation and amortization of capitalized stock-based compensation** – Although stock-based compensation is an important aspect of the compensation paid to our employees, the grant date fair value varies based

[Table of Contents](#)

on the stock price at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award types. This makes the comparison of our current financial results to previous and future periods difficult to evaluate; therefore, we believe it is useful to exclude stock-based compensation and amortization of capitalized stock-based compensation from our non-GAAP financial measures in order to highlight the performance of our core business and to be consistent with the way many investors evaluate our performance and compare our operating results to peer companies.

- **Acquisition-related costs** – Acquisition-related costs include transaction fees, advisory fees, due diligence costs and other direct costs associated with strategic activities. In addition, subsequent adjustments to our initial estimated amounts of contingent consideration and indemnification associated with specific acquisitions are included within acquisition-related costs. These amounts are impacted by the timing and size of the acquisitions. We exclude acquisition-related costs from our non-GAAP financial measures to provide a useful comparison of our operating results to prior periods and to our peer companies because such amounts vary significantly based on the magnitude and quantity of our acquisition transactions.
- **Restructuring charges** – We have incurred restructuring charges that are included in our GAAP financial statements, primarily related to workforce reductions and estimated costs of exiting facility lease commitments. We exclude these items from our non-GAAP financial measures when evaluating our continuing business performance as such items vary significantly based on the magnitude of the restructuring action and do not reflect expected future operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or historical operations of our business.
- **Amortization of debt discount and issuance costs and amortization of capitalized interest expense** – In February 2014, we issued \$690 million of convertible senior notes due 2019 with a coupon interest rate of 0%. The imputed interest rate of the convertible senior notes was approximately 3.2%. This is a result of the debt discount recorded for the conversion feature that is required to be separately accounted for as equity under GAAP, thereby reducing the carrying value of the convertible debt instrument. The debt discount is amortized as interest expense together with the issuance costs of the debt. All of our interest expense is comprised of these non-cash components and is excluded from management's assessment of our operating performance because management believes the non-cash expense is not representative of ongoing operating performance.
- **Gains and losses on investments** – We have recorded gains and losses from the disposition and impairment of certain investments. We believe excluding these amounts from our non-GAAP financial measures is useful to investors as the types of events giving rise to them occur infrequently and are not representative of our core business operations or ongoing operating performance.
- **Legal matter costs** – We have incurred losses from the settlement of legal matters and costs with respect to our 2015 internal U.S. Foreign Corrupt Practices Act, or FCPA, investigation in addition to the disgorgement payments we made to resolve the matter. We believe excluding these amounts from our non-GAAP financial measures is useful to investors as the types of events giving rise to them are not representative of our core business operations.
- **Income tax effect of non-GAAP adjustments and certain discrete tax items** – The non-GAAP adjustments described above are reported on a pre-tax basis. The income tax effect of non-GAAP adjustments is the difference between GAAP and non-GAAP income tax expense. Non-GAAP income tax expense is computed on non-GAAP pre-tax income (GAAP pre-tax income adjusted for non-GAAP adjustments) and excludes certain discrete tax items (such as the release of income tax reserves due to statute expiration and one-time impacts of the TCJA), if any. We believe that applying the non-GAAP adjustments and their related income tax effect allows us to highlight income attributable to our core operations.

[Table of Contents](#)

The following table reconciles GAAP income from operations to non-GAAP income from operations and non-GAAP operating margin for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Income from operations	\$ 316,219	\$ 459,594	\$ 466,150
Amortization of acquired intangible assets	30,904	26,642	27,067
Stock-based compensation	164,308	144,506	126,677
Amortization of capitalized stock-based compensation and capitalized interest expense	19,953	15,439	13,618
Restructuring charges	54,884	10,301	767
Acquisition-related costs	23,374	1,064	865
Legal matter costs	—	890	3,291
Non-GAAP income from operations	<u>\$ 609,642</u>	<u>\$ 658,436</u>	<u>\$ 638,435</u>
GAAP operating margin	13%	20%	21%
Non-GAAP operating margin	24%	28%	29%

The following table reconciles GAAP net income to non-GAAP net income for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Amortization of acquired intangible assets	30,904	26,642	27,067
Stock-based compensation	164,308	144,506	126,677
Amortization of capitalized stock-based compensation and capitalized interest expense	19,953	15,439	13,618
Restructuring charges	54,884	10,301	767
Acquisition-related costs	23,374	1,064	865
Legal matter costs	—	890	3,291
Amortization of debt discount and issuance costs	18,839	18,638	18,525
(Gain) loss on investments	(450)	(4,807)	25
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(77,385)	(52,661)	(58,309)
Non-GAAP net income	<u>\$ 452,748</u>	<u>\$ 476,144</u>	<u>\$ 453,932</u>

[Table of Contents](#)

The following table reconciles GAAP net income per diluted share to non-GAAP net income per diluted share for the years ended December 31, 2017, 2016 and 2015 (shares in thousands):

	2017	2016	2015
GAAP net income per diluted share	\$ 1.26	\$ 1.79	1.78
Amortization of acquired intangible assets	0.18	0.14	0.16
Stock-based compensation	0.95	0.82	0.70
Amortization of capitalized stock-based compensation and capitalized interest expense	0.12	0.09	0.08
Restructuring charges	0.32	0.06	—
Acquisition-related costs	0.14	0.01	—
Legal matter costs	—	0.01	0.02
Amortization of debt discount and issuance costs	0.11	0.11	0.10
(Gain) loss on investments	—	(0.03)	—
Income tax effect of above non-GAAP adjustments and certain discrete tax items	(0.45)	(0.30)	(0.32)
Non-GAAP net income per diluted share ⁽¹⁾	<u>\$ 2.62</u>	<u>\$ 2.70</u>	<u>\$ 2.52</u>
Shares used in per share calculations	172,711	176,215	180,415

(1) May not foot due to rounding

Non-GAAP net income per diluted share is calculated as non-GAAP net income divided by diluted weighted average common shares outstanding. GAAP diluted weighted average shares outstanding are adjusted in non-GAAP per share calculations for the shares that would be delivered to us pursuant to the note hedge transactions entered into in connection with the issuance of our convertible senior notes. Under GAAP, shares delivered under hedge transactions are not considered offsetting shares in the fully-diluted share calculation until they are delivered. However, we would receive a benefit from the note hedge transactions and would not allow the dilution to occur, so management believes that adjusting for this benefit provides a meaningful view of net income per share. Unless and until our weighted average stock price is greater than \$89.56, the initial conversion price, there will be no difference between our GAAP and non-GAAP diluted weighted average common shares outstanding.

We consider Adjusted EBITDA to be another important indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Adjusted EBITDA eliminates items that we do not consider to be part of our core operations. We define Adjusted EBITDA as GAAP net income excluding the following items: interest income; income taxes; depreciation and amortization of tangible and intangible assets; stock-based compensation; amortization of capitalized stock-based compensation; acquisition-related costs; restructuring charges; gains and other activity related to divestiture of a business; gains and losses on legal settlements; costs incurred with respect to our internal FCPA investigation; foreign exchange gains and losses; loss on early extinguishment of debt; amortization of debt discount and issuance costs; amortization of capitalized interest expense; certain gains and losses on investments; and other non-recurring or unusual items that may arise from time to time. Adjusted EBITDA margin represents Adjusted EBITDA stated as a percentage of revenue.

[Table of Contents](#)

The following table reconciles GAAP net income to Adjusted EBITDA and Adjusted EBITDA margin for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Amortization of acquired intangible assets	30,904	26,642	27,067
Stock-based compensation	164,308	144,506	126,677
Amortization of capitalized stock-based compensation and capitalized interest expense	19,953	15,439	13,618
Restructuring charges	54,884	10,301	767
Acquisition-related costs	23,374	1,064	865
Legal matter costs	—	890	3,291
Interest income	(17,855)	(14,702)	(11,200)
Amortization of debt discount and issuance costs	18,839	18,638	18,525
Provision for income taxes	97,801	143,314	135,218
Depreciation and amortization	321,456	292,221	258,878
Other (income) expense, net	(887)	(3,788)	2,201
Adjusted EBITDA	<u>\$ 931,098</u>	<u>\$ 950,657</u>	<u>\$ 897,313</u>
Adjusted EBITDA margin	37%	41%	41%

Impact of Foreign Currency Exchange Rates

Revenue and earnings from our international operations have historically been an important contributor to our financial results. Consequently, our financial results have been impacted, and management expects they will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, when the local currencies of our foreign subsidiaries weaken, generally our consolidated results stated in U.S. dollars are negatively impacted.

Because exchange rates are a meaningful factor in understanding period-to-period comparisons, management believes the presentation of the impact of foreign currency exchange rates on revenue and earnings enhances the understanding of our financial results and evaluation of performance in comparison to prior periods. The dollar impact of changes in foreign currency exchange rates presented is calculated by translating current period results using monthly average foreign currency exchange rates from the comparative period and comparing them to the reported amount. The percentage change at constant currency presented is calculated by comparing the prior period amounts as reported and the current period amounts translated using the same monthly average foreign currency exchange rates from the comparative period.

Liquidity and Capital Resources

To date, we have financed our operations primarily through public and private sales of debt and equity securities and cash generated by operations. As of December 31, 2017, our cash, cash equivalents and marketable securities, which primarily consisted of corporate bonds and U.S. government agency securities, totaled \$1.3 billion. Factoring in our convertible senior notes of \$690.0 million, our net cash at December 31, 2017 was \$589.5 million. We place our cash investments in instruments that meet high-quality credit standards, as specified in our investment policy. Our investment policy also limits the amount of our credit exposure to any one issue or issuer and seeks to manage these assets to achieve our goals of preserving principal and maintaining adequate liquidity at all times.

Changes in cash, cash equivalents and marketable securities are dependent upon changes in, among other things, working capital items such as deferred revenues, accounts payable, accounts receivable and various accrued expenses, as well as changes in our capital and financial structure due to common stock repurchases, debt repurchases and issuances, stock option exercises, purchases and sales of marketable securities and similar events. We believe our strong balance sheet and cash position are important competitive differentiators that provide the financial flexibility necessary to make investments at opportune times. We expect to continue to evaluate strategic investments to strengthen our business.

As of December 31, 2017, we had cash and cash equivalents of \$212.4 million held in accounts outside the U.S. As a result of the TCJA, we have recorded a provisional tax expense of \$43.4 million related to the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. The TCJA also provides for a territorial tax system in the U.S., which may provide companies with the ability to repatriate earnings with minimal U.S. federal income tax impact beginning in 2018. We have sufficient cash in the U.S. to pay this tax obligation and do not need to rely on cash outside the U.S. for payment. As a result, our liquidity is not materially impacted by the amount of cash and cash equivalents held in accounts outside the U.S. For additional information, including information on the impact of the TCJA, see Note 17 to the consolidated financial statements included elsewhere in this annual report on Form 10-K.

Cash Provided by Operating Activities

<i>(in thousands)</i>	For the Years Ended December 31,		
	2017	2016	2015
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Non-cash reconciling items included in net income	596,624	515,328	454,667
Changes in operating assets and liabilities	(13,962)	40,352	17,379
Net cash flows provided by operating activities	<u>\$ 800,983</u>	<u>\$ 871,812</u>	<u>\$ 793,452</u>

The decrease in cash provided by operating activities for 2017 as compared to 2016 was primarily due to lower profitability as a result of the

restructuring charge in 2017 and increased level of expenses as a result of our 2017 acquisitions. Payroll and related costs, including annual bonus and commissions payouts, were higher in 2017 as compared to 2016 due to increased headcount and higher bonus and commission attainment levels.

The increase in cash provided by operating activities for 2016 as compared to 2015 was primarily due to higher cash collection from customers due to increased revenue and lower commissions and annual bonus payments due to lower attainment levels. These increases to cash provided by operating activities were partially offset by higher cash payments for taxes during 2016 as compared to 2015.

[Table of Contents](#)*Cash Used in Investing Activities*

<i>(in thousands)</i>	For the Years Ended December 31,		
	2017	2016	2015
Cash paid for acquired businesses, net of cash acquired	\$ (369,073)	\$ (95,439)	\$ (141,147)
Purchases of property and equipment and capitalization of internal-use software development costs	(414,778)	(316,289)	(444,983)
Net marketable securities activity	326,272	(58,484)	153,060
Other investing activities	(2,098)	782	(2,494)
Net cash used in investing activities	\$ (459,677)	\$ (469,430)	\$ (435,564)

The decrease in cash used in investing activities in 2017 as compared to 2016 was driven by a decrease in marketable securities activity. This was offset by the funding our 2017 acquisitions of Nominum and Soasta. We also increased our purchases of property and equipment in 2017 as compared to 2016 to support both network and facility expansion.

The increase in cash used in investing activities in 2016 as compared to 2015 was driven by net marketable securities activity which was a net outflow for the year. Our excess cash as well as the proceeds from sales and maturities of our marketable securities were reinvested, as compared to 2015, where we did not reinvest a portion of our proceeds in order to fund acquisitions. This outflow was partially offset by a decrease in purchases of property and equipment during 2016, as compared 2015, as we moderated investment in our network. Additionally, acquisitions during 2016 were of a smaller magnitude than those during 2015.

Cash Used in Financing Activities

<i>(in thousands)</i>	For the Years Ended December 31,		
	2017	2016	2015
Activity related to stock-based compensation	\$ (2,715)	\$ 14,015	\$ 7,627
Repurchases of common stock	(361,194)	(373,794)	(302,606)
Other financing activities	(1,096)	—	(2,050)
Net cash used in financing activities	\$ (365,005)	\$ (359,779)	\$ (297,029)

The increase in cash used in financing activities during 2017 as compared to 2016 was primarily due to an increase in employee taxes paid related to net share settlement of stock-based awards. The increase in cash used in financing activities during 2016 as compared to 2015 was primarily the result of increased share repurchases.

In October 2013, the Board of Directors authorized a \$750.0 million share repurchase program, effective from October 16, 2013 through December 31, 2016. In February 2016, the Board of Directors authorized a \$1.0 billion share repurchase program that superseded the October 2013 repurchase program and became effective in February 2016 through December 31, 2018. The Company's goals for the share repurchase program are to offset the dilution created by its employee equity compensation programs and to provide the flexibility to return capital to shareholders as business and market conditions warrant.

During 2017, 2016 and 2015, we repurchased 6.9 million, 7.0 million and 4.5 million shares of our common stock, respectively, at an average price per share of \$52.59, \$53.28 and \$67.05, respectively. These repurchases have contributed to a decrease in weighted average shares over at least the past three years.

Convertible Senior Notes

In February 2014, we issued \$690.0 million in par value of convertible senior notes due 2019 and entered into related convertible note hedge and warrant transactions. The terms of the notes, hedge and warrant transactions are discussed more fully in Note 11 to the consolidated financial statements included elsewhere in this annual report on Form 10-K. We have used, and intend to use, the net proceeds of the offering for share repurchases, working capital and general corporate purposes, including potential acquisitions and other strategic transactions.

The convertible senior notes are due in February 2019, and are classified as a long-term liability on our consolidated balance sheet as of December 31, 2017. We are currently assessing our options with respect to repayment of the notes.

Liquidity Outlook

We believe, based on our present business plan, that our current cash, cash equivalents and marketable securities balances and our forecasted cash flows from operations will be sufficient to meet our foreseeable cash needs for at least the next 12 months. Our foreseeable cash needs, in addition to our recurring operating costs, include our expected capital expenditures, investments in information technology and facility expansion, opportunistic business acquisitions, anticipated share repurchases, lease and purchase commitments and settlements of other long-term liabilities.

Contractual Obligations, Contingent Liabilities and Commercial Commitments

The following table presents our contractual obligations and commercial commitments, as of December 31, 2017, for the next five years and thereafter (in thousands):

	Payments Due by Period				
	Total	Less than 12 Months	12 to 36 Months	36 to 60 Months	More than 60 Months
Real estate operating leases	\$ 756,998	\$ 50,187	\$ 110,449	\$ 114,891	\$ 481,471
Bandwidth and co-location agreements	137,109	108,988	28,121	—	—
Open vendor purchase orders	105,340	93,385	9,380	2,575	—
Convertible senior notes	690,000	—	690,000	—	—
Total contractual obligations	\$ 1,689,447	\$ 252,560	\$ 837,950	\$ 117,466	\$ 481,471

In accordance with the authoritative guidance for accounting for uncertainty in income taxes, as of December 31, 2017, we had unrecognized tax benefits of \$90.7 million, including \$10.7 million of accrued interest and penalties. We believe that it is reasonably possible that \$3.3 million of our unrecognized tax benefits will be recognized by the end of 2018. The settlement period for the remaining amount of the unrecognized tax benefits is unknown.

Letters of Credit

As of December 31, 2017, we had outstanding \$6.4 million in irrevocable letters of credit issued by us in favor of third party beneficiaries, primarily related to facility leases. These irrevocable letters of credit, which are not included in the table of contractual obligations above, are unsecured and are expected to remain in effect, in some cases, until 2028.

Off-Balance Sheet Arrangements

We have entered into indemnification agreements with third parties, including vendors, customers, landlords, our officers and directors, shareholders of acquired companies, joint venture partners and third parties to which we license technology. Generally, these indemnification agreements require us to reimburse losses suffered by a third party due to various events, such as lawsuits arising from patent or copyright infringement or our negligence. These indemnification obligations are considered off-balance sheet arrangements in accordance with the authoritative guidance for guarantor's accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. See Note 12 to our consolidated financial statements included elsewhere in this annual report on Form 10-K for further discussion of these indemnification agreements. The fair value of guarantees issued or modified during 2017 and 2016 was determined to be immaterial.

Legal Matters

We are party to litigation that we consider routine and incidental to our business. We do not currently expect the results of any of these litigation matters to have a material effect on our business, results of operations, financial condition or cash flows.

In November 2015, Limelight filed a complaint in the U.S. District Court for the Eastern District of Virginia against Akamai and XO Communications LLC, or XO, alleging patent infringement by the two companies. The complaint seeks to recover from Akamai and XO significant monetary damages based upon lost revenue due to infringing technology used by the companies. We have agreed to indemnify XO for damages it incurs in this matter. We have made counterclaims in the action against Limelight alleging that Limelight has infringed Akamai content delivery patents, and we are seeking monetary damages based upon lost revenue due to the infringing technology used by Limelight. A trial date on Limelight's patents has been set for April 2018. We currently believe that the outcome of this litigation will not have a material impact on our business.

Significant Accounting Policies and Estimates

See Note 2 to the consolidated financial statements included elsewhere in this annual report on Form 10-K for information regarding recent and newly adopted accounting pronouncements.

Application of Critical Accounting Policies and Estimates

Overview

Our MD&A is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. These principles require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, cash flow and related disclosure of contingent assets and liabilities. Our estimates include those related to revenue recognition, accounts receivable and related reserves, valuation and impairment of marketable securities, capitalized internal-use software development costs, goodwill and acquired intangible assets, income tax reserves, impairment and useful lives of long-lived assets and stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances at the time such estimates are made. Actual results may differ from these estimates. For a complete description of our significant accounting policies, see Note 2 to our consolidated financial statements included elsewhere in this annual report on Form 10-K.

Definitions

We define our critical accounting policies as those policies that require us to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on our consolidated financial statements. Our estimates are based upon assumptions and judgments about matters that are highly uncertain at the time an accounting estimate is made and applied and require us to assess a range of potential outcomes.

Review of Critical Accounting Policies and Estimates

Revenue Recognition

Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

We primarily derive revenue from sales of services to customers executing contracts with terms of one year or longer. These contracts generally commit the customer to a minimum monthly, quarterly or annual level of usage and specify the rate at which the customer must pay for actual usage above the monthly, quarterly or annual minimum. For contracts with a monthly commitment, we recognize the monthly minimum as revenue each month, provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable and collection is reasonably assured. Should a customer's usage of our service exceed the monthly minimum, we recognize revenue for such excess usage in the period of the additional usage. For annual or other non-monthly period revenue commitments, we recognize revenue monthly based upon the customer's actual usage each month of the commitment period and only recognize any remaining committed amount for the applicable period in the last month thereof.

We typically charge customers an integration fee when the purchased services are first activated. The integration fees are recorded as deferred revenue and recognized as revenue ratably over the estimated life of the customer arrangement. We also derive revenue from services sold as discrete, non-recurring events or based solely on usage. For these services, we recognize revenue once the event or usage has occurred.

When more than one element is contained in a revenue arrangement, we determine the fair value for each element in the arrangement based on vendor-specific objective evidence, or VSOE, for each respective element, including any renewal rates for services contractually offered to the customer. Elements typically included in our multiple element arrangements consist of our core services – the delivery of content, applications and software over the Internet – as well as mobile and security solutions and enterprise professional services. These elements have value to our customers on a stand-alone basis in that they can be sold separately by another vendor. Generally, there is no right of return relative to these services.

We typically use VSOE to determine the fair value of our separate elements. All stand-alone sales of professional services are reviewed to establish the average stand-alone selling price for those services. For our core services, the fair value is the price charged for a single deliverable on a per unit basis when it is sold separately.

[Table of Contents](#)

For arrangements in which we are unable to establish VSOE, third party evidence, or TPE, of the fair value of each element is determined based upon the price charged when the element is sold separately by another vendor. For arrangements in which we are unable to establish VSOE or TPE for each element, we use the best estimate of selling price, or BESP, to determine the fair value of the separate deliverables. We estimate BESP based upon a management-approved price list and pre-established discount levels for each solution that take into consideration volume, geography and industry lines. We allocate arrangement consideration across the multiple elements using the relative selling price method.

At the inception of a customer contract, we make an estimate as to that customer's ability to pay for the services provided. We base our estimate on a combination of factors, including the successful completion of a credit check or financial review, our collection experience with the customer and other forms of payment assurance. Upon the completion of these steps, we recognize revenue monthly in accordance with our revenue recognition policy. If we subsequently determine that collection from the customer is not reasonably assured, we record an allowance for doubtful accounts and bad debt expense for all of that customer's unpaid invoices and cease recognizing revenue for continued services provided until cash is received from the customer. Changes in our estimates and judgments about whether collection is reasonably assured would change the timing of revenue or amount of bad debt expense that we recognize.

We also sell our services through a reseller channel. Assuming all other revenue recognition criteria are met, we recognize revenue from reseller arrangements based on the reseller's contracted non-refundable minimum purchase commitments over the term of the contract, plus amounts sold by the reseller to its customers in excess of the minimum commitments. Amounts attributable to this excess usage are recognized as revenue in the period in which the service is provided.

From time to time, we enter into contracts to sell our services or license our technology to unrelated enterprises at or about the same time we enter into contracts to purchase products or services from the same enterprises. If we conclude that these contracts were negotiated concurrently, we record as revenue only the net cash received from the vendor, unless the product or service received has a separate and identifiable benefit and the fair value to us of the vendor's product or service can be objectively established.

We may from time to time resell licenses or services of third parties. We record revenue for these transactions on a gross basis when we have risk of loss related to the amounts purchased from the third party and we add value to the license or service, such as by providing maintenance or support for such license or service. If these conditions are present, we recognize revenue when all other revenue recognition criteria are satisfied.

Deferred revenue represents amounts billed to customers for which revenue has not been recognized. Deferred revenue primarily consists of the unearned portion of monthly billed service fees, prepayments made by customers for future periods, deferred integration and activation set-up fees and amounts billed under customer arrangements with extended payment terms.

Accounts Receivable and Related Reserves

Trade accounts receivable are recorded at the invoiced amounts and do not bear interest. In addition to trade accounts receivable, our accounts receivable balance includes unbilled accounts that represent revenue recorded for customers that is typically billed within one month. We record reserves against our accounts receivable balance. These reserves consist of allowances for doubtful accounts and revenue from certain customers on a cash-basis. Increases and decreases in the allowance for doubtful accounts are included as a component of general and administrative expense in the consolidated statements of income. Increases in the reserve for cash-basis customers are recorded as a reduction of revenue. The reserve for cash-basis customers increases as services are provided to customers for which collection is no longer reasonably assured. The reserve decreases and revenue is recognized when and if cash payments are received.

Estimates are used in determining these reserves and are based upon our review of outstanding balances on a customer-specific, account-by-account basis. The allowance for doubtful accounts is based upon a review of customer receivables from prior sales with collection issues where we no longer believe that the customer has the ability to pay for prior services provided. We perform ongoing credit evaluations of our customers. If such an evaluation indicates that payment is no longer reasonably assured for services provided, any future services provided to that customer will result in creation of a cash basis reserve until we receive consistent payments.

[Table of Contents](#)

Valuation and Impairment of Marketable Securities

We measure the fair value of our financial assets and liabilities at the end of each reporting period. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We have certain financial assets and liabilities recorded at fair value (principally cash equivalents and short- and long-term marketable securities) that have been classified as Level 1, 2 or 3 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the reporting date. Fair values determined by Level 2 inputs utilize data points other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair values determined by Level 3 inputs are based on unobservable data points for the asset or liability.

Marketable securities are considered to be impaired when a decline in fair value below cost basis is determined to be other-than-temporary. We periodically evaluate whether a decline in fair value below cost basis is other-than-temporary by considering available evidence regarding these investments including, among other factors, the duration of the period that, and extent to which, the fair value is less than cost basis; the financial health of, and business outlook for, the issuer, including industry and sector performance and operational and financing cash flow factors; overall market conditions and trends; and our intent and ability to retain our investment in the security for a period of time sufficient to allow for an anticipated recovery in market value. Once a decline in fair value is determined to be other-than-temporary, a write-down is recorded and a new cost basis in the security is established. Assessing the above factors involves inherent uncertainty. Write-downs, if recorded, could be materially different from the actual market performance of marketable securities in our portfolio if, among other things, relevant information related to our investments and marketable securities was not publicly available or other factors not considered by us would have been relevant to the determination of impairment.

Impairment and Useful Lives of Long-Lived Assets

We review our long-lived assets, such as property and equipment and acquired intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Events that would trigger an impairment review include a change in the use of the asset or forecasted negative cash flows related to the asset. When such events occur, we compare the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If this comparison indicates that impairment is present, the amount of the impairment is calculated as the difference between the carrying amount and the fair value of the asset. If a readily determinable market price does not exist, fair value is estimated using discounted expected cash flows attributable to the asset. The estimates required to apply this accounting policy include forecasted usage of the long-lived assets, the useful lives of these assets and expected future cash flows. Changes in these estimates could materially impact results from operations.

Goodwill and Acquired Intangible Assets

We test goodwill for impairment on an annual basis, as of December 31, or more frequently if events or changes in circumstances indicate that the asset might be impaired. We have concluded that we have one reporting unit and that our chief operating decision maker is our chief executive officer and the executive management team. We have assigned the entire balance of goodwill to our one reporting unit. The fair value of the reporting unit was based on our market capitalization as of each of December 31, 2017 and 2016, and it was substantially in excess of the carrying value of the reporting unit at each date.

Acquired intangible assets consist of completed technologies, customer relationships, trademarks and trade names, non-compete agreements and acquired license rights. We engaged third party valuation specialists to assist us with the initial measurement of the fair value of acquired intangible assets. Acquired intangible assets, other than goodwill, are amortized over their estimated useful lives based upon the estimated economic value derived from the related intangible assets.

Income Taxes

Our provision for income taxes is comprised of a current and a deferred portion. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated for the estimated future tax effects attributable to temporary differences and carryforwards by using expected tax rates in effect in the years during which the differences are expected to reverse or the carryforwards are expected to be realized.

We currently have net deferred tax assets, comprised of net operating loss, or NOL, carryforwards, tax credit carryforwards and deductible temporary differences. Our management periodically weighs the positive and negative evidence to determine if it is more likely than not that some or all of the deferred tax assets will be realized. In determining our net deferred tax assets

[Table of Contents](#)

and valuation allowances, annualized effective tax rates and cash paid for income taxes, management is required to make judgments and estimates about domestic and foreign profitability, the timing and extent of the utilization of NOL carryforwards, applicable tax rates, transfer pricing methodologies and tax planning strategies. Judgments and estimates related to our projections and assumptions are inherently uncertain; therefore, actual results could differ materially from our projections.

We have recorded certain tax reserves to address potential exposures involving our income tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different taxing jurisdictions. Our estimate of the value of our tax reserves contains assumptions based on past experiences and judgments about the interpretation of statutes, rules and regulations by taxing jurisdictions. It is possible that the costs of the ultimate tax liability or benefit from these matters may be more or less than the amount that we estimated.

Uncertainty in income taxes is recognized in our consolidated financial statements using a two-step process to determine the amount of tax benefit to be recognized. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed more-likely-than-not to be sustained based on technical merit, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that we believe has a greater than 50% likelihood of being realized upon ultimate settlement.

The TCJA made significant changes to the U.S. Internal Revenue Code, including a corporate income tax rate decrease from 35% to 21%, the implementation of a modified territorial tax system, a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017 and the repeal of the domestic production activities deduction, among other items. The Securities and Exchange Commission, or the Commission, issued guidance for the accounting for certain income tax effects of the TCJA that allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date.

We have recognized the provisional impacts related to the one-time transition tax and the re-measurement of our deferred tax balances in our consolidated financial statements for the year ended December 31, 2017. The ultimate impact could materially differ from the provisional amounts we have recorded due to additional analysis, changes in assumptions or interpretations we have made, additional guidance that may be issued and actions we may take as a result of the TCJA. For the one-time transition tax, further information is required to finalize the estimated amount of accumulated foreign earnings as well as to validate the amount of earnings represented by the aggregate foreign cash position as defined in the TCJA. For the re-measurement of the deferred tax assets and liabilities, further analysis will be required to refine our calculations and related account balances. We expect to complete the analysis within the measurement period, and any subsequent adjustment to the provisional amounts will be recognized as a current tax provision or benefit in the quarter of 2018 in which the analysis is completed.

Accounting for Stock-Based Compensation

We issue stock-based compensation awards including stock options, restricted stock units and deferred stock units. We measure the fair value of these awards at the grant date and recognize such fair value as expense over the vesting period. We have selected the Black-Scholes option pricing model to determine the fair value of stock option awards and the Monte Carlo simulation model to determine the fair value of market-based restricted stock awards. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected life of the stock awards and the volatility of the underlying common stock. Our assumptions may differ from those used in prior periods. Changes to the assumptions may have a significant impact on the fair value of stock-based awards, which could have a material impact on our financial statements. Judgment is also required in estimating the number of stock-based awards that are expected to be forfeited. Should our actual forfeiture rates differ significantly from our estimates, our stock-based compensation expense and results of operations could be materially impacted. In addition, for awards that vest and become exercisable only upon achievement of specified performance conditions, we make judgments and estimates each quarter about the probability that such performance conditions will be met or achieved. Changes to the estimates we make from time to time may have a significant impact on our stock-based compensation expense and could materially impact our result of operations.

Capitalized Internal-Use Software Costs

We capitalize salaries and related costs, including stock-based compensation, of employees and consultants who devote time to the development of internal-use software development projects, as well as interest expense related to our senior convertible notes. Capitalization begins during the application development stage, once the preliminary project stage has been completed. If a project constitutes an enhancement to previously-developed software, we assess whether the enhancement creates additional functionality to the software, thus qualifying the work incurred for capitalization. Once the project is available for general release, capitalization ceases and we estimate the useful life of the asset and begin amortization. We periodically assess whether triggering events are present to review internal-use software for impairment. Changes in our estimates related to internal-use software would increase or decrease operating expenses or amortization recorded during the period.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our portfolio of cash equivalents and short- and long-term investments is maintained in a variety of securities, including U.S. government agency obligations, high-quality corporate debt securities, commercial paper, mutual funds and money market funds. The majority of our investments are classified as available-for-sale securities and carried at fair market value with cumulative unrealized gains or losses recorded as a component of accumulated other comprehensive loss within stockholders' equity. A sharp rise in interest rates could have an adverse impact on the fair market value of certain securities in our portfolio. We do not currently hedge our interest rate exposure and do not enter into financial instruments for trading or speculative purposes.

Foreign Currency Risk

Growth in our international operations will incrementally increase our exposure to foreign currency fluctuations as well as other risks typical of international operations that could impact our business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures and other regulations and restrictions.

Transaction Exposure

Foreign exchange rate fluctuations may adversely impact our consolidated results of operations as exchange rate fluctuations on transactions denominated in currencies other than functional currencies result in gains and losses that are reflected in our consolidated statements of income. We enter into short-term foreign currency forward contracts to offset foreign exchange gains and losses generated by the re-measurement of certain assets and liabilities recorded in non-functional currencies. Changes in the fair value of these derivatives, as well as re-measurement gains and losses, are recognized in our consolidated statements of income within other income (expense), net. Foreign currency transaction gains and losses from these forward contracts were determined to be immaterial during the years ended December 31, 2017, 2016 and 2015. We do not enter into derivative financial instruments for trading or speculative purposes.

Translation Exposure

To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions will result in increased revenue and operating expenses. Conversely, our revenue and operating expenses will decrease when the U.S. dollar strengthens against foreign currencies.

Foreign exchange rate fluctuations may also adversely impact our consolidated financial condition as the assets and liabilities of our foreign operations are translated into U.S. dollars in preparing our consolidated balance sheet. These gains or losses are recorded as a component of accumulated other comprehensive loss within stockholders' equity.

Credit Risk

Concentrations of credit risk with respect to accounts receivable are limited to certain customers to which we make substantial sales. Our customer base consists of a large number of geographically dispersed customers diversified across numerous industries. We believe that our accounts receivable credit risk exposure is limited. As of December 31, 2017 and 2016, no customer had an accounts receivable balance of 10% or more of our accounts receivable. We believe that at December 31, 2017, the concentration of credit risk related to accounts receivable was insignificant.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Akamai Technologies, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Akamai Technologies, Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for share-based payments in 2017.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit

[Table of Contents](#)

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 1, 2018

We have served as the Company's auditor since 1998.

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

<i>(in thousands, except share data)</i>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 313,382	\$ 324,169
Marketable securities	398,554	512,849
Accounts receivable, net of reserves of \$1,279 and \$6,145 at December 31, 2017 and 2016, respectively	459,127	368,596
Prepaid expenses and other current assets	137,809	104,303
Total current assets	<u>1,308,872</u>	<u>1,309,917</u>
Property and equipment, net	862,535	801,017
Marketable securities	567,592	779,311
Goodwill	1,498,688	1,228,503
Acquired intangible assets, net	201,259	149,463
Deferred income tax assets	51,069	8,982
Other assets	112,829	95,953
Total assets	<u>\$ 4,602,844</u>	<u>\$ 4,373,146</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 80,278	\$ 76,120
Accrued expenses	283,743	238,777
Deferred revenue	77,705	52,972
Other current liabilities	22,178	6,719
Total current liabilities	<u>463,904</u>	<u>374,588</u>
Deferred revenue	6,839	3,758
Deferred income tax liabilities	15,510	11,652
Convertible senior notes	662,913	640,087
Other liabilities	142,955	118,691
Total liabilities	<u>1,292,121</u>	<u>1,148,776</u>
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued or outstanding	—	—
Common stock, \$0.01 par value; 700,000,000 shares authorized; 169,893,324 and 173,254,797 shares issued and outstanding at December 31, 2017 and 2016, respectively	1,699	1,733
Additional paid-in capital	4,073,362	4,239,588
Accumulated other comprehensive loss	(21,930)	(56,222)
Accumulated deficit	(742,408)	(960,729)
Total stockholders' equity	<u>3,310,723</u>	<u>3,224,370</u>
Total liabilities and stockholders' equity	<u>\$ 4,602,844</u>	<u>\$ 4,373,146</u>

The accompanying notes are an integral part of the consolidated financial statements.

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF INCOME

<i>(in thousands, except per share data)</i>	For the Years Ended December 31,		
	2017	2016	2015
Revenue	\$ 2,502,996	\$ 2,340,049	\$ 2,197,448
Costs and operating expenses:			
Cost of revenue (exclusive of amortization of acquired intangible assets shown below)	875,758	809,001	725,620
Research and development	222,434	167,628	148,591
Sales and marketing	493,632	426,967	440,988
General and administrative	509,165	439,916	388,265
Amortization of acquired intangible assets	30,904	26,642	27,067
Restructuring charges	54,884	10,301	767
Total costs and operating expenses	2,186,777	1,880,455	1,731,298
Income from operations	316,219	459,594	466,150
Interest income	17,855	14,702	11,200
Interest expense	(18,839)	(18,638)	(18,525)
Other income (expense), net	887	3,788	(2,201)
Income before provision for income taxes	316,122	459,446	456,624
Provision for income taxes	97,801	143,314	135,218
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Net income per share:			
Basic	\$ 1.27	\$ 1.81	\$ 1.80
Diluted	\$ 1.26	\$ 1.79	\$ 1.78
Shares used in per share calculations:			
Basic	171,559	174,917	178,391
Diluted	172,711	176,215	180,415

The accompanying notes are an integral part of the consolidated financial statements.

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in thousands)</i>	For the Years Ended December 31,		
	2017	2016	2015
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Other comprehensive income (loss):			
Foreign currency translation adjustments	34,698	(14,081)	(22,872)
Change in unrealized loss on investments, net of income tax benefit of \$245, \$432 and \$773 for the years ended December 31, 2017, 2016 and 2015, respectively	(406)	(688)	(970)
Other comprehensive income (loss)	34,292	(14,769)	(23,842)
Comprehensive income	\$ 252,613	\$ 301,363	\$ 297,564

The accompanying notes are an integral part of the consolidated financial statements.

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	For the Years Ended December 31,		
	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	372,313	334,302	299,563
Stock-based compensation	164,308	144,506	126,677
(Benefit) provision for deferred income taxes	(869)	7,308	4,098
Amortization of debt discount and issuance costs	18,839	18,638	18,525
Restructuring-related software charges	31,965	4,587	—
Other non-cash reconciling items, net	10,068	5,987	5,804
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable	(63,825)	3,356	(56,247)
Prepaid expenses and other current assets	(22,311)	23,881	7,137
Accounts payable and accrued expenses	33,232	18,491	51,624
Deferred revenue	1,142	(1,213)	3,224
Other current liabilities	16,378	5,484	(345)
Other non-current assets and liabilities	21,422	(9,647)	11,986
Net cash provided by operating activities	800,983	871,812	793,452
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash acquired	(369,073)	(95,439)	(141,147)
Purchases of property and equipment	(254,146)	(180,949)	(311,676)
Capitalization of internal-use software development costs	(160,632)	(135,340)	(133,307)
Purchases of short- and long-term marketable securities	(326,497)	(781,061)	(692,879)
Proceeds from sales of short and long-term marketable securities	219,916	57,740	2,008
Proceeds from maturities of short and long-term marketable securities	432,853	664,837	843,931
Other non-current assets and liabilities	(2,098)	782	(2,494)
Net cash used in by investing activities	(459,677)	(469,430)	(435,564)
Cash flows from financing activities:			
Proceeds related to the issuance of common stock under stock plans	55,680	59,560	61,791
Employee taxes paid related to net share settlement of stock-based awards	(58,395)	(45,545)	(54,164)
Repurchases of common stock	(361,194)	(373,794)	(302,606)
Other non-current assets and liabilities	(1,096)	—	(2,050)
Net cash used in financing activities	(365,005)	(359,779)	(297,029)
Effects of exchange rate changes on cash and cash equivalents	12,912	(7,907)	(10,036)
Net (decrease) increase in cash and cash equivalents	(10,787)	34,696	50,823
Cash and cash equivalents at beginning of year	324,169	289,473	238,650
Cash and cash equivalents at end of year	\$ 313,382	\$ 324,169	\$ 289,473
Supplemental disclosure of cash flow information:			
Cash paid for income taxes, net of refunds received in the years ended December 31, 2017, 2016 and 2015 of \$6,750, \$1,664 and \$19,374, respectively	\$ 91,640	\$ 120,223	\$ 75,033
Non-cash financing and investing activities:			
Purchases of property and equipment and capitalization of internal-use software development costs included in accounts payable and accrued expenses	\$ 27,209	\$ 36,742	\$ 19,327
Capitalization of stock-based compensation	\$ 28,851	\$ 23,093	\$ 17,867

The accompanying notes are an integral part of the consolidated financial statements.

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<i>(in thousands, except share data)</i>	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2014	178,300,603	\$ 1,783	\$ 4,559,430	\$ —	\$ (17,611)	\$ (1,598,267)	\$ 2,945,335
Issuance of common stock upon the exercise of stock options and vesting of restricted and deferred stock units, net of shares withheld for employee taxes	2,756,357	27	(27,697)				(27,670)
Issuance of common stock under employee stock purchase plan	668,654	7	34,834				34,841
Stock-based compensation			144,544				144,544
Tax benefit from stock-based award activity, net			28,870				28,870
Repurchases of common stock	(4,513,433)			(302,606)			(302,606)
Treasury stock retirement		(45)	(302,561)	302,606			—
Net income						321,406	321,406
Foreign currency translation adjustment					(22,872)		(22,872)
Change in unrealized gain on investments, net of tax					(970)		(970)
Balance at December 31, 2015	177,212,181	1,772	4,437,420	—	(41,453)	(1,276,861)	3,120,878
Issuance of common stock upon the exercise of stock options and vesting of restricted and deferred stock units, net of shares withheld for employee taxes	2,194,699	22	(27,416)				(27,394)
Issuance of common stock under employee stock purchase plan	863,419	9	39,905				39,914
Stock-based compensation			166,987				166,987
Tax deficiency from stock-based award activity, net			(3,584)				(3,584)
Repurchases of common stock	(7,015,502)			(373,794)			(373,794)
Treasury stock retirement		(70)	(373,724)	373,794			—
Net income						316,132	316,132
Foreign currency translation adjustment					(14,081)		(14,081)
Change in unrealized gain on investments, net of tax					(688)		(688)
Balance at December 31, 2016	173,254,797	\$ 1,733	\$ 4,239,588	\$ —	\$ (56,222)	\$ (960,729)	\$ 3,224,370

[Table of Contents](#)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, continued

<i>(in thousands, except share data)</i>	Common Stock		Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at December 31, 2016	173,254,797	\$ 1,733	\$ 4,239,588	\$ —	\$ (56,222)	\$ (960,729)	\$ 3,224,370
Issuance of common stock upon the exercise of stock options and vesting of restricted and deferred stock units, net of shares withheld for employee taxes	2,453,961	24	(40,562)				(40,538)
Issuance of common stock under employee stock purchase plan	1,052,684	11	42,291				42,302
Stock-based compensation			193,170				193,170
Repurchases of common stock	(6,868,118)			(361,194)			(361,194)
Treasury stock retirement		(69)	(361,125)	361,194			—
Net income						218,321	218,321
Foreign currency translation adjustment					34,698		34,698
Change in unrealized gain on investments, net of tax					(406)		(406)
Balance at December 31, 2017	<u>169,893,324</u>	<u>\$ 1,699</u>	<u>\$ 4,073,362</u>	<u>\$ —</u>	<u>\$ (21,930)</u>	<u>\$ (742,408)</u>	<u>\$ 3,310,723</u>

The accompanying notes are an integral part of the consolidated financial statements.

AKAMAI TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Basis of Presentation

Akamai Technologies, Inc. (the “Company”) provides cloud services for delivering, optimizing and securing content and business applications over the Internet. The Company’s globally-distributed platform comprises more than 200,000 servers across 130 countries. The Company was incorporated in Delaware in 1998 and is headquartered in Cambridge, Massachusetts. The Company currently operates in one reportable segment: providing cloud services for delivering, optimizing and securing content and business applications over the Internet.

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements. The Company has reclassified certain line items within cash flows from operating activities in its consolidated statements of cash flows to conform to current year presentation.

2. Summary of Significant Accounting Policies

Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the amounts disclosed in the related notes to the consolidated financial statements. Actual results and outcomes may differ materially from management’s estimates, judgments and assumptions. Significant estimates, judgments and assumptions used in these financial statements include, but are not limited to, those related to revenue, accounts receivable and related reserves, valuation and impairment of investments and marketable securities, valuation and useful lives of acquired intangible assets, useful lives and realizability of long-lived assets, capitalized internal-use software development costs, income tax reserves and accounting for stock-based compensation. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in the consolidated financial statements prospectively from the date of the change in estimate.

Cash, Cash Equivalents and Marketable Securities

Cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly-liquid investments with remaining maturities of three months or less at the date of purchase. Marketable securities consist of corporate, government and other securities. Securities having remaining maturities of less than one year from the date of the balance sheet are classified as short-term, and those with maturities of more than one year from the date of the balance sheet are classified as long-term in the consolidated balance sheet.

The Company classifies its debt securities with readily determinable market values as available-for-sale. These investments are classified as marketable securities on the consolidated balance sheets and are carried at fair market value, with unrealized gains and losses considered to be temporary in nature and reported as accumulated other comprehensive loss, a separate component of stockholders’ equity. The Company reviews all investments for reductions in fair value that are other-than-temporary. When such reductions occur, the cost of the investment is adjusted to fair value through recording a loss on investments in the consolidated statements of income. Gains and losses on investments are calculated on the basis of specific identification.

Marketable securities are considered to be impaired when a decline in fair value below cost basis is determined to be other-than-temporary. The Company periodically evaluates whether a decline in fair value below cost basis is other-than-temporary by considering available evidence regarding these investments including, among other factors: the duration of the period that, and extent to which, the fair value is less than cost basis; the financial health and business outlook of the issuer, including industry and sector performance and operational and financing cash flow factors; overall market conditions and trends; and the Company’s intent and ability to retain its investment in the security for a period of time sufficient to allow for an anticipated recovery in market value. Once a decline in fair value is determined to be other-than-temporary, a write-down is recorded and a new cost basis in the security is established. Assessing the above factors involves inherent uncertainty. Write-downs, if recorded, could be materially different from the actual market performance of marketable securities in the Company’s portfolio if, among other things, relevant information related to the marketable securities was not publicly available or other factors not considered by the Company would have been relevant to the determination of impairment.

[Table of Contents](#)

Accounts Receivable and Related Reserves

The Company's accounts receivable balance includes unbilled amounts that represent revenue recorded for customers that are typically billed monthly in arrears. The Company records reserves against its accounts receivable balance. These reserves consist of allowances for doubtful accounts and reserves for cash-basis customers. Increases and decreases in the allowance for doubtful accounts are included as a component of general and administrative expense in the consolidated statements of income. The Company's reserve for cash-basis customers increases as services are provided to customers where collection is no longer assured. Increases to the reserve for cash-basis customers are recorded as reductions of revenue. The reserve decreases and revenue is recognized when and if cash payments are received.

Estimates are used in determining these reserves and are based upon the Company's review of outstanding balances on a customer-specific, account-by-account basis. The allowance for doubtful accounts is based upon a review of customer receivables from prior sales with collection issues where the Company no longer believes that the customer has the ability to pay for services previously provided. The Company also performs ongoing credit evaluations of its customers. If such an evaluation indicates that payment is no longer reasonably assured for services provided, any future services provided to that customer will result in the creation of a cash-basis reserve until the Company receives consistent payments. The Company does not have any off-balance sheet credit exposure related to its customers.

Concentrations of Credit Risk

The amounts reflected in the consolidated balance sheets for accounts receivable, other current assets, accounts payable, accrued liabilities and other current liabilities approximate fair values due to their short-term maturities. The Company maintains the majority of its cash, cash equivalents and marketable securities with major financial institutions that the Company believes to be of high credit standing. The Company believes that, as of December 31, 2017, its concentration of credit risk related to cash equivalents and marketable securities was not significant.

Concentrations of credit risk with respect to accounts receivable are primarily limited to certain customers to which the Company makes substantial sales. The Company's customer base consists of a large number of geographically-dispersed customers diversified across several industries. To reduce risk, the Company routinely assesses the financial strength of its customers. Based on such assessments, the Company believes that its accounts receivable credit risk exposure is limited. For the years ended December 31, 2017, 2016 and 2015, no customer accounted for more than 10% of total revenue. As of December 31, 2017 and 2016, no customer had an accounts receivable balance greater than 10% of total accounts receivable. The Company believes that, as of December 31, 2017, its concentration of credit risk related to accounts receivable was not significant.

Fair Value of Financial Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company has certain financial assets and liabilities recorded at fair value, principally cash equivalents and short- and long-term marketable securities that have been classified as Level 1, 2 or 3 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the reporting date. Fair values determined by Level 2 inputs utilize data points other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Fair values determined by Level 3 inputs are based on unobservable data points for the asset or liability.

Property and Equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. Property and equipment generally include purchases of items with a per-unit value greater than \$1,000 and an estimated useful life greater than one year. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the related lease terms or their estimated useful lives. The Company periodically reviews the estimated useful lives of property and equipment, and any changes to the estimated useful lives are recorded prospectively from the date of the change.

Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income from operations. Repairs and maintenance costs are expensed as incurred.

[Table of Contents](#)

Goodwill, Acquired Intangible Assets and Long-Lived Assets

Goodwill is the amount by which the cost of acquired net assets in a business combination exceeds the fair value of the net identifiable assets on the date of purchase and is carried at its historical cost. The Company tests goodwill for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company performs its impairment test of goodwill as of December 31 each year. As of December 31, 2017, 2016 and 2015, the fair value of the Company's reporting unit was substantially in excess of the carrying value. The tests did not result in an impairment to goodwill during the years ended December 31, 2017, 2016 and 2015.

Acquired intangible assets consist of completed technologies, customer relationships, trademarks and trade names, non-compete agreements and acquired license rights. Acquired intangible assets, other than goodwill, are amortized over their estimated useful lives based upon the estimated economic value derived from the related intangible asset.

Long-lived assets, including property and equipment and acquired intangible assets, are reviewed for impairment whenever events or changes in circumstances, such as service discontinuance, technological obsolescence, significant decreases in the Company's market capitalization, facility closures or work-force reductions indicate that the carrying amount of the long-lived asset may not be recoverable. When such events occur, the Company compares the carrying amount of the asset to the undiscounted expected future cash flows related to the asset. If this comparison indicates that an impairment is present, the amount of the impairment is calculated as the difference between the carrying amount and the fair value of the asset.

Revenue Recognition

The Company recognizes service revenue in accordance with the authoritative guidance for revenue recognition, including guidance on revenue arrangements with multiple deliverables. Revenue is recognized only when the price is fixed or determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company primarily derives revenue from the sale of services to customers executing contracts having terms of one year or longer. These contracts generally commit the customer to a minimum of monthly, quarterly or annual level of usage and specify the rate at which the customer must pay for actual usage above the monthly, quarterly or annual minimum. For contracts with a monthly commitment, the Company recognizes the monthly minimum as revenue each month, provided that an enforceable contract has been signed by both parties, the service has been delivered to the customer, the fee for the service is fixed or determinable and collection is reasonably assured. Should a customer's usage of the Company's services exceed the monthly, quarterly or annual minimum, the Company recognizes revenue for such excess in the period of additional usage. For annual or other non-monthly period revenue commitments, the Company recognizes revenue monthly based upon the customer's actual usage each month of the commitment period and only recognizes any remaining committed amount for the applicable period in the last month thereof.

The Company typically charges its customers an integration fee when the services are first activated. Integration fees are recorded as deferred revenue and recognized as revenue ratably over the estimated life of the customer arrangement. The Company also derives revenue from services sold as discrete, non-recurring events or based solely on usage. For these services, the Company recognizes revenue once the event or usage has occurred.

When more than one element is contained in a revenue arrangement, the Company determines the fair value for each element in the arrangement based on vendor-specific objective evidence ("VSOE") for each respective element, including any renewal rates for services contractually offered to the customer. Elements typically included in the Company's multiple element arrangements consist of its core services – the delivery of content, applications and software over the Internet – as well as mobile and security solutions and enterprise professional services. These elements have value to the customer on a stand-alone basis in that they can be sold separately by another vendor. Generally, there is no right of return relative to these services.

The Company typically uses VSOE to determine the fair value of its separate elements. All stand-alone sales of professional services are reviewed to establish the average stand-alone selling price for those services. For the Company's core services, the fair value is the price charged for a single deliverable on a per unit basis when it is sold separately.

For arrangements in which the Company is unable to establish VSOE, third-party evidence ("TPE") of the fair value of each element is determined based upon the price charged when the element is sold separately by another vendor. For arrangements in which the Company is unable to establish VSOE or TPE for each element, the Company uses the best estimate of selling price ("BESP") to determine the fair value of the separate deliverables. The Company estimates BESP based upon a management-approved listing of unit pricing for all solutions and pre-established discount levels for each solution that takes into consideration

[Table of Contents](#)

volume, geography and industry lines. The Company allocates arrangement consideration across the multiple elements using the relative selling price method.

At the inception of a customer contract, the Company makes an assessment as to that customer's ability to pay for the services provided. The Company bases its assessment on a combination of factors, including the successful completion of a credit check or financial review, its collection experience with the customer and other forms of payment assurance. Upon the completion of these steps, the Company recognizes revenue monthly in accordance with its revenue recognition policy. If the Company subsequently determines that collection from the customer is not reasonably assured, the Company records an allowance for doubtful accounts and bad debt expense for all of that customer's unpaid invoices and ceases recognizing revenue for continued services provided until cash is received from the customer. Changes in the Company's estimates and judgments about whether collection is reasonably assured would change the timing of revenue or amount of bad debt expense that the Company recognizes.

The Company also sells its services through reseller channels. Assuming all other revenue recognition criteria are met, the Company recognizes revenue from reseller arrangements based on the reseller's contracted non-refundable minimum purchase commitments over the term of the contract, plus amounts sold by the reseller to its customers in excess of the minimum commitments. Amounts attributable to this excess usage are recognized as revenue in the period in which the service is provided.

From time to time, the Company enters into contracts to sell its services or license its technology to unrelated enterprises at or about the same time that it enters into contracts to purchase products or services from the same enterprises. If the Company concludes that these contracts were negotiated concurrently, the Company records as revenue only the net cash received from the vendor, unless the product or service received has a separate identifiable benefit and the fair value of the vendor's product or service can be established objectively.

The Company may from time to time resell licenses or services of third parties. The Company records revenue for these transactions on a gross basis when the Company has risk of loss related to the amounts purchased from the third party and the Company adds value to the license or service, such as by providing maintenance or support for such license or service. If these conditions are present, the Company recognizes revenue when all other revenue recognition criteria are satisfied.

Deferred revenue represents amounts billed to customers for which revenue has not been recognized. Deferred revenue primarily consists of the unearned portion of monthly billed service fees, prepayments made by customers for future periods, deferred integration and activation set-up fees and amounts billed under customer arrangements with extended payment terms.

Cost of Revenue

Cost of revenue consists primarily of fees paid to network providers for bandwidth and to third-party network data centers for housing servers, also known as co-location costs. Cost of revenue also includes employee costs for services delivery and network operation, build-out and support of the Company's network; network storage costs; cost of software licenses; depreciation of network equipment used to deliver the Company's services; amortization of network-related internal-use software; and costs for the production of live events streamed by the Company for customers. The Company enters into contracts for bandwidth with third-party network providers with terms typically ranging from several months to five years. These contracts generally commit the Company to pay minimum monthly fees plus additional fees for bandwidth usage above the committed level. In some circumstances, Internet service providers ("ISPs") make rack space available for the Company's servers and access to their bandwidth at a discount or no cost. In exchange, the ISP and its customers benefit by receiving content through a local Company server resulting in better content delivery. The Company does not consider these relationships to represent the culmination of an earnings process. Accordingly, the Company does not recognize as revenue the value to the ISPs associated with the use of the Company's servers, nor does the Company recognize as expense the value of the rack space and bandwidth received at discounted or no cost.

Research and Development Costs and Capitalized Internal-Use Software

Research and development costs consist primarily of payroll and related personnel costs for the design, development, deployment, testing and enhancement of the Company's services and network. Costs incurred in the development of the Company's services are expensed as incurred, except certain internal-use software development costs eligible for capitalization.

[Table of Contents](#)

Capitalized costs include external consulting fees, payroll and payroll-related costs and stock-based compensation for employees in the Company's development and information technology groups who are directly associated with, and who devote time to, the Company's internal-use software projects. Capitalization begins when the planning stage is complete and the Company commits resources to the software project, and continues during the application development stage. Capitalization ceases when the software has been tested and is ready for its intended use. Costs incurred during the planning, training and post-implementation stages of the software development life-cycle are expensed as incurred. The Company amortizes completed internal-use software that is used on its network to cost of revenue over its estimated useful life.

Accounting for Stock-Based Compensation

The Company recognizes compensation costs for all stock-based payment awards made to employees based upon the awards' grant-date fair value. The stock-based payment awards include stock options, restricted stock units, deferred stock units and employee stock purchases related to the Company's employee stock purchase plan.

For stock options, the Company has selected the Black-Scholes option-pricing model to determine the fair value of stock option awards. For stock awards with market-based vesting conditions, the Company uses a Monte Carlo simulation to determine the fair value of the award. For stock options, restricted stock units and deferred stock units that contain only a service-based vesting feature, the Company recognizes compensation cost on a straight-line basis over the award's vesting period. For awards with a performance condition-based vesting feature, the Company recognizes compensation cost on a graded-vesting basis over the award's expected vesting period, commencing when achievement of the performance condition is deemed probable. In addition, for awards that vest and become exercisable only upon achievement of specified performance conditions, the Company makes judgments and estimates each quarter about the probability that such performance conditions will be met or achieved. Any changes to those estimates that the Company makes from time to time may have a significant impact on the stock-based compensation expense recorded and could materially impact the Company's results of operations.

Foreign Currency Translation and Forward Currency Contracts

The assets and liabilities of the Company's subsidiaries are translated at the applicable exchange rate as of the balance sheet date, and revenue and expenses are translated at an average rate over the period. Resulting currency translation adjustments are recorded as a component of accumulated other comprehensive loss, a separate component of stockholders' equity. Gains and losses on inter-company and other non-functional currency transactions are recorded in Other income (expense), net.

The Company enters into short-term foreign currency forward contracts to offset foreign exchange gains and losses generated by the re-measurement of certain assets and liabilities recorded in non-functional currencies. Changes in the fair value of these derivatives, as well as re-measurement gains and losses, are recognized in current earnings in Other income (expense), net. As of December 31, 2017 and 2016, the fair value of the forward currency contracts and the underlying net gains for the years ended December 31, 2017, 2016 and 2015 were immaterial.

The Company's foreign currency forward contracts may be exposed to credit risk to the extent that its counterparties are unable to meet the terms of the agreements. The Company seeks to minimize counterparty credit (or repayment) risk by entering into transactions only with major financial institutions of investment grade credit rating.

Taxes

The Company's provision for income taxes is comprised of a current and a deferred portion. The current income tax provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated as the estimated future tax effects attributable to temporary differences and carryforwards using expected tax rates in effect in the years during which the differences are expected to reverse or the carryforwards are expected to be realized.

The Company currently has net deferred tax assets consisting of net operating loss ("NOL") carryforwards, tax credit carryforwards and deductible temporary differences. Management periodically weighs the positive and negative evidence to determine if it is more likely than not that some or all of the deferred tax assets will be realized.

The Company has recorded certain tax reserves to address potential exposures involving its income tax and sales and use tax positions. These potential tax liabilities result from the varying application of statutes, rules, regulations and interpretations by different taxing jurisdictions. The Company's estimate of the value of its tax reserves contains assumptions based on past experiences and judgments about the interpretation of statutes, rules and regulations by taxing jurisdictions. It is possible that the costs of the ultimate tax liability or benefit from these matters may be more or less than the amount the Company estimated.

[Table of Contents](#)

Uncertainty in income taxes is recognized in the Company's consolidated financial statements using a two-step process. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon external examination. If the tax position is deemed more-likely-than-not to be sustained based on technical merit, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement.

In December 2017, the U.S. Tax Cuts and Jobs Act (the "TCJA") was enacted, making significant changes to the Internal Revenue Code. The U.S. Securities and Exchange Commission staff issued guidance for the accounting for certain income tax effects of the TCJA, which allows the Company to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. The Company has recognized the provisional impacts of the TCJA in its consolidated financial statements for the year ended December 31, 2017. The ultimate impact could materially differ from the provisional amounts recorded due to additional analysis, changes in assumptions or interpretations, additional guidance that may be issued and actions the Company may take as a result of the TCJA. The Company expects to complete the analysis within the measurement period and any subsequent adjustment to the provisional amounts will be recognized as a current tax provision or benefit in the quarter of 2018 in which the analysis is completed.

Newly-Adopted Accounting Pronouncements

Share-Based Payments

In March 2016, the Financial Accounting Standards Board ("FASB") issued guidance that is intended to simplify aspects of how share-based payments are accounted for and presented in financial statements. This guidance requires that entities record all tax effects of share-based payments at settlement or expiration through the income statement. The standard also amends how windfall tax benefits are recognized, the minimum statutory tax withholding requirements and how entities elect to recognize share-based payment forfeitures. In addition, this guidance impacts the presentation of cash flows related to excess tax benefits by no longer requiring separate presentation as a financing activity apart from other operating income tax cash flows.

This guidance was effective for the Company on January 1, 2017. Upon adoption, the Company began recognizing tax benefits related to stock-based compensation in its provision for income taxes rather than as additional paid-in capital. The Company elected to continue estimating forfeitures in determining the amount of compensation cost. The Company was not required to adjust beginning retained earnings as a result of these two items.

In addition, the Company adopted the presentation requirements related to the excess tax benefit in its statements of cash flows on a retrospective basis beginning January 1, 2015. The line item labeled excess tax benefits from stock-based compensation included in both cash flows from operating activities and financing activities was eliminated. This had the impact of increasing net cash provided by operating activities and net cash used in financing activities. Prior periods have been revised as follows (in thousands):

	Net Cash Provided by Operating Activities		Net Cash Used in Financing Activities	
	As Reported	As Adjusted	As Reported	As Adjusted
Year ended December 31, 2016	\$ 866,298	\$ 871,812	\$ (354,265)	\$ (359,779)
Year ended December 31, 2015	764,151	793,452	(267,728)	(297,029)

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued updated guidance and disclosure requirements for recognizing revenue. The new revenue recognition standard provides a five-step model for recognizing revenue from contracts with customers. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard could be adopted using one of two methods: retrospectively to each prior period presented or a modified retrospective application by recognizing a cumulative-effect adjustment as a component of equity as of the date of adoption. This standard became effective for the Company on January 1, 2018, and the Company has elected to adopt it retrospectively to each prior period presented.

[Table of Contents](#)

The updated guidance impacts, or requires the Company to modify, certain judgments and estimates that the Company currently makes as it relates to recognizing revenue. The Company primarily derives revenue from the sales of its services, but in some instances licenses software to some of its customers. Prior to adoption of the updated guidance, the Company did not establish VSOE for the undelivered elements sold with the software. Thus, revenue from license sales was deferred and recognized over the arrangement term. Upon adoption of the new revenue standard, license revenue will be recognized at a point in time when the license is delivered, provided all other revenue recognition criteria have been met. This will result in accelerating revenue recognition for these types of arrangements. For sales of the Company's services, integration fee revenue that was previously recognized ratably over the estimated life of the customer arrangement will be recognized when integration has been completed, which will have the effect of accelerating revenue recognition from integration fees. In addition, the Company historically established a reserve for cash basis customers if collectability was not reasonably assured and recognized revenue as cash was collected. Upon adoption of the new standard, revenue will be recognized for those customers when collectability becomes probable, transfer of control for all performance obligations has occurred and all other revenue recognition criteria have been achieved, rather than when collectability is reasonably assured.

The Company has quantified the impact that these changes would have had on revenue reported for the years ended December 31, 2017 and 2016, and each of the quarters therein, and determined that they would not have had a material impact on the Company's consolidated financial statements.

The Company is also assessing the impact of capitalizing costs associated with obtaining customer contracts, specifically commission and incentive payments. Historically, these payments have been expensed in the period in which they were incurred. Under the updated guidance, these payments will be deferred on the Company's consolidated balance sheets and amortized over the expected life of the customer arrangement. The Company has quantified the impact that these changes would have had on sales and marketing expenses recorded in the consolidated statements of income for the years ended December 31, 2016 and 2017, and for each of the quarters therein and determined it would not have had a material impact on the consolidated statements of income for such periods. Upon adoption, the Company expects to record a deferred commission and incentive asset on the consolidated balance sheet of \$58.6 million as of December 31, 2017. The current portion of the asset will be included in prepaid expenses and other current assets, and the long-term portion will be included in other assets. The full amount of the adjustment will be included in retained earnings.

The Company is substantially complete with its implementation efforts as of the filing of these financial statements; however, it is continuing to evaluate the impact that this guidance will have on disclosure requirements related to revenue and revenue-related items.

Leases

In February 2016, the FASB issued guidance that requires companies to present assets and liabilities arising from leases with terms greater than 12 months on the consolidated balance sheets. The updated standard aims to increase transparency and comparability among organizations by requiring lessees to recognize right-of-use assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. This will impact all leases, including leases for real estate and co-location facilities, among other arrangements currently under evaluation. The Company plans to adopt this standard in the first quarter of 2019 and expects to record significant right-of-use assets and lease liabilities on its consolidated balance sheets. The Company has formed a project team to assess the current state of accounting for leases, to understand the gaps between the current state and required future state and to implement the new processes, systems and controls required. The Company expects the adoption of this standard to require changes to its processes, systems and controls over financial reporting.

Credit Losses on Financial Instruments

In June 2016, the FASB issued guidance that introduces a new methodology for accounting for credit losses on financial instruments, including available-for-sale debt securities. The guidance establishes a new "expected loss model" that requires entities to estimate current expected credit losses on financial instruments by using all practical and relevant information. Any expected credit losses are to be reflected as allowances rather than reductions in the amortized cost of available-for-sale debt securities. This guidance will be effective for the Company on January 1, 2020. The Company is evaluating the potential impact on its consolidated financial statements of adopting this new accounting guidance.

Intra-Entity Asset Transfers

In October 2016, the FASB issued guidance that requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This guidance became effective for the Company on January 1, 2018 and is to be applied on a modified retrospective basis through recognizing a cumulative-effect adjustment as a

[Table of Contents](#)

component of equity as of the date of adoption. Upon adoption, the Company expects to reclassify \$11.6 million from other current assets and \$27.0 million from other assets to retained earnings.

Business Combinations

In January 2017, the FASB issued guidance that changes the definition of a business to assist entities with evaluating whether transactions should be accounted for as transfers of assets or business combinations. This guidance became effective for the Company on January 1, 2018 and is to be applied prospectively. The adoption of this new accounting guidance will change the manner in which the Company evaluates whether a transaction is a transfer of assets or a business combination. This may result in a transaction being recorded as a transfer of assets, whereas previously the Company may have concluded it was a business combination.

3. Fair Value Measurements

The following is a summary of available-for-sale marketable securities held as of December 31, 2017 and 2016 (in thousands):

As of December 31, 2017	Amortized Cost	Gross Unrealized		Aggregate Fair Value	Classification on Balance Sheet	
		Gains	Losses		Short-Term Marketable Securities	Long-Term Marketable Securities
Commercial paper	\$ 6,951	\$ —	\$ (9)	\$ 6,942	\$ 6,942	\$ —
Corporate bonds	736,902	2	(3,829)	733,075	289,378	443,697
U.S. government agency obligations	220,014	—	(1,764)	218,250	102,234	116,016
	<u>\$ 963,867</u>	<u>\$ 2</u>	<u>\$ (5,602)</u>	<u>\$ 958,267</u>	<u>\$ 398,554</u>	<u>\$ 559,713</u>
As of December 31, 2016						
Commercial paper	\$ 40,965	\$ —	\$ (45)	\$ 40,920	\$ 40,920	\$ —
Corporate bonds	984,650	123	(3,697)	981,076	418,495	562,581
U.S. government agency obligations	267,473	35	(1,366)	266,142	53,157	212,985
	<u>\$ 1,293,088</u>	<u>\$ 158</u>	<u>\$ (5,108)</u>	<u>\$ 1,288,138</u>	<u>\$ 512,572</u>	<u>\$ 775,566</u>

The Company offers certain eligible employees the ability to participate in a non-qualified deferred compensation plan. The mutual funds held by the Company that are associated with this plan are classified as restricted trading securities. These securities are not included in the available-for-sale securities table above but are included in marketable securities in the consolidated balance sheets.

Unrealized gains and unrealized temporary losses on investments classified as available-for-sale are included within accumulated other comprehensive loss in the consolidated balance sheets. Upon realization, those amounts are reclassified from accumulated other comprehensive loss to interest income in the consolidated statements of income. As of December 31, 2017, the Company held for investment corporate bonds with a fair value of \$543.6 million, which are classified as available-for-sale marketable securities and have been in a continuous unrealized loss position for more than 12 months. The unrealized losses of \$3.9 million related to these corporate bonds are included in accumulated other comprehensive income as of December 31, 2017. The unrealized losses are attributable to changes in interest rates. Based on the evaluation of available evidence, the Company does not believe any unrealized losses represent other than temporary impairments.

[Table of Contents](#)

The following table details the fair value measurements within the fair value hierarchy of the Company's financial assets and liabilities as of December 31, 2017 and 2016 (in thousands):

	Total Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
As of December 31, 2017				
<i>Cash Equivalents and Marketable Securities:</i>				
Money market funds	\$ 22,649	\$ 22,649	\$ —	\$ —
Commercial paper	10,928	—	10,928	—
Corporate bonds	733,075	—	733,075	—
U.S. government agency obligations	218,248	—	218,248	—
Mutual funds	7,879	7,879	—	—
	<u>\$ 992,779</u>	<u>\$ 30,528</u>	<u>\$ 962,251</u>	<u>\$ —</u>
<i>Liabilities:</i>				
Contingent consideration obligation related to completed acquisitions	\$ (8,631)	\$ —	\$ —	\$ (8,631)
As of December 31, 2016				
<i>Cash Equivalents and Marketable Securities:</i>				
Money market funds	\$ 8,726	\$ 8,726	\$ —	\$ —
Commercial paper	40,920	—	40,920	—
Corporate bonds	981,076	—	981,076	—
U.S. government agency obligations	266,142	—	266,142	—
Mutual funds	4,022	4,022	—	—
	<u>\$ 1,300,886</u>	<u>\$ 12,748</u>	<u>\$ 1,288,138</u>	<u>\$ —</u>
<i>Liabilities:</i>				
Contingent consideration obligation related to completed acquisitions	\$ (7,100)	\$ —	\$ —	\$ (7,100)

As of December 31, 2017 and 2016, the Company grouped money market funds and mutual funds using a Level 1 valuation because market prices for such investments are readily available in active markets. As of December 31, 2017 and 2016, the Company grouped commercial paper, U.S. government agency obligations and corporate bonds using a Level 2 valuation because quoted prices for similar assets in active markets (or identical assets in an inactive market) are available. The Company did not have any transfers of assets or liabilities between Level 1 and Level 2 of the fair value measurement hierarchy during the years ended December 31, 2017 and 2016.

When developing fair value estimates, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. When available, the Company uses quoted market prices to measure fair value. The valuation technique used to measure fair value for the Company's Level 1 and Level 2 assets is a market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets. If market prices are not available, the fair value measurement is based on models that use primarily market-based parameters including yield curves, volatilities, credit ratings and currency rates. In certain cases where market rate assumptions are not available, the Company is required to make judgments about assumptions market participants would use to estimate the fair value of a financial instrument.

The valuation technique used to measure the fair value of the Company's Level 3 liabilities, which consist of contingent consideration related to the acquisitions of Soha Systems, Inc. ("Soha") and Cyberfend, Inc. ("Cyberfend") in 2016 (Note 8), was primarily an income-based approach. The significant unobservable input used in the fair value measurement of the contingent consideration is the likelihood of achieving development milestones to integrate the acquired technology into the Company's technology as well as achieving certain post-closing financial results.

[Table of Contents](#)

Contractual maturities of the Company's available-for-sale marketable securities held as of December 31, 2017 and 2016 were as follows (in thousands):

	December 31, 2017	December 31, 2016
Due in 1 year or less	\$ 398,554	\$ 512,572
Due after 1 year through 5 years	559,713	775,566
	<u>\$ 958,267</u>	<u>\$ 1,288,138</u>

The following table reflects the activity for the Company's major classes of liabilities measured at fair value using Level 3 inputs for the years ended December 31, 2017 and 2016 (in thousands):

	Other Liabilities: Contingent Consideration Obligation
Balance, January 1, 2016	\$ —
Contingent consideration obligation related to Soha acquisition	(1,600)
Contingent consideration obligation related to Cyberfend acquisition	(5,500)
Balance, December 31, 2016	\$ (7,100)
Fair value adjustment to contingent consideration included in general and administrative expense	(2,781)
Cash paid upon achievement of milestone	1,250
Balance, December 31, 2017	<u>\$ (8,631)</u>

4. Accounts Receivable

Net accounts receivable consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017	December 31, 2016
Trade accounts receivable	\$ 319,996	\$ 260,976
Unbilled accounts receivable	140,410	113,765
Gross accounts receivable	460,406	374,741
Allowance for doubtful accounts	(1,043)	(829)
Reserve for cash-basis customers	(236)	(5,316)
Total accounts receivable reserves	(1,279)	(6,145)
Accounts receivable, net	<u>\$ 459,127</u>	<u>\$ 368,596</u>

A summary of activity in the accounts receivable reserves for the years ended December 31, 2017, 2016 and 2015, is as follows (in thousands):

	2017	2016	2015
Beginning balance	\$ 6,145	\$ 7,364	\$ 9,023
Charges to income from operations	5,809	49,677	37,870
Collections from cash basis customers and write-offs	(10,675)	(50,896)	(39,529)
Ending balance	<u>\$ 1,279</u>	<u>\$ 6,145</u>	<u>\$ 7,364</u>

Charges to income from operations represent charges to bad debt expense for increases in the allowance for doubtful accounts and reductions to revenue for increases in reserves for cash basis customers. The decrease in the reserve activity during 2017 is primarily attributable to two customers that were removed from cash-basis revenue recognition due to a strong, consistent history of payment.

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017	December 31, 2016
Prepaid income taxes	\$ 30,314	\$ 25,161
Prepaid sales and other taxes	22,973	18,877
Prepaid equipment and software maintenance	26,354	15,805
Other prepaid expenses	28,866	24,727
Other current assets	29,302	19,733
Total	<u>\$ 137,809</u>	<u>\$ 104,303</u>

6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2017 and 2016 (in thousands except years):

	December 31, 2017	December 31, 2016	Estimated Useful Life
Computer and networking equipment	\$ 1,292,587	\$ 1,170,471	3-7
Purchased software	61,276	51,727	3-10
Furniture and fixtures	48,521	41,968	5
Office equipment	26,949	24,497	3-5
Leasehold improvements	152,487	139,991	1-16
Internal-use software	765,162	656,053	2-7
Property and equipment, gross	<u>2,346,982</u>	<u>2,084,707</u>	
Accumulated depreciation and amortization	<u>(1,484,447)</u>	<u>(1,283,690)</u>	
Property and equipment, net	<u>\$ 862,535</u>	<u>\$ 801,017</u>	

Depreciation and amortization expense on property and equipment and capitalized internal-use software for the years ended December 31, 2017, 2016 and 2015 was \$341.4 million, \$307.7 million and \$272.5 million, respectively. During the years ended December 31, 2017, 2016 and 2015, the Company capitalized \$28.9 million, \$23.1 million and \$17.9 million, respectively, of stock-based compensation related to employees who developed and enhanced internal-use software applications.

During the years ended December 31, 2017 and 2016, the Company wrote off \$174.6 million and \$93.4 million, respectively, of property and equipment, gross, along with the associated accumulated depreciation and amortization. The write-offs were primarily related to computer and networking equipment and internal-use software no longer in use. These assets had been substantially depreciated and amortized. In addition, during the year ended December 31, 2017, the Company wrote off \$36.2 million of internal-use software as a result of certain restructuring efforts. These assets had a net book value of \$32.0 million and are included in restructuring charges in the consolidated statements of income.

7. Goodwill and Acquired Intangible Assets

The changes in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 were as follows (in thousands):

	2017	2016
Beginning balance	\$ 1,228,503	\$ 1,150,244
Acquisition of Concord Systems, Inc.	—	1,079
Acquisition of Soha Systems, Inc.	—	43,515
Acquisition of Cyberfend, Inc.	—	38,754
Acquisition of Soasta, Inc.	121,668	—
Acquisition of Nominum, Inc.	133,754	—
Measurement period adjustments	4,217	—
Foreign currency translation	10,546	(5,089)
Ending balance	<u>\$ 1,498,688</u>	<u>\$ 1,228,503</u>

Acquired intangible assets that are subject to amortization consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed technologies	\$ 145,091	\$ (65,283)	\$ 79,808	\$ 119,091	\$ (50,823)	\$ 68,268
Customer-related intangible assets	245,310	(128,835)	116,475	192,810	(114,209)	78,601
Non-compete agreements	4,710	(3,975)	735	5,030	(3,775)	1,255
Trademarks and trade names	7,200	(2,959)	4,241	3,700	(2,361)	1,339
Acquired license rights	490	(490)	—	490	(490)	—
Total	<u>\$ 402,801</u>	<u>\$ (201,542)</u>	<u>\$ 201,259</u>	<u>\$ 321,121</u>	<u>\$ (171,658)</u>	<u>\$ 149,463</u>

Aggregate expense related to amortization of acquired intangible assets for the years ended December 31, 2017, 2016 and 2015 was \$30.9 million, \$26.6 million and \$27.1 million, respectively. Based on the Company's acquired intangible assets as of December 31, 2017, aggregate expense related to amortization of acquired intangible assets is expected to be approximately \$33.3 million, \$36.5 million, \$33.8 million, \$27.9 million and \$22.4 million for the years ending December 31, 2018, 2019, 2020, 2021 and 2022, respectively.

8. Business Acquisitions

Acquisition-related costs were \$5.5 million, \$1.7 million and \$1.8 million during the years ended December 31, 2017, 2016 and 2015, respectively, and are included in general and administrative expense in the consolidated statements of income. Pro forma results of operations for the acquisitions completed in the years ended December 31, 2017, 2016 and 2015 have not been presented because the effects of the acquisitions, individually and in the aggregate, are not material to the Company's consolidated financial results. Revenue and earnings attributable to acquired operations since the dates of their acquisitions are included in the Company's consolidated statements of income and not presented separately because they are not material.

2017 Acquisitions

Nominum

On November 27, 2017, the Company acquired Nominum, Inc. ("Nominum"), a provider of domain name system ("DNS") and enterprise security solutions, for \$180.3 million in cash. The allocation of the purchase price has not been finalized as of the filing of these financial statements. The acquisition is intended to add complementary capabilities to the Company's portfolio of security offerings while expanding the Company's distribution to carriers that serve enterprise customers.

[Table of Contents](#)

The following table presents the preliminary allocation of the purchase price for Nominum (in thousands):

Total purchase consideration	\$	180,327
Allocation of the purchase consideration:		
Cash	\$	8,455
Accounts receivable		9,845
Prepays and other current assets		1,481
Identifiable intangible assets		32,800
Goodwill		133,754
Fixed assets		2,169
Deferred tax assets		11,398
Other assets		19
Total assets acquired		<u>199,921</u>
Accounts payable		(1,460)
Accrued liabilities		(3,306)
Deferred revenue		(14,828)
Total liabilities assumed		<u>(19,594)</u>
Net assets acquired	\$	<u>180,327</u>

The value of the goodwill can be attributed to a number of business factors, including a trained technical and sales workforce and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Nominum expected to be deductible for tax purposes is \$44.2 million.

The following were the identified intangible assets acquired and their respective weighted average useful lives (in thousands, except years):

	Gross Carrying Amount	Weighted Average Useful Life
Completed technologies	\$ 7,200	2.2
Customer-related intangible assets	24,300	6.5
Trademarks	1,100	3.7
Non-compete agreements	200	1.5
Total	<u>\$ 32,800</u>	

The total weighted average amortization period for the intangible assets acquired from Nominum is 5.4 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized.

[Table of Contents](#)*Soasta*

On April 6, 2017, the Company acquired Soasta, Inc. ("Soasta"), a leader in digital performance management, for \$199.3 million in cash. The allocation of the purchase price has not been finalized as of the filing of these financial statements. The acquisition is expected to allow the Company to offer solutions designed to provide greater visibility into the business impact of customers' website and application optimization strategies.

The following table presents the preliminary allocation of the purchase price for Soasta (in thousands):

Total purchase consideration	\$	199,280
Allocation of the purchase consideration:		
Cash	\$	1,935
Accounts receivable		4,108
Prepays and other current assets		1,143
Identifiable intangible assets		49,900
Goodwill		125,584
Deferred tax assets		31,206
Total assets acquired		<u>213,876</u>
Accounts payable		(1,119)
Accrued liabilities		(3,915)
Deferred revenue		(9,562)
Total liabilities assumed		<u>(14,596)</u>
Net assets acquired	\$	<u>199,280</u>

The value of the goodwill can be attributed to a number of business factors, including a trained technical and sales workforce and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Soasta expected to be deductible for tax purposes is \$35.6 million.

The following were the identified intangible assets acquired and their respective weighted average useful lives (in thousands, except years):

	Gross Carrying Amount	Weighted Average Useful Life
Completed technologies	\$ 18,800	4.1
Customer-related intangible assets	28,200	4.6
Trademarks	2,400	4.9
Non-compete agreements	500	1.9
Total	<u>\$ 49,900</u>	

The total weighted average amortization period for the intangible assets acquired from Soasta is 4.4 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized.

2016 Acquisitions

Concord Systems

On September 23, 2016, the Company acquired Concord Systems, Inc. ("Concord"), a provider of technology for processing data at scale, for \$3.0 million in cash. The acquisition was intended to provide the Company with technology to complement existing platform data processing capabilities. The Company allocated \$1.1 million of the cost of the acquisition to goodwill and \$2.8 million to an identifiable intangible asset with a useful life of 7.0 years. The value of the goodwill is primarily attributable to synergies related to the integration of Concord technology onto the Company's platform as well as a trained technical workforce. An insignificant portion of the goodwill related to the acquisition of Concord is expected to be deducted for tax purposes.

Soha

On October 3, 2016, the Company acquired Soha, a provider of technology designed to facilitate secure access to enterprise applications, for \$55.0 million in initial consideration and up to an additional \$5.0 million for the achievement of post-closing milestones. The acquisition was intended to complement the Company's strategy of securing, protecting and accelerating enterprise applications and services in the cloud. The Company allocated \$44.1 million of the cost of the acquisition to goodwill and \$10.7 million to identifiable intangible assets. The total weighted average useful life of the intangible assets acquired from Soha is 4.7 years. The value of the goodwill is primarily attributable to synergies related to the integration of Soha technology onto the Company's platform as well as a trained technical workforce. The total amount of goodwill related to the acquisition of Soha expected to be deducted for tax purposes is \$12.0 million.

Cyberfend

On December 15, 2016, the Company acquired Cyberfend, an innovator in bot and automation detection solutions for web and mobile environments, for \$37.5 million in initial consideration and up to an additional \$10.5 million upon the achievement of post-closing milestones. The acquisition was intended to further strengthen the Company's existing bot management and mitigation services. The Company allocated \$38.5 million of the cost of the acquisition to goodwill and \$6.5 million to acquired intangible assets. The total weighted average useful life of the intangible assets acquired from Cyberfend is 3.6 years. The value of the goodwill from the acquisition can be attributed to a number of business factors including a trained technical workforce and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Cyberfend expected to be deducted for tax purposes is \$11.0 million.

2015 Acquisitions

Xerocole

On February 27, 2015, the Company acquired Xerocole, Inc. ("Xerocole"), a provider of recursive DNS functionality, for \$16.6 million in cash. The Company acquired Xerocole with a goal of expanding its existing authoritative DNS products. The Company allocated \$12.9 million of the cost of the acquisition to goodwill and \$4.9 million to acquired intangible assets. The total weighted average useful life of the intangible assets acquired from Xerocole is 8.8 years. The value of the goodwill from the acquisition can be attributed to a number of business factors including a trained technical workforce and cost synergies expected to be realized. The total amount of goodwill expected to be deducted for tax purposes is \$2.7 million.

[Table of Contents](#)*Octoshape*

On April 6, 2015, the Company acquired all of the outstanding capital stock of Codemate A/S and its wholly-owned subsidiary Octoshape ApS (together, "Octoshape") in exchange for \$107.0 million in cash. Octoshape was a cloud service provider focused on delivering broadcast, enterprise and carrier solutions. The goal of acquiring Octoshape was to make available for the Company's customers additional delivery and optimization technologies for video streams of over-the-top (often referred to as OTT) content and to enable the Company to more fully support Internet Protocol television solutions. The following table presents the final allocation of the purchase price for Octoshape (in thousands):

Total purchase consideration	\$	107,047
Allocation of the purchase consideration:		
Cash	\$	664
Accounts receivable		1,976
Other current assets		393
Identifiable intangible assets		41,950
Goodwill		69,445
Deferred tax assets		5,230
Total assets acquired		<u>119,658</u>
Other current liabilities		(1,983)
Current deferred revenue		(770)
Deferred tax liabilities		(9,858)
Total liabilities assumed		<u>(12,611)</u>
Net assets acquired	\$	<u>107,047</u>

The value of the goodwill can be attributed to a number of business factors, including a trained technical and sales workforce and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Octoshape expected to be deducted for tax purposes is \$69.4 million.

The following were the identified intangible assets acquired and their respective weighted average useful lives (in thousands, except years):

	Gross Carrying Amount	Weighted Average Useful Life
Completed technologies	\$ 25,310	9.8
Customer-related intangible assets	16,560	11.8
Non-compete agreements	80	2.0
Total	<u>\$ 41,950</u>	

The total weighted average amortization period for the intangible assets acquired from Octoshape is 10.6 years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized.

Bloxx

On October 30, 2015, the Company acquired Bloxx Limited ("Bloxx"), a provider of Secure Web Gateway technology, for \$18.7 million in cash. The acquisition was intended to provide the Company with technology to complement its cloud security strategy for protecting businesses against Internet vulnerabilities. The Company allocated \$17.7 million of the cost of the acquisition to goodwill and \$3.9 million to the acquired intangible assets. The total weighted average useful life of the intangible assets acquired from Bloxx is 7.2 years. The value of the goodwill from the acquisition can be attributed to a number of business factors including a trained technical workforce and cost synergies expected to be realized. The total amount of goodwill related to the acquisition of Bloxx expected to be deducted for tax purposes is \$17.7 million.

9. Accrued Expenses and Other Liabilities

Accrued expenses consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017	December 31, 2016
Payroll and other related benefits	\$ 150,784	\$ 110,822
Bandwidth and co-location	72,782	61,084
Property, use and other taxes	47,584	52,858
Professional service fees	4,225	4,277
Other accrued expenses	8,368	9,736
Total	<u>\$ 283,743</u>	<u>\$ 238,777</u>

Other liabilities consisted of the following as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017	December 31, 2016
Deferred rent	\$ 31,510	\$ 29,668
Uncertain tax positions	86,814	73,231
Other long-term liabilities	24,631	15,792
Total	<u>\$ 142,955</u>	<u>\$ 118,691</u>

10. Restructuring

During the fourth quarter of 2017, management committed to an action to restructure certain parts of the Company, with the intent of shifting focus to more critical areas of the business and away from products that have not seen expected commercial success. The restructuring is also intended to facilitate cost efficiencies and savings. Certain capitalized internal-use software charges have been realized for software not yet placed into service that will not be completed and implemented due to this action. In addition, as part of cost efficiency and savings, certain headcount and facility reductions were made. The total restructuring charge expected as part of this action is up to \$65.0 million, of which \$49.3 million was recognized during the year ended December 31, 2017.

During the first quarter of 2016, management made changes to the Company's organizational structure to reorganize the Company's product and development groups and global sales, services and marketing teams into divisions centered on the Company's customers and solutions. The restructuring charges relate to severance expenses for impacted employees and charges for internal-use software not yet placed into service that will not be completed and launched due to changing priorities as part of the reorganization. The restructuring charges recognized for this action during the year ended December 31, 2016, were \$9.7 million. No additional charges are expected.

The Company also recognizes restructuring charges for redundant employees, facilities and contracts associated with completed acquisitions.

[Table of Contents](#)

The following table summarizes the activity of the Company's restructuring accrual during the years ended December 31, 2017, 2016 and 2015 (in thousands):

	Employee Severance and Related Benefits	Software Charges	Excess Facilities, Contract Terminations and Other	Total
Balance January 1, 2015	\$ —	\$ —	\$ 281	\$ 281
Costs incurred	767	—	—	767
Cash disbursements	(605)	—	(56)	(661)
Balance December 31, 2015	162	—	225	387
Costs incurred	5,714	4,587	—	10,301
Cash disbursements	(4,432)	—	(56)	(4,488)
Software charges	—	(4,587)	—	(4,587)
Balance December 31, 2016	1,444	—	169	1,613
Costs incurred	17,311	31,965	5,608	54,884
Cash disbursements	(5,898)	—	(3,212)	(9,110)
Software and other non-cash charges	—	(31,965)	(1,179)	(33,144)
Balance December 31, 2017	\$ 12,857	\$ —	\$ 1,386	\$ 14,243

11. Convertible Senior Notes

In February 2014, the Company issued \$690.0 million in par value of convertible senior notes due 2019 (the "Notes"). The Notes are senior unsecured obligations of the Company, do not bear regular interest and mature on February 15, 2019, unless repurchased or converted prior to maturity.

At their option, holders may convert their Notes prior to the close of business on the business day immediately preceding August 15, 2018 only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ended June 30, 2014 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; or
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; or upon the occurrence of specified corporate events.

On or after August 15, 2018, holders may convert all or any portion of their Notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, regardless of the foregoing circumstances.

Upon conversion, the Company, at its election, may pay or deliver to holders cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. The initial conversion rate is 11.1651 shares of the Company's common stock per \$1,000 principal amount, which is equivalent to an initial conversion price of approximately \$89.56 per share, subject to adjustments in certain events, and represents a potential conversion into 7.7 million shares.

In accounting for the issuance of the Notes, the Company separated the Notes into liability and equity components. The carrying cost of the liability component was calculated by measuring the fair value of a similar debt obligation that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes. The difference between the principal amount of the Notes and the proceeds allocated to the liability component ("debt discount") is amortized to interest expense using the effective interest method over the term of the Notes. The equity component is recorded in additional paid-in capital in the consolidated balance sheet and will not be re-measured as long as it continues to meet the conditions for equity classification.

[Table of Contents](#)

In accounting for the transaction costs related to the issuance of the Notes, the Company allocated the total transaction costs incurred to the liability and equity components based on their relative values. Transaction costs attributable to the liability component are being amortized to interest expense over the term of the Notes, and transaction costs attributable to the equity component are netted against the equity component of the Notes in stockholders' equity.

The Notes consist of the following components as of December 31, 2017 and 2016 (in thousands):

	December 31, 2017	December 31, 2016
Liability component:		
Principal	\$ 690,000	\$ 690,000
Less: debt discount and issuance costs, net of amortization	(27,087)	(49,913)
Net carrying amount	\$ 662,913	\$ 640,087
Equity component:	\$ 101,276	\$ 101,276

The estimated fair value of the Notes at December 31, 2017 was \$697.0 million. The fair value was determined based on the quoted price of the Notes in an inactive market on the last trading day of the reporting period and has been classified as Level 2 within the fair value hierarchy. Based on the closing price of the Company's common stock of \$65.04 on December 31, 2017, the value of the Notes if converted to common stock was less than the principal amount of \$690.0 million.

The Company used \$62.0 million of the proceeds from the offering to repurchase shares of its common stock, concurrent with the issuance of the Notes. The repurchase was made in accordance with a share repurchase program previously approved by the Board of Directors (Note 13). Additionally, \$23.3 million of the proceeds was used for the net cost of convertible note hedge and warrant transactions. The remaining net proceeds are for working capital, share repurchases and other general corporate purposes, as well as for potential acquisitions and strategic transactions.

Note Hedge

To minimize the impact of potential dilution upon conversion of the Notes, the Company entered into convertible note hedge transactions with respect to its common stock in February 2014. The Company paid \$101.3 million for the note hedge transactions. The note hedge transactions cover approximately 7.7 million shares of the Company's common stock at a strike price that corresponds to the initial conversion price of the Notes, also subject to adjustment, and are exercisable upon conversion of the Notes. The note hedge transactions are intended to reduce dilution in the event of conversion of the Notes.

Warrants

Separately, in February 2014, the Company entered into warrant transactions, whereby the Company sold warrants to acquire, subject to anti-dilution adjustments, up to 7.7 million shares of the Company's common stock at a strike price of approximately \$104.49 per share. The Company received aggregate proceeds of \$78.0 million from the sale of the warrants. The convertible note hedge and warrant transactions will generally have the effect of increasing the conversion price of the Notes to approximately \$104.49 per share.

Interest Expense

The Notes do not bear regular interest, but have an effective interest rate of 3.2% attributable to the conversion feature. The following table sets forth total interest expense included in the consolidated statements of income related to the Notes for the years ended December 31, 2017 and 2016 (in thousands):

	2017	2016
Amortization of debt discount and issuance costs	\$ 22,826	\$ 22,040
Capitalization of interest expense	(3,987)	(3,402)
Total interest expense	\$ 18,839	\$ 18,638

12. Commitments and Contingencies*Operating Lease Commitments*

The Company leases its facilities under non-cancelable operating leases. These operating leases expire at various dates through December 2034 and generally require the payment of real estate taxes, insurance, maintenance and operating costs.

The minimum aggregate future obligations under non-cancelable leases as of December 31, 2017 were as follows (in thousands):

2018	\$	50,187
2019		49,418
2020		61,031
2021		58,680
2022		56,211
Thereafter		481,471
Total	\$	756,998

Rent expense for the years ended December 31, 2017, 2016 and 2015 was \$58.8 million, \$50.3 million and \$47.9 million, respectively. The Company has entered into sublease agreements with tenants of various properties previously vacated by the Company. The amounts paid to the Company by these sublease tenants was \$3.6 million, \$1.3 million and \$3.6 million for the years ended December 31, 2017, 2016 and 2015, respectively.

As of December 31, 2017, the Company had outstanding letters of credit in the amount of \$6.4 million, primarily related to operating leases. The letters of credit remain in effect until the Company fulfills its obligations under these leases or as such obligations expire under the terms of the letters of credit.

Purchase Commitments

As of December 31, 2017, the Company had long-term commitments for bandwidth usage and co-location with various networks and ISPs and for asset purchases for network equipment. Additionally, as of December 31, 2017, the Company had entered into purchase orders with various vendors. The minimum future commitments as of December 31, 2017 were as follows (in thousands):

	Bandwidth and Co- location Commitments	Purchase Order Commitments
2018	\$ 108,988	\$ 93,385
2019	27,304	6,175
2020	817	3,205
2021	—	1,385
2022	—	1,190
Thereafter	—	—
Total	\$ 137,109	\$ 105,340

[Table of Contents](#)

Legal Matters

The Company is party to various litigation matters that management considers routine and incidental to its business. Management does not expect the results of any of these routine actions to have a material effect on the Company's business, results of operations, financial condition or cash flows.

In July 2016, as part of the resolution of a patent infringement lawsuit filed by the Company against Limelight Networks, Inc. ("Limelight") in 2006, the Company entered into an agreement that requires Limelight to pay the Company \$54.0 million in 12 equal installments over three years, beginning in August 2016. During the years ended December 31, 2017 and 2016, the Company received \$18.0 million and \$9.0 million, respectively, under this agreement, of which \$16.4 million and \$8.6 million was recorded as a gain contingency, which reduced general and administrative expenses in the consolidated statements of income, respectively, and \$1.6 million and \$0.4 million was recorded as interest income, respectively.

In November 2015, Limelight filed a complaint in the U.S. District Court for the Eastern District of Virginia against the Company and XO Communications LLC ("XO"), alleging patent infringement by the two companies. The complaint seeks to recover from the Company and XO monetary damages based upon lost revenue due to infringing technology used by the companies. The Company has agreed to indemnify XO for damages it incurs in this matter. The Company has made counterclaims in the action against Limelight alleging that Limelight has infringed multiple of the Company's content delivery patents, and the Company is seeking monetary damages based upon lost revenue due to the infringing technology used by Limelight. A trial date on Limelight's patents has been set for April 2018. No provision with respect to this matter has been made in the Company's consolidated financial statements. An estimate of the possible loss or range of loss cannot be made.

Indemnification

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company agrees to indemnify, hold harmless and reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners, vendors or customers, in connection with its provision of its services. Generally, these obligations are limited to claims relating to infringement of a patent, copyright or other intellectual property right or the Company's negligence, willful misconduct or violation of law. Subject to applicable statutes of limitation, the term of each of these indemnification agreements is generally perpetual from the time of execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company carries insurance that covers certain third-party claims relating to its services and activities and that could limit the Company's exposure in that respect.

The Company has agreed to indemnify each of its officers and directors during his or her lifetime for certain events or occurrences that happen by reason of the fact that the officer or director is or was or has agreed to serve as an officer or director of the Company. The Company has director and officer insurance policies that may limit its exposure and may enable the Company to recover a portion of certain future amounts paid.

To date, the Company has not encountered material costs as a result of such indemnification obligations and has not accrued any related liabilities in its financial statements. In assessing whether to establish an accrual, the Company considers such factors as the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss.

13. Stockholders' Equity

Stock Repurchase Program

In October 2013, the Board of Directors authorized a \$750.0 million share repurchase program, effective from October 2013 through December 2016. In February 2016, the Board of Directors authorized a \$1.0 billion share repurchase program that superseded the October 2013 repurchase program and is effective from February 2016 through December 2018. The Company's goal for the share repurchase program is to offset the dilution created by its employee equity compensation programs and provide the flexibility to return capital to shareholders as business and market conditions warrant.

During the years ended December 31, 2017, 2016 and 2015, the Company repurchased 6.9 million, 7.0 million and 4.5 million shares, respectively, of its common stock for \$361.2 million, \$373.8 million and \$302.6 million, respectively, pursuant to the current repurchase program as well as prior ones approved by the Board of Directors. As of December 31, 2017, the Company had \$333.3 million available for future purchases of shares under the current repurchase program.

[Table of Contents](#)

The Board of Directors authorized the retirement of all the outstanding shares of its treasury stock as of each of December 31, 2017, 2016 and 2015. The retired shares were returned to the number of authorized but unissued shares of the Company's common stock, and the retirement was recorded to additional paid-in capital.

14. Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, which is reported as a component of stockholders' equity, for the year ended December 31, 2017 (in thousands):

	Foreign Currency Translation	Net Unrealized Gains (Losses) on Investments	Total
Balance as of January 1, 2017	\$ (59,017)	\$ 2,795	\$ (56,222)
Other comprehensive income (loss)	34,698	(406)	34,292
Balance as of December 31, 2017	\$ (24,319)	\$ 2,389	\$ (21,930)

The tax effect on accumulated unrealized gains on investments was insignificant as of December 31, 2017 and 2016. Amounts reclassified from accumulated other comprehensive loss to net income were insignificant for the year ended December 31, 2017.

15. Employee Benefit Plan

The Company has established a savings plan for its employees that is designed to be qualified under Section 401(k) of the Internal Revenue Code. Eligible employees are permitted to contribute to this plan through payroll deductions within statutory and plan limits. The Company contributed approximately \$15.6 million, \$13.7 million and \$13.1 million of cash to the savings plan for the years ended December 31, 2017, 2016 and 2015, respectively, under a matching program.

16. Stock-Based Compensation

Equity Plans

In May 2013, the Company's stockholders approved the Akamai Technologies, Inc. 2013 Stock Incentive Plan (as amended in 2015 and 2017, the "2013 Plan"). The 2013 Plan replaced the Akamai Technologies, Inc. 2009 Stock Incentive Plan (the "2009 Plan"), which in turn replaced the Akamai Technologies, Inc. 2006 Stock Incentive Plan, the Akamai Technologies, Inc. 2001 Stock Incentive Plan and the Akamai Technologies, Inc. 1998 Stock Incentive Plan (together with the 2009 Plan, the "Previous Plans"). The Company no longer issues equity awards under the Previous Plans, and they solely exist to satisfy outstanding equity awards previously granted under those plans. The 2013 Plan allows for the issuance of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and cash-based awards up to 18.5 million shares of common stock to employees, officers, directors, consultants and advisers of the Company. Additionally, the Company may grant up to 3.8 million shares of common stock thereunder that were available for grant under the 2009 Plan immediately prior to stockholder approval of the 2013 Plan. Any shares of common stock that are currently outstanding under the Previous Plans that are terminated, canceled, surrendered or forfeited will become available to grant under the 2013 Plan. As of December 31, 2017, the Company had reserved approximately 11.1 million shares of common stock available for future issuance of equity awards under the 2013 Plan.

The Company has assumed certain stock option plans and the outstanding stock options of companies that it has acquired ("Assumed Plans"). Stock options outstanding as of the date of acquisition under the Assumed Plans were exchanged for the Company's stock options and adjusted to reflect the appropriate conversion ratio as specified by the applicable acquisition agreement, but are otherwise administered in accordance with the terms of the Assumed Plans. Stock options under the Assumed Plans generally vest over four years and expire ten years from the date of grant.

The 1999 Employee Stock Purchase Plan ("1999 ESPP") permits eligible employees to purchase up to 1.5 million shares each June 1 and December 1, provided that the aggregate number of shares issued shall not exceed 20.0 million. The 1999 ESPP allows participants to purchase shares of common stock at a 15% discount from the fair market value of the stock as determined on specific dates at six-month intervals. During the years ended December 31, 2017, 2016 and 2015, the Company issued 1.1 million, 0.9 million and 0.7 million shares under the 1999 ESPP, respectively, with a weighted average purchase price per share of \$40.18, \$46.23 and \$52.05, respectively. Total cash proceeds from the purchase of shares under the 1999

[Table of Contents](#)

ESPP in the years ended December 31, 2017, 2016 and 2015 were \$42.3 million, \$39.9 million and \$34.8 million, respectively. As of December 31, 2017, approximately \$6.1 million had been withheld from employees for future purchases under the 1999 ESPP.

Stock-Based Compensation Expense

The following table summarizes the components of total stock-based compensation expense included in the Company's consolidated statements of income for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Cost of revenue	\$ 20,314	\$ 18,287	\$ 14,145
Research and development	38,864	29,739	23,927
Sales and marketing	60,246	55,407	53,542
General and administrative	44,884	41,073	35,063
Total stock-based compensation	164,308	144,506	126,677
Provision for income taxes	(56,237)	(49,014)	(49,033)
Total stock-based compensation, net of taxes	\$ 108,071	\$ 95,492	\$ 77,644

In addition to the amounts of stock-based compensation reported in the table above, the Company's consolidated statements of income for the years ended December 31, 2017, 2016 and 2015 also include stock-based compensation reflected as a component of amortization of capitalized internal-use software; the additional stock-based compensation was \$17.5 million, \$13.8 million and \$12.7 million, respectively, before taxes.

The Company uses the Black-Scholes option pricing model to determine the fair value of the Company's stock option awards. This model requires the input of subjective assumptions, including expected stock price volatility and the estimated term of each award. The estimated fair value of the Company's stock-based awards, less expected forfeitures, is amortized over the awards' vesting period on a straight-line basis. Expected volatilities are based on the Company's historical stock price volatility and implied volatility from traded options in its stock. The Company uses historical data to estimate the expected term of options granted within the valuation model. The risk-free interest rate for periods commensurate with the expected term of the option is based on the U.S. Treasury yield rate in effect at the time of grant. The expected dividend yield is zero, as the Company currently does not pay a dividend and does not anticipate doing so in the future.

The grant-date fair values of awards granted under the 1999 ESPP during the years ended December 31, 2017, 2016 and 2015 were estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2017	2016	2015
Expected term (in years)	0.5	0.5	0.5
Risk-free interest rate	1.0%	0.5%	0.2%
Expected volatility	35.8%	36.2%	28.0%
Dividend yield	—%	—%	—%

For the years ended December 31, 2017, 2016 and 2015, the weighted average fair value of awards granted under the 1999 ESPP was \$13.60 per share, \$14.54 per share and \$15.63 per share, respectively.

As of December 31, 2017, total pre-tax unrecognized compensation cost for stock options, restricted stock units, deferred stock units and shares of common stock issued under the 1999 ESPP was \$267.8 million. The expense is expected to be recognized through 2021 over a weighted average period of 1.9 years.

[Table of Contents](#)

Stock Options

The following table summarizes stock option activity during the year ended December 31, 2017:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2017	874	\$ 35.51		
Exercised	(522)	34.68		
Forfeited	(13)	47.26		
Outstanding at December 31, 2017	339	\$ 36.36	1.66	\$ 9,734
Exercisable at December 31, 2017	338	\$ 36.31	1.66	\$ 9,708
Vested or expected to vest December 31, 2017	339	\$ 36.35	1.66	\$ 9,731

The total pre-tax intrinsic value of options exercised during the years ended December 31, 2017, 2016 and 2015 was \$12.3 million, \$18.3 million and \$53.6 million, respectively. The total fair value of options vested for the years ended December 31, 2017, 2016 and 2015 was \$1.2 million, \$6.5 million and \$10.3 million, respectively.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of \$65.04 on December 31, 2017, that would have been received by the option holders had all option holders exercised their "in-the-money" options as of that date. The total number of shares issuable upon the exercise of "in-the-money" options exercisable as of December 31, 2017 was 0.3 million.

Deferred Stock Units

The Company has granted deferred stock units ("DSUs") to non-employee members of its Board of Directors. Each DSU represents the right to receive one share of the Company's common stock upon vesting. The holder may elect to defer receipt of the vested shares of stock represented by the DSU for a period of at least one year but not more than ten years from the grant date. DSUs vest 100% on the first anniversary of the grant date. If a director has completed one year of Board service, vesting of 100% of the DSUs held by such director will accelerate at the time of his or her departure from the Board.

The following table summarizes the DSU activity for the year ended December 31, 2017:

	Units (in thousands)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	164	\$ 44.90
Granted	44	47.50
Vested and distributed	(31)	54.97
Outstanding at December 31, 2017	177	\$ 43.77

The total pre-tax intrinsic value of DSUs that were vested and distributed during the years ended December 31, 2017, 2016 and 2015 was \$1.5 million, \$1.4 million and \$10.7 million, respectively. The total fair value of DSUs that were vested and distributed during the years ended December 31, 2017, 2016 and 2015 was \$1.7 million, \$1.6 million and \$4.9 million, respectively. The grant-date fair value is calculated based upon the Company's closing stock price on the date of grant. As of December 31, 2017, 44,000 DSUs were unvested, with an aggregate intrinsic value of approximately \$2.9 million and a weighted average remaining contractual life of approximately 0.4 years. These units are expected to vest in May 2018.

[Table of Contents](#)

Restricted Stock Units

The following table summarizes the different types of restricted stock units ("RSUs") granted by the Company during the year ended December 31, 2017 (in thousands):

	December 31, 2017
RSUs with service-based vesting conditions	3,411
RSUs with market-based vesting conditions	116
RSUs with performance-based vesting conditions	82
Total	<u>3,609</u>

RSUs represent the right to receive one share of the Company's common stock upon vesting. RSUs are granted at the discretion of the Board of Directors, a committee thereof or, subject to defined limitations, the Chief Executive Officer of the Company, acting as a committee of one director, to whom such authority has been delegated. The Company has issued RSUs that vest based on the passage of time assuming continued service with the Company, RSUs that vest only upon the achievement of defined performance metrics tied primarily to revenue and income targets and other key financial performance indicators and RSUs that vest based upon total shareholder return ("TSR") measured against the benchmark TSR of a peer group.

For RSUs with service-based vesting conditions, the fair value is calculated based upon the Company's closing stock price on the date of grant, and the stock-based compensation expense is being recognized over the vesting period. Most RSUs with service-based vesting provisions vest in installments over a three- or four-year period following the grant date.

Beginning in the first quarter of 2016, the Company granted RSUs with market-based vesting conditions to certain of its executive officers. The Company uses the Monte Carlo simulation model to determine the fair value of the Company's RSUs based on TSR. This model requires the input of assumptions, including the estimated term of each award, the risk-free interest rate, historical stock price volatility of the Company's shares and historical stock price volatility of peer-company shares. The grant-date fair values of the Company's RSUs with market-based vesting conditions granted during the year ended December 31, 2017 and 2016 were estimated using a Monte Carlo simulation model with the following assumptions:

	2017	2016
Expected term (in years)	3.0	3.0
Risk-free interest rate	1.4%	0.8%
Akamai historical share price volatility	33.2%	34.3%
Average volatility of peer-company share price	27.1%	27.6%

For the years ended December 31, 2017, 2016 and 2015, management measured compensation expense for performance-based RSUs based upon a review of the Company's expected achievement against specified financial performance targets. Such compensation cost is being recorded using a graded-vesting method for each series of grants of performance-based RSUs, to the extent management has deemed that such awards are probable of vesting based upon the expected achievement against the specified targets. On a periodic basis, management reviews the Company's expected performance and adjusts the compensation cost, if needed, at such time.

The following table summarizes the RSU activity for the year ended December 31, 2017:

	Units (in thousands)	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2017	5,710	\$ 59.51
Granted	3,609	59.60
Vested	(2,910)	59.59
Forfeited	(566)	46.65
Outstanding at December 31, 2017	<u>5,843</u>	<u>\$ 59.94</u>

[Table of Contents](#)

The total pre-tax intrinsic value of RSUs that vested during the years ended December 31, 2017, 2016 and 2015 was \$168.6 million, \$128.5 million and \$153.6 million, respectively. The total fair value of RSUs that vested during the years ended December 31, 2017, 2016 and 2015 was \$173.6 million, \$140.4 million and \$105.3 million, respectively. The grant-date fair value of each RSU is calculated based upon the Company's closing stock price on the date of grant. As of December 31, 2017, 5.8 million RSUs were outstanding and unvested, with an aggregate intrinsic value of \$380.2 million and a weighted average remaining vesting period of approximately 1.9 years. These RSUs are expected to vest on various dates through October 2021.

17. Income Taxes

The components of income before provision for income taxes were as follows for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
U.S.	\$ 94,518	\$ 273,176	\$ 233,247
Foreign	221,604	186,270	223,377
Income before provision for income taxes	<u>\$ 316,122</u>	<u>\$ 459,446</u>	<u>\$ 456,624</u>

The provision for income taxes consisted of the following for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Current tax provision (benefit):			
Federal	\$ 41,090	\$ 89,816	\$ 70,298
State	6,336	6,238	(1,750)
Foreign	51,244	39,952	62,572
Deferred tax provision (benefit):			
Federal	(17,136)	4,265	23,381
State	21,689	(86)	(742)
Foreign	(4,992)	3,916	(18,536)
Change in valuation allowance	(430)	(787)	(5)
Total	<u>\$ 97,801</u>	<u>\$ 143,314</u>	<u>\$ 135,218</u>

The current tax provision includes income taxes incurred on intercompany sales, primarily intellectual property. For financial statement purposes this amount is required to be deferred on the balance sheet with the offset recorded as a deferred tax benefit. The income tax that is deferred is amortized into earnings over the economic life of the intellectual property that was sold. The amount of the current year deferral included in the Company's deferred tax provision was a benefit of \$16.0 million, \$9.1 million and \$15.5 million in the years ended December 31, 2017, 2016 and 2015, respectively.

[Table of Contents](#)

The Company's effective rate differed from the U.S. federal statutory rate as follows for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015
U.S. federal income tax rate	35.0 %	35.0 %	35.0 %
State taxes	1.6	2.0	1.7
Share-based compensation	3.7	2.7	1.9
U.S. federal, state and foreign research and development credits	(6.9)	(3.3)	(4.1)
Foreign earnings	(7.8)	(3.4)	(4.6)
Domestic production activities deduction	(0.7)	(1.7)	(1.2)
U.S Tax Cuts and Jobs Act, net	8.2	—	—
Impact of acquisition-related uncertain tax position	(2.9)	—	—
Other	0.7	(0.1)	0.9
	30.9 %	31.2 %	29.6 %

In December 2017 the TCJA was enacted, making significant changes to the U.S. Internal Revenue Code. Changes include a corporate income tax rate decrease from 35% to 21%, the implementation of a modified territorial tax system, a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017 and the repeal of the domestic production activities deduction, among other items.

The Company has recognized a provisional net tax expense of \$26.0 million for the impact of the TJCA which is comprised of a one-time transition tax expense of \$43.4 million on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017, offset by a \$17.4 million tax benefit related to the re-measurement of deferred tax assets and liabilities due to the lower corporate income tax rate. Any subsequent adjustments to the provisional amounts will be recorded to current tax expense or benefit in the quarter of 2018 in which the analysis is completed.

The components of the net deferred tax assets and liabilities and the related valuation allowance as of December 31, 2017 and 2016 were as follows (in thousands):

	2017	2016
Accrued bonus	\$ 19,950	\$ 18,390
Deferred revenue	8,861	10,055
Deferred rent	8,000	12,592
Stock-based compensation	20,557	32,030
Net operating losses	26,698	7,855
Unrealized losses	1,239	1,862
Tax credit carryforwards	49,135	23,629
License income	6,611	16,932
Other	11,909	7,048
Deferred tax assets	152,960	130,393
Depreciation and amortization	(13,933)	(10,470)
Acquired intangible assets	(48,781)	(44,788)
Internal-use software development costs capitalized	(54,687)	(77,375)
Deferred tax liabilities	(117,401)	(132,633)
Valuation allowance	—	(430)
Net deferred tax assets (liabilities)	\$ 35,559	\$ (2,670)

The Company re-measured the U.S. deferred tax assets and liabilities as of December 31, 2017 included in the table above at the applicable tax rate of 21% in accordance with the TCJA.

[Table of Contents](#)

The table below summarizes the Company's NOL and tax credit carryforwards in federal, state, and foreign jurisdictions as of December 31, 2017 and 2016 (in thousands, except for years):

	2017	2016	Expirations at Various Dates Through:
NOL carryforwards:			
Federal	\$ 99,200	\$ 16,500	2037
State	89,500	11,400	2035
Foreign	—	—	—
Federal and state research and development tax credit and other credit carryforwards	65,900	41,500	2032

The Company's U.S. federal and state NOL carryforwards relate to acquisitions completed in 2012 and 2017.

As of December 31, 2017, foreign earnings of approximately \$603.2 million have been taxed due to the one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings required by the TCJA. No provision for U.S. income and foreign withholding taxes has been provided for any remaining undistributed foreign earnings not subject to the transition tax, or any additional basis differences inherent in these entities, as these amounts continue to be indefinitely reinvested. Determination of the amount of the unrecognized deferred tax liability on outside basis differences is not practicable because of the complexity of laws and regulations, the varying tax treatment of alternative repatriation scenarios, and the variation due to multiple potential assumptions relating to the timing of any future repatriation.

The following is a roll forward of the Company's unrecognized tax benefits for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Balance at beginning of year	\$ 69,117	\$ 65,290	\$ 33,320
Gross increases — tax positions of prior periods	2,692	6,391	11,238
Gross increases — current period tax positions	27,163	6,252	27,043
Gross decreases — tax positions of prior periods	(277)	(6,491)	(5,739)
Gross decreases — lapse of applicable statute of limitations	(12,850)	(287)	(257)
Gross decreases — settlements	—	(2,038)	(315)
Balance at end of year	<u>\$ 85,845</u>	<u>\$ 69,117</u>	<u>\$ 65,290</u>

As of December 31, 2017, 2016 and 2015, the Company had approximately \$90.7 million, \$77.1 million and \$72.3 million of unrecognized tax benefits, respectively. The total unrecognized tax benefits include \$10.7 million, \$13.7 million, and \$10.0 million of accrued interest and penalties as of December 31, 2017, 2016 and 2015, respectively. Interest and penalties related to unrecognized tax benefits are recorded in the provision for income taxes and were \$2.3 million, \$3.9 million and \$2.2 million for the years ended December 31, 2017, 2016 and 2015, respectively. The amount of unrecognized tax benefits that, if recognized, would impact the effective income tax rate is approximately \$76.0 million.

As of December 31, 2017, it is reasonably possible that \$3.3 million of unrecognized tax benefits may be recognized by the end of 2018 as a result of the expiration of local statutes of limitations. Certain state and foreign income tax returns from 2011 through 2016 are currently under audit, including the Commonwealth of Massachusetts.

18. Net Income per Share

Basic net income per share is computed using the weighted average number of common shares outstanding during the applicable period. Diluted net income per share is computed using the weighted average number of common shares outstanding during the period, plus the dilutive effect of potential common stock. Potential common stock consists of shares issuable pursuant to stock options, RSUs, DSUs, convertible senior notes and warrants issued by the Company. The dilutive effect of outstanding awards and convertible securities is reflected in diluted earnings per share by application of the treasury stock method.

[Table of Contents](#)

The following table sets forth the components used in the computation of basic and diluted net income per share for the years ended December 31, 2017, 2016 and 2015 (in thousands, except per share data):

	2017	2016	2015
Numerator:			
Net income	\$ 218,321	\$ 316,132	\$ 321,406
Denominator:			
Shares used for basic net income per share	171,559	174,917	178,391
Effect of dilutive securities:			
Stock options	260	384	794
RSUs and DSUs	892	914	1,230
Convertible senior notes	—	—	—
Warrants related to issuance of convertible senior notes	—	—	—
Shares used for diluted net income per share	172,711	176,215	180,415
Basic net income per share	\$ 1.27	\$ 1.81	\$ 1.80
Diluted net income per share	\$ 1.26	\$ 1.79	\$ 1.78

For the years ended December 31, 2017, 2016 and 2015, certain potential outstanding shares from stock options, service-based RSUs, convertible notes and warrants were excluded from the computation of diluted net income per share because the effect of including these items was anti-dilutive. Additionally, certain performance-based RSUs were excluded from the computation of diluted net income per share because the underlying performance conditions for such RSUs had not been met as of these dates. The number of potentially outstanding shares excluded from the computation of diluted net income per share for the years ended December 31, 2017, 2016 and 2015 (in thousands):

	2017	2016	2015
Stock options	9	58	22
Service-based RSUs	3,258	2,262	660
Performance-based RSUs	1,054	690	1,007
Convertible senior notes	7,704	7,704	7,704
Warrants related to issuance of convertible senior notes	7,704	7,704	7,704
Total shares excluded from computation	19,729	18,418	17,097

19. Segment and Geographic Information

The Company's chief operating decision-maker is the chief executive officer and the executive management team. As of December 31, 2017, the Company operated in one industry segment: providing cloud services for delivering, optimizing and securing content and business applications over the Internet. The Company is not organized by market and is managed and operated as one business. A single management team that reports to the chief executive officer comprehensively manages the entire business. The Company does not operate any material separate lines of business or separate business entities with respect to its services. Accordingly, the Company does not accumulate discrete financial information with respect to separate divisions and does not have separate operating or reportable segments.

The Company deploys its servers into networks worldwide. As of December 31, 2017, the Company had approximately \$311.7 million and \$249.8 million of net property and equipment, excluding internal-use software, located in the U.S. and foreign locations, respectively. As of December 31, 2016, the Company had approximately \$297.8 million and \$231.8 million of net property and equipment, excluding internal-use software, located in the U.S. and foreign locations, respectively.

The Company sells its services and licenses through a sales force located both domestically and abroad. Revenue derived from operations outside of the U.S. is determined based on the country in which the sale originated and was \$855.0 million, \$720.0 million and \$593.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. Other than the U.S., no single country accounted for 10% or more of the Company's total revenue for any reported period.

20. Quarterly Financial Results (unaudited)*(in thousands, except per share data)*

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2017:				
Revenue	\$ 609,237	\$ 608,908	\$ 621,399	\$ 663,452
Cost of revenue (exclusive of amortization of acquired intangible assets)	205,703	214,650	225,468	229,937
Net income	80,930	57,772	60,512	19,107
Basic net income per share	0.47	0.33	0.35	0.11
Diluted net income per share	0.46	0.33	0.35	0.11
Year ended December 31, 2016:				
Revenue	\$ 567,725	\$ 572,135	\$ 584,065	\$ 616,124
Cost of revenue (exclusive of amortization of acquired intangible assets)	194,736	206,323	204,467	203,475
Net income	74,858	73,635	76,000	91,639
Basic net income per share	0.42	0.42	0.44	0.53
Diluted net income per share	0.42	0.42	0.43	0.52

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2017, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management’s Annual Report on Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company’s principal executive and principal financial officers and effected by the company’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

To assist management, we have established an internal audit function to verify and monitor our internal controls and procedures. Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2017. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework 2013*.

Based on our assessment, management, with the participation of our Chief Executive Officer and Chief Financial Officer, concluded that, as of December 31, 2017, our internal control over financial reporting was effective based on those criteria at the reasonable assurance level.

The effectiveness of the Company’s internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report, which is included in Item 8 of this annual report on Form 10-K.

[Table of Contents](#)

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the fourth quarter ended December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The complete response to this Item regarding the backgrounds of our executive officers and directors and other information required by Items 401, 405 and 407 of Regulation S-K will be contained in our definitive proxy statement for our 2018 Annual Meeting of Stockholders under the sections captioned “Executive Compensation Matters,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Corporate Governance Matters” and is incorporated by reference herein.

Our executive officers and directors and their positions as of March 1, 2018, are as follows:

Name	Position
F. Thomson Leighton	Chief Executive Officer and Director (Principal Executive Officer)
James Benson	Chief Financial Officer (Principal Financial and Accounting Officer)
Aaron Ahola	Senior Vice President and General Counsel
Robert Blumofe	Executive Vice President – Platform and GM Enterprise Division
James Gemmell	Executive Vice President and Chief Human Resources Officer
Adam Karon	Executive Vice President and GM Media and Carrier Divisions
Rick McConnell	President and GM Web Division
William Wheaton	Executive Vice President and Chief Strategy Officer
George H. Conrades	Director
Pamela J. Craig	Director
Monte E. Ford	Director
Jill A. Greenthal	Director
Daniel R. Hesse	Director
Jonathan F. Miller	Director
Paul Sagan	Director
Frederic V. Salerno	Director
Naomi O. Seligman	Director
Bernardus Verwaayen	Director

We have adopted a written code of business ethics, as amended, that applies to our principal executive officer, principal financial and accounting officer or persons serving similar functions and all of our other employees and members of our Board of Directors. The text of our amended code of ethics is available on our website at www.akamai.com. If we amend, or grant a waiver under, our code of business ethics that applies to our principal executive officer, principal financial and accounting officer, or persons performing similar functions, we intend to post information about such amendment or waiver on our website at www.akamai.com.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2018 Annual Meeting of Stockholders under the sections captioned “Executive Compensation Matters,” “Corporate Governance Matters,” “Compensation Committee Interlocks and Insider Participation” and “Director Compensation.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2018 Annual Meeting of Stockholders under the sections captioned “Executive Compensation Matters,” “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance Under Equity Compensation Plans.”

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2018 Annual Meeting of Stockholders under the sections captioned “Certain Relationships and Related Party Transactions,” “Corporate Governance Matters” and “Compensation Committee Interlocks and Insider Participation.”

Item 14. Principal Accounting Fees and Services

The information required by this Item is incorporated by reference herein to our definitive proxy statement for our 2018 Annual Meeting of Stockholders under the section captioned “Ratification of Selection of Independent Auditors.”

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents Filed as Part of this Annual Report on Form 10-K

1. Financial Statements (included in Item 8 of this Annual Report on Form 10-K):
 - Report of Independent Registered Public Accounting Firm
 - Consolidated Balance Sheets as of December 31, 2017 and 2016
 - Consolidated Statements of Income for the years ended December 31, 2017, 2016 and 2015
 - Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015
 - Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015
 - Consolidated Statements of Stockholders' Equity for the years ended December 31, 2017, 2016 and 2015
 - Notes to Consolidated Financial Statements
2. Financial Statement Schedules

Financial statements schedules are omitted as they are either not required or the information is otherwise included in the consolidated financial statements.

(b) Exhibits

EXHIBIT INDEX

3.1(A)	Amended and Restated Certificate of Incorporation of the Registrant
3.2(B)	Amended and Restated By-Laws of the Registrant, as amended
4.1(C)	Specimen common stock certificate
4.2(D)	Indenture (including form of Notes) with respect to Akamai's 0% Convertible Senior Notes due 2019, dated as of February 20, 2014, between Akamai and U.S. Bank National Association, as trustee.
10.1(E)	Summary of the Registrant's Compensatory Arrangements with Non-Executive Directors
10.2@	Summary of the Registrant's Compensatory Arrangements with Executive Officers
10.3(F)@	Second Amended and Restated 1998 Stock Incentive Plan of the Registrant, as amended
10.4(G)@	Amended and Restated 1999 Employee Stock Purchase Plan of the Registrant
10.5(H)@	Amendment to Amended and Restated 1999 Employee Stock Purchase Plan of the Registrant
10.6(I)@	2001 Stock Incentive Plan of the Registrant

Table of Contents

10.7(J)	<u>2006 Stock Incentive Plan of the Registrant</u>
10.8(K)@	<u>2009 Akamai Technologies, Inc. Stock Incentive Plan</u>
10.9(L)@	<u>2013 Akamai Technologies, Inc. Stock Incentive Plan (as amended)</u>
10.10(M)	<u>Amended and Restated 1999 Stock Compensation Plan of Acemo Intermediate Holdings, Inc. (formerly known as I-Behavior Inc.)</u>
10.11(N)	<u>Blaze Software Inc. Stock Option Plan</u>
10.12(O)	<u>Cotendo, Inc. Amended and Restated 2008 Stock Plan</u>
10.13(P)	<u>Four Cambridge Center Lease Agreement dated October 1, 2007</u>
10.14(P)	<u>Eight Cambridge Center Lease Agreement dated October 1, 2007</u>
10.15(Q)	<u>Amendment to Lease Agreement for Eight Cambridge Center dated November 7, 2016</u>
10.16(Q)	<u>Amendment to Lease Agreement for Four Cambridge Center dated November 7, 2016</u>
10.17(Q)	<u>Indenture of Lease for 145 Broadway, Cambridge, Massachusetts dated November 7, 2016</u>
10.18(Q)	<u>Must-Take Premises and Right of First Offer Agreement among the Registrant, Boston Properties Limited Partnership and the Trustees of Ten Cambridge Center Trust dated November 7, 2016</u>
10.19	<u>150 Broadway Real Property Lease Dated December 20, 2017</u>
10.20(R)†	<u>Exclusive Patent and Non-Exclusive Copyright License Agreement, dated as of October 26, 1998, between the Registrant and Massachusetts Institute of Technology</u>
10.21(S)@	<u>Employment Letter Agreement between the Registrant and F. Thomson Leighton dated February 25, 2013</u>
10.22(T)@	<u>Amendment to Employment Letter Agreement between the Registrant and F. Thomson Leighton dated November 12, 2015</u>
10.23(U)@	<u>Form of Executive Bonus Plan</u>
10.24(V)@	<u>Akamai Technologies, Inc. Executive Severance Pay Plan</u>
10.25(T)@	<u>Form of Executive Change in Control and Severance Agreement</u>
10.26(W)@	<u>Akamai Technologies, Inc. Policy on Departing Director Compensation</u>
10.27(X)@	<u>Form of Stock Option Agreement for use under the 2009 Stock Incentive Plan (four-year vest)</u>
10.28(Y)@	<u>Form of Restricted Stock Unit Agreement for use under the 2013 Stock Incentive Plan (time vesting)</u>
10.29(Y)@	<u>Form of Restricted Stock Unit Agreement for use under the 2013 Stock Incentive Plan (performance vesting)</u>
10.30(Y)@	<u>Form of Stock Option Agreement for use under the 2013 Stock Incentive Plan</u>
10.31(Y)	<u>Form of Deferred Stock Unit Agreement for use under the 2013 Stock Incentive Plan</u>
10.32(Z)@	<u>Form of Performance-Based Vesting Restricted Stock Unit Agreement with Retirement Provision</u>
10.33(D)	<u>Form of Call Option Confirmation between Akamai and each Option Counterparty</u>
10.34(D)	<u>Form of Warrant Confirmation between Akamai and each Option Counterparty</u>
10.35(AA)@	<u>Akamai Technologies, Inc. U.S. Non-Qualified Deferred Compensation Plan</u>
21.1	<u>Subsidiaries of the Registrant</u>
23.1	<u>Consent of Independent Registered Public Accounting Firm</u>
31.1	<u>Certification of Chief Executive Officer pursuant to Rule 13a- 14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended</u>
31.2	<u>Certification of Chief Financial Officer pursuant to Rule 13a- 14(a)/Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended</u>
32.1	<u>Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>

[Table of Contents](#)

32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

- (A) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-27275, 701319) filed with the Commission on August 14, 2000.
- (B) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 141172551) filed with the Commission on October 24, 2014.
- (C) Incorporated by reference to the Registrant's Registration Statement on Form S-1, as amended, filed with the Commission on October 13, 1999.
- (D) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 14629736) filed with the Commission on February 20, 2014.
- (E) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 4660513) filed with the Commission on March 3, 2014.
- (F) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-27275, 04961682) filed with the Commission on August 9, 2004.
- (G) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 06691330) filed with the Commission on March 16, 2006.
- (H) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-27275, 08823347) filed with the Commission on May 12, 2008.
- (I) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 02560808) filed with the Commission on February 27, 2002.
- (J) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 06870771) filed with the Commission on May 26, 2006.
- (K) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 11865051) filed with the Commission on May 23, 2011.
- (L) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 17861604) filed with the Commission on May 22, 2017.
- (M) Incorporated by reference to the Registrant's Registration Statement on Form S-8 filed with the Commission on November 18, 2008.
- (N) Incorporated by reference to the Registrant's Registration Statement on Form S-8 filed with the Commission on February 29, 2012.
- (O) Incorporated by reference to the Registrant's Registration Statement on Form S-8 filed with the Commission on March 14, 2012.
- (P) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 08655930) filed with the Commission on February 29, 2008.
- (Q) Incorporated by reference to the Registrant's Current Report on Form 10-K (File No. 000-27275, 161988699) filed with the Commission on November 10, 2016.
- (R) Incorporated by reference to the Registrant's Registration Statement on Form S-1 filed with the Commission on September 27, 1999.
- (S) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 13657899) filed with the Commission on March 1, 2013.
- (T) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 151238671) filed with the Commission on November 17, 2015.
- (U) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 161466754) filed with the Commission on February 29, 2016.
- (V) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 12974652) filed with the Commission on July 23, 2012.
- (W) Incorporated by reference to the Registrant's Annual Report on Form 10-K (File No. 000-27275, 17647667) filed with the Commission on February 28, 2017.

[Table of Contents](#)

- (X) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 09851919) filed with the Commission on May 26, 2009.
- (Y) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-27275, 131025074) filed with the Commission on August 9, 2013.
- (Z) Incorporated by reference to the Registrant's Current Report on Form 8-K (File No. 000-27275, 15585212) filed with the Commission on February 6, 2015.
- (AA) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-27275, 15850176) filed with the Commission on May 11, 2015.

@ Management contract or compensatory plan or arrangement filed as an exhibit to this Annual Report on Form 10-K pursuant to Item 15(b) of this Annual Report.

† Confidential Treatment has been granted as to certain portions of this Exhibit. Such portions have been omitted and filed separately with the Securities and Exchange Commission.

(c) Not applicable.

Item 16. Form 10-K Summary

None.

Summary of the Registrant's Compensatory Arrangements with Executive Officers

<u>Name and Title</u>	<u>Base Salary for 2018</u>
F. Thomson Leighton Chief Executive Officer	\$1
James Benson Chief Financial Officer	\$480,000
Aaron Ahola Senior Vice President and General Counsel	\$425,000
Robert Blumofe EVP - Platform & General Manager Enterprise Division	\$475,000
James Gemmell Executive Vice President - CHRO	\$425,000
Adam Karon EVP and General Manager Media Division	\$400,000
Rick McConnell President and General Manager Web Division	\$550,000
William Wheaton Chief Strategy Officer	\$420,000

**150 BROADWAY AT KENDALL CENTER
CAMBRIDGE, MASSACHUSETTS**

INDEX TO LEASE
FROM
BOSTON PROPERTIES LIMITED PARTNERSHIP
TO
AKAMAI TECHNOLOGIES, INC.

TABLE OF CONTENTS

	Page
ARTICLE 1 <u>BASIC LEASE PROVISIONS AND INCORPORATION OF EXHIBITS</u>	2
1.1 <u>INTRODUCTION</u>	2
1.2 <u>BASIC DATA</u>	2
1.3 <u>INCORPORATION EXHIBITS</u>	5
ARTICLE 2 <u>PREMISES</u>	5
2.1 <u>DEMISE AND LEASE OF PREMISES</u>	5
2.2 <u>APPURTENANT RIGHTS AND RESERVATIONS.</u>	5
ARTICLE 3 <u>LEASE TERM AND EXTENSION OPTION</u>	9
3.1 <u>TERM</u>	9

3.2	<u>EXTENSION OPTION</u>	9
ARTICLE 4 <u>CONDITION OF PREMISES</u>		10
4.1	<u>CONDITION OF PREMISES</u>	11
4.2	<u>TENANT ALLOWANCE</u>	11
4.3	<u>TENANT'S OFFSET RIGHT</u>	13
ARTICLE 5 <u>ANNUAL FIXED RENT AND ELECTRICITY</u>		14
5.1	<u>FIXED RENT</u>	14
5.2	<u>ELECTRICITY</u>	15
ARTICLE 6 <u>TAXES</u>		15
6.1	<u>DEFINITIONS</u>	15
6.2	<u>TENANT'S PAYMENT OF REAL ESTATE TAXES</u>	16
6.3	<u>TENANT'S RIGHT TO CONTEST REAL ESTATE TAXES</u>	17
ARTICLE 7 <u>LANDLORD'S REPAIRS AND SERVICES AND TENANT'S ESCALATION PAYMENTS</u>		18
7.1	<u>STRUCTURAL REPAIRS</u>	18
7.2	<u>OTHER REPAIRS TO BE MADE BY LANDLORD</u>	18
7.3	<u>SERVICES TO BE PROVIDED BY LANDLORD</u>	19
7.4	<u>OPERATING EXPENSES DEFINED</u>	19
7.5	<u>TENANT'S ESCALATION PAYMENTS</u>	25

- 7.6 NO DAMAGE 27
- 7.7 TENANT'S AUDIT RIGHTS 28
- 7.8 SERVICES TO BE PROVIDED BY TENANT 30

ARTICLE 8 TENANT'S REPAIRS 31

- 8.1 TENANT'S REPAIRS AND MAINTENANCE 31

ARTICLE 9 ALTERATIONS 31

- 9.1 LANDLORD'S APPROVAL 31
- 9.2 CONFORMITY OF WORK 33
- 9.3 PERFORMANCE OF WORK, GOVERNMENTAL PERMITS AND INSURANCE 33
- 9.4 LIENS 34
- 9.5 NATURE OF ALTERATIONS 35
- 9.6 INCREASES IN TAXES 36

ARTICLE 10 PARKING 36

- 10.1 PARKING PRIVILEGES 36
- 10.2 PARKING CHARGES 36
- 10.3 GARAGE OPERATION 37
- 10.4 LIMITATIONS 38
- 10.5 PARKING LOCATION; PERMITTED GARAGES 38

ARTICLE 11 CERTAIN TENANT COVENANTS 39

- 11.1 PAYMENT 39
- 11.2 USE AND OCCUPANCY 39
- 11.3 NO OBSTRUCTION 40
- 11.4 COMPLIANCE WITH LAW – TENANTS PARTICULAR USE 40
- 11.5 FLOOR LOAD 40
- 11.6 TAXES ON PERSONAL PROPERTY 41
- 11.7 ATTORNEYS’ FEES 41
- 11.8 COMPLIANCE WITH LAW 41
- 11.9 VENDORS 41
- 11.10 OFAC 41

ARTICLE 12 ASSIGNMENT AND SUBLETTING 42

- 12.1 RESTRICTIONS ON TRANSFER 42
- 12.2 TENANT’S 42
- 12.3 LANDLORD’S TERMINATION RIGHT 43
- 12.4 CONSENT OF LANDLORD 43
- 12.5 EXCEPTIONS 45

12.6 PROFIT ON SUBLEASING OR ASSIGNMENT 46

12.7 ADDITIONAL CONDITIONS 46

12.8 EXPEDITED DISPUTE RESOLUTION 48

ARTICLE 13 INDEMNITY AND COMMERCIAL GENERAL LIABILITY INSURANCE 49

13.1 TENANT'S INDEMNITY 49

13.2 TENANT'S RISK 50

13.3 TENANT'S COMMERCIAL GENERAL LIABILITY INSURANCE 51

13.4 TENANT'S PROPERTY INSURANCE 51

13.5 TENANT'S OTHER INSURANCE 52

13.6 REQUIREMENTS FOR TENANT'S INSURANCE 52

13.7 ADDITIONAL INSUREDS 53

13.8 CERTIFICATES OF INSURANCE 53

13.9 SUBTENANTS AND OTHER OCCUPANTS 53

13.10 NO VIOLATION OF BUILDING POLICIES 54

13.11 TENANT TO PAY PREMIUM INCREASES 54

13.12 LANDLORD'S INSURANCE 54

13.13 WAIVER OF SUBROGATION 55

- 13.14 TENANT'S WORK 56
- 13.15 LANDLORD'S INDEMNITY 56
- 13.16 TENANT'S SELF INSURANCE 56

ARTICLE 14 FIRE, CASUALTY AND TAKING 57

- 14.1 DAMAGE RESULTING FROM CASUALTY 57
- 14.2 UNINSURED CASUALTY 60
- 14.3 RIGHTS OF TERMINATION FOR TAKING 60
- 14.4 AWARD 61
- 14.5 TIME OF THE ESSENCE 61

ARTICLE 15 DEFAULT 61

- 15.1 TENANT'S DEFAULT 61
- 15.2 TERMINATION; RE-ENTRY 62
- 15.3 CONTINUED LIABILITY; RE-LETTING 63
- 15.4 LIQUIDATED DAMAGES 63
- 15.5 WAIVER OF REDEMPTION 64
- 15.6 LANDLORD'S DEFAULT; TENANT'S SELF HELP 64

ARTICLE 16 MISCELLANEOUS PROVISIONS 66

- 16.1 WAIVER 66

16.2	<u>CUMULATIVE REMEDIES</u>	66
16.3	<u>QUIET ENJOYMENT</u>	66
16.4	<u>SURRENDER</u>	67
16.5	<u>BROKERAGE</u>	67
16.6	<u>INVALIDITY OF PARTICULAR PROVISIONS</u>	67
16.7	<u>PROVISIONS BINDING, ETC</u>	68
16.8	<u>RECORDING</u>	68
16.9	<u>NOTICES AND TIME FOR ACTION</u>	68
16.10	<u>WHEN LEASE BECOMES BINDING</u>	69
16.11	<u>PARAGRAPH HEADINGS</u>	69
16.12	<u>RIGHTS OF MORTGAGEE</u>	69
16.13	<u>RIGHTS OF GROUND LESSOR</u>	70
16.14	<u>NOTICE TO MORTGAGEE AND GROUND LESSOR</u>	70
16.15	<u>ASSIGNMENT OF RENTS</u>	71
16.16	<u>STATUS REPORT AND FINANCIAL STATEMENTS</u>	71
16.17	<u>LANDLORD'S SELF-HELP</u>	72
16.18	<u>HOLDING OVER</u>	72

16.19	<u>ENTRY BY LANDLORD</u>	73
16.20	<u>TENANT'S PAYMENTS</u>	74
16.21	<u>LATE PAYMENT</u>	74
16.22	<u>COUNTERPARTS</u>	75
16.23	<u>ENTIRE AGREEMENT</u>	75
16.24	<u>LIMITATION OF LIABILITY</u>	75
16.25	<u>NO PARTNERSHIP</u>	76
16.26	<u>INTENTIONALLY OMITTED</u>	76
16.27	<u>WAIVER OF TRIAL BY JURY</u>	76
16.28	<u>GOVERNING LAW</u>	76
16.29	<u>TENANT'S SIGNAGE</u>	76
16.30	<u>AUTHORITY OF PARTIES</u>	77
16.31	<u>COMPLIANCE WITH LAWS</u>	77
16.32	<u>ARBITRATION.</u>	77
16.33	<u>ELECTRONIC SIGNATURES</u>	78
16.34	<u>LEWIN PARK</u>	78
16.35	<u>TRANSPORTATION PROGRAM</u>	78

ENUMERATION OF EXHIBITS:

- Schedule 1-- Annual Fixed Rent.
- Exhibit A-1-- Plan of Premises.
- Exhibit A-2-- Description of the Lot.
- Exhibit A-3-- Plan of Lot.
- Exhibit B-- Landlord's Services.
- Exhibit C-- Development Area Map.
- Exhibit D-1-- Common Areas of Parcel 3 of the Development Area
- Exhibit D-2-- Location of Lewin Park as of the Execution Date of the Lease.
- Exhibit E-- Form of Commencement Date Agreement.
- Exhibit F-- Broker Determination of Prevailing Market Rent.
- Exhibit G-- Form of Certificate of Insurance.
- Exhibit H-- Rules and Regulations.
- Exhibit I-1-- Permitted Rooftop Area
- Exhibit I-2-- Existing Rooftop Area
- Exhibit J-- Form of Lien Waivers
- Exhibit K-- Sample Operating Expense Budget
- Exhibit L-- Building Management System

150 BROADWAY AT KENDALL CENTER

CAMBRIDGE, MASSACHUSETTS

AMENDED AND RESTATED LEASE DATED DECEMBER 20, 2017

THIS INSTRUMENT (THIS “**RESTATED LEASE**”) IS AN INDENTURE OF LEASE in which the Landlord and the Tenant are the parties hereinafter named, and which relates to space in the building known as 150 Broadway at Kendall Center and having an address at 150 Broadway, Cambridge, Massachusetts.

RECITALS

A. Tenant currently leases the Premises from Landlord pursuant to that certain Lease between Landlord and Tenant, dated as of October 1, 2007, as amended by that certain First Amendment to Lease, dated as of November 7, 2016 (collectively, the “**Existing 150 Lease**”).

B. The Trustees of Eleven Cambridge Center Trust, a Massachusetts nominee trust and an affiliate of Landlord (the “**145 Broadway Landlord**”), and Tenant are parties to that certain Lease, dated as of November 7, 2016 (the “**145 Broadway Lease**”), pursuant to which Tenant leases certain premises (the “**145 Broadway Premises**”) in the building (the “**145 Broadway Building**”) known as and numbered 145 Broadway, Cambridge, Massachusetts, which 145 Broadway Premises are more particularly described in the 145 Broadway Lease.

C. Landlord, the 145 Broadway Landlord, and Tenant are parties to that certain Must Take Premises and Right of First Offer Agreement, dated as of November 7, 2016 (the “**MTP Agreement**”), pursuant to which Tenant agreed to lease certain other premises (the “**Must Take Premises**”) from Landlord (or an affiliate of Landlord) in addition to the 145 Broadway Premises.

D. In accordance with Section 2.1 of the MTP Agreement, Landlord delivered the MTP Designation Notice (as defined in the MTP Agreement) to Tenant on August 29, 2017, in which Landlord designated the Building (referred to in the MTP Agreement as the 150 Broadway Building) as the Must Take Premises. Accordingly, this Restated Lease constitutes the MTP Lease (as defined in the MTP Agreement).

E. If, as and when the Commencement Date (as defined in the 145 Broadway Lease) occurs under the 145 Broadway Lease (such date being referred to herein as the “**Restatement Effective Date**”), this Restated Lease shall amend and restate the Existing 150 Lease in its entirety as of the Restatement Effective Date (provided that all obligations of either party that accrued under the Existing 150 Lease prior to the Restatement Effective Date shall continue in full force and effect as provided for and as set forth in the Existing 150 Lease).

F. The provisions of the Existing 150 Lease shall remain in full force and effect until 11:59 p.m. on the day immediately prior to the Restatement Effective Date. If the 145 Broadway Lease is terminated prior to the Restatement Effective Date, then this Restated Lease shall immediately become null and void and the Existing 150 Lease shall continue in full force and effect. From and after the Restatement Effective Date, all references herein to the “Lease” shall be deemed to mean this Restated Lease.

The parties to this instrument hereby agree with each other as follows:

Article 1
BASIC LEASE PROVISIONS AND INCORPORATION OF EXHIBITS

1.1 INTRODUCTION. The following sets forth the basic data and identifying exhibits elsewhere hereinafter referred to in this lease, and, where appropriate, constitute definitions of the terms hereinafter listed.

1.2 BASIC DATA.

Execution Date:	December __, 2017
Landlord:	BOSTON PROPERTIES LIMITED PARTNERSHIP, a Delaware limited partnership
Present Mailing Address of Landlord:	Boston Properties Limited Partnership Prudential Center 800 Boylston Street, Suite 1900 Boston, Massachusetts 02199-8103 Attention: Regional General Counsel
Landlord's Construction Representative:	Michael Tilford
Tenant:	Akamai Technologies, Inc., a Delaware corporation
Present Mailing Address of Tenant:	Akamai Technologies, Inc. 145 Broadway Cambridge, Massachusetts 02142 Attention: Real Property Administrator with a copy to: McCarter & English, LLP 265 Franklin Street Boston, Massachusetts 02110 Attention: Cynthia B. Keliher, Esq.
Commencement Date:	The Restatement Effective Date (as defined in the Recitals)
Expiration Date:	The last day of the One Hundred Eightieth (180th) complete calendar month following the Commencement Date (plus the partial month, if any, immediately following the Commencement Date).
Lease Term: (sometimes called the "Original Lease Term")	The period beginning on the Commencement Date and ending on the Expiration Date, unless extended or sooner terminated as hereinafter provided.
Extension Option:	One (1) period of ten (10) years as provided in and on the terms set forth in Section 3.2 hereof.

Lease Year: Any twelve (12) month period during the Lease Term commencing as of the Commencement Date, or as of any anniversary of the Commencement Date, except that if the Commencement Date does not occur on the first day of a calendar month, then (i) the first Lease Year shall further include the partial calendar month in which the first anniversary of the Commencement Date occurs, and (ii) the remaining Lease Years shall be the successive twelve-(12)-month periods following the end of such first Lease Year.

Annual Fixed Rent: To be determined in accordance with Schedule 1 attached hereto.

Tenant Electricity: As provided in Section 5.2 hereof.

Additional Rent: All charges and other sums payable by Tenant to Landlord as set forth in this Lease, in addition to Annual Fixed Rent.

Building: The building known as and numbered 150 Broadway, Kendall Center, Cambridge, Massachusetts.

Total Rentable Floor Area of the Building: 177,226 square feet

Premises: The entire first (1st) through ninth (9th) floors of the Building, as shown on the floor plans annexed hereto as Exhibit A-1 and incorporated herein by reference, being the entire rentable area of the Building.

Rentable Floor Area of the Premises: 177,226 square feet

Lot: The property consisting of Tract IVA of Parcel 3 of the Development Area, as described in Exhibit A-2 and as shown on Exhibit A-3, each as attached hereto and incorporated herein by reference.

Plan of Lot: The plan attached hereto as Exhibit A-3.

Property: The Building and Lot.

Development Area: The area of the Kendall Center development, as shown on Exhibit C.

Common Areas of Parcel 3 of the Development Area: The vehicular roadways, open spaces and sidewalks located on Parcel 3 of the Development Area. The current Common Areas of Parcel 3 of the Development Area are shown on Exhibit D-1 attached hereto.

Permitted Uses:

General business and professional offices, research and development offices, research, experimental and testing laboratory and accessory and ancillary uses in connection therewith, as permitted under the Zoning Ordinance of the City of Cambridge (the “**Zoning Ordinance**”); provided however, the Permitted Uses shall not include manufacturing of biotechnology and pharmaceutical products or uses accessory or ancillary thereto. As accessory or ancillary to the Permitted Uses, the following uses shall be permitted to the extent the same comply with Legal Requirements (including, without limitation, the Zoning Ordinance): (i) food service, daycare service and health and fitness facilities for employees and visitors, (ii) a so-called Network Operations Command Center, Broadcast Operations Command Center and/or Security Operations Command Center, (iii) training and/or conference center facilities, (iv) server rooms and (v) engineering and/or fabrication laboratories. Landlord hereby acknowledges that the foregoing uses are permitted uses under the Zoning Ordinance as of the date hereof provided that Tenant undertakes such uses in compliance with the Zoning Ordinance.

Broker:

CRESA Partners Boston, Inc.

ARTICLE 2 PREMISES

2.1 DEMISE AND LEASE OF PREMISES. Subject to and in accordance with the terms and provisions of this Lease, Landlord hereby demises and leases to Tenant, and Tenant hereby hires and accepts from Landlord, the Premises.

2.2 APPURTENANT RIGHTS AND RESERVATIONS.

(A) Tenant shall have, as appurtenant to the Premises, the non-exclusive right to use in common with others, but not in a manner or extent that would materially interfere with the normal operation and use of the Building as an office building (and as a multi-tenant office building if Tenant at any time leases less than the entirety of the Building), and subject to reasonable rules of general applicability from time to time made by Landlord of which Tenant is given notice (provided that the same do not increase the monetary obligations of Tenant, or materially increase any of the other obligations of Tenant, under this Lease, do not materially derogate from the rights of Tenant under this Lease, and are uniformly enforced): (a) the pipes, ducts, shafts, conduits, wires and appurtenant fixtures serving the Premises, and (b) the Common Areas of Parcel 3 of the Development Area. Notwithstanding anything to the contrary herein, Landlord has no obligation to allow any particular telecommunication service provider to have access to the Building or to the Premises, but Landlord agrees not to unreasonably withhold, condition or delay approval of Tenant’s desired provider(s). Landlord hereby approves Comcast, LightTower, Windstream, Cogent, AT&T, Masergy, XO Communications, Verizon, CenturyLink, Zayo (formerly known as AboveNet), Level3, and Hurricane Electric as Tenant’s telecommunications service provider(s). If Landlord permits such access, Landlord may condition such access upon the payment to Landlord by the service provider of fees assessed by Landlord in its sole

discretion; provided, however, that and so long as (x) Tenant's telecommunications service provider does not provide telecommunications service to any other tenant of the Building or (y) Tenant is leasing all of the Building, Landlord shall not require such service provider to pay any fees for such access.

Landlord reserves the right from time to time, without unreasonable interference with Tenant's use of and access to the Building: to install, use, maintain, repair, replace and relocate for service to the Premises pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises or on the Lot, provided that any such installations, replacements and relocations above shall be located so far as practicable in the central core area of the Building, above ceiling surfaces, below floor surfaces or within perimeter walls. All access to the Premises by Landlord shall be subject to the terms and provisions of Section 16.19 below. Subject to temporary interruption resulting from fire, casualty, maintenance activity, the actions of governmental authorities and other conditions not reasonably within Landlord's control, Tenant shall have access to the Premises and, for pass holders, their Assigned Garage (as defined in Section 10.1), 24 hours per day, 365 days per year. Such right of access shall be subject to such reasonable security procedures (e.g., presentation of building access card, guard desk sign-in, and the like) as may be adopted by Landlord from time to time.

(B) Changes to Layout: Landlord shall not change the layout of the Building and the other improvements on the Lot in any way that (i) changes the number of buildings, (ii) changes, in any material respect, the configuration or orientation of the Building or materially alters the existing location of the Building, (iii) changes the number of floors or, in any material respect, the size of any floor of the Building, (iv) permanently moves the location of the entrance to the Building (though temporary relocation in the context of repairs or renovations shall not be thereby prohibited), (v) would otherwise materially alter the Premises or materially and adversely affect Tenant's use of the Premises for the Permitted Use or materially and adversely affect Tenant's access to the Premises and the Building, or (vi) would prevent the Premises and the Building from being considered a first-class office location (each of the foregoing, a "**Material Layout Change**"). Landlord shall give Tenant prior written notice of any changes which it reasonably believes are Material Layout Changes that it desires to make. All Material Layout Changes shall be subject to Tenant's prior written approval, which approval shall not be unreasonably withheld or conditioned, and shall be granted or denied (with reasonable explanation of the grounds for such denial) within five (5) business days after notice thereof. Changes to the layout of the Building and other the improvements on the Lot which are not Material Layout Changes shall not require Tenant's approval.

(C) Stairwell Access: Tenant shall have the right to use the emergency stairwell for the purpose of pedestrian access between the floors of the Premises and to make cosmetic improvements thereto, provided that, at Tenant's sole cost and expense: (i) Tenant obtains all necessary governmental permits and approvals, if any, for such use or improvements, and (ii) Tenant installs a card reader or other limited access system ("**Tenant's Internal Access System**") at each entry point of the Premises from the emergency stairwell used by Tenant for interfloor access; provided, however, the foregoing clause (ii) is not required so long as Tenant leases the entirety of the Building, and (iii) Tenant shall be responsible for (and Landlord shall have no liability for) any security issues that may arise within the Premises as the result of the use of the emergency stairwell for interfloor access between portions of the Premises. Moreover, in the event that Tenant uses the emergency stairwell for such interfloor access between portions of the Premises, then the emergency stairwell will be treated as part of the Premises with respect to all of Tenant's indemnification and insurance obligations.

(D) Rooftop Equipment: Subject to the following provisions hereof, Tenant shall have the exclusive right from time to time during the Lease Term within the portion of the roof of the Building

shown on Exhibit I-1 attached hereto (“**Tenant’s Rooftop Area**”) to (i) maintain, repair and replace the three (3) existing supplemental HVAC units (“**Tenant’s HVAC Equipment**”) located on the portion of the roof of the Building shown on Exhibit I-2 attached hereto, (ii) maintain, repair and replace the existing emergency generator and diesel fuel tank (collectively, “**Tenant’s Generator**”) located on the portion of the roof of the Building shown on Exhibit I-2 attached hereto and (iii) install, maintain, repair and replace equipment for telecommunications, data transmission and other similar technologies, in each case to be utilized by Tenant, for the purpose of Tenant’s conduct of the Permitted Uses within the Premises and/or within other premises leased by Tenant in the Kendall Square, Cambridge area, and by its permitted subtenants and assignees and Permitted Transferees (as herein defined) hereunder only (“**Tenant’s Communications Equipment**”). Any future replacements or installations of Tenant’s HVAC Equipment shall be located within the area shown as “Dry Coolers” on Exhibit I-1. Any future replacements or installations of Tenant’s Generator shall be located within the area shown as “Tenant’s Generator and Telecom Equipment” on Exhibit I-1. Any future replacements or installations of Tenant’s Communications Equipment shall be located within the area shown as “Tenant’s Generator and Telecom Equipment” and/or the area shown as “Dry Coolers” on Exhibit I-1.

In connection with the installation of Tenant’s Communications Equipment, as well as any replacement of Tenant’s Generator or Tenant’s HVAC Equipment or installation of new generator or HVAC equipment (which new generator and/or HVAC equipment shall be subject to the provisions hereof applicable to Tenant’s Generator and/or Tenant’s HVAC Equipment, as the case may be), as contemplated in this Section 2.2(D), Tenant shall submit to Landlord plans and specifications (including, but not limited to, design and size) therefor and the proposed exact location thereof within Tenant’s Rooftop Area (including but not limited to the size and aesthetics of such items and the architectural compatibility and relationship between the same and the general area of the Lot). Landlord shall respond within ten (10) business days after its receipt of such plans and specifications either indicating its approval (which approval shall not be unreasonably withheld, delayed or conditioned) or stating with reasonable specificity its reasons for disapproval. If Landlord fails to respond within such ten (10) business day period, Tenant may re-send such request to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, “**WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within ten (10) days may lead to deemed approval of such request**”. Should Landlord fail to respond to such second request within ten (10) days after receipt thereof, such failure shall be deemed to be approval of such plans and specifications by Landlord.

In addition to the foregoing, it is understood and agreed that the exercise of rights by Tenant under this Section 2.2(D) shall be subject to Tenant obtaining and keeping in full force and effect, at Tenant’s sole cost and expense, all permits, approvals, licenses and other determinations as shall be necessary or required under all applicable laws, ordinances, rules, regulations, statutes, by-laws, court decisions, and orders, policies and requirements of all public authorities (“**Legal Requirements**”) with respect the use and operation of Tenant’s HVAC Equipment, Tenant’s Generator and/or Tenant’s Communications Equipment (Landlord hereby agreeing to cooperate with Tenant in obtaining any such approval, provided that Landlord shall not be put to any third party cost or expense in connection therewith). It is further understood and agreed that rights set forth in this Section 2.2(D) with respect to Tenant’s Communications Equipment but not with respect to Tenant’s Generator or Tenant’s HVAC Equipment shall only be exercisable by Tenant on the conditions (which conditions may be waived by Landlord at any time upon written notice to Tenant) that: (i) there is no Event of Default at the time of Tenant’s request for approval of said plans and specifications hereunder; (ii) Tenant directly leases seventy-five percent (75%) or more of the Building (inclusive of any permitted subleases under Article XII below); and (iii) this Lease is still in full force and effect. Tenant shall, at Tenant’s sole cost, be

responsible for the maintenance and repair of Tenant's HVAC Equipment, Tenant's Generator and any such Tenant's Communications Equipment. Tenant's HVAC Equipment, Tenant's Generator and any such Tenant's Communications Equipment shall be at the sole risk of Tenant, except to the extent of Landlord's negligence, Landlord having no obligation with respect to any insurance relating thereto. In performing the work necessary to maintain Tenant's HVAC Equipment or Tenant's Generator or to install or maintain Tenant's Communications Equipment, Tenant shall engage a contractor approved by Landlord, which approval shall not be unreasonably withheld, delayed or conditioned; provided that, in Landlord's reasonable judgment, such contractor will be able to preserve Landlord's roof warranty. Landlord shall respond within ten (10) business days after its receipt of written request for Landlord's approval of such contractor (which approval shall not be unreasonably withheld, delayed or conditioned) or stating with reasonable specificity its reasons for disapproval. If Landlord fails to respond within such ten (10) business day period, Tenant may re-send such request to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, "**WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within ten (10) days may lead to deemed approval of such request**". Should Landlord fail to respond to such second request within ten (10) days after receipt thereof, such failure shall be deemed to be approval of such contractor by Landlord. Tenant shall provide Landlord with evidence on an annual basis of the existence of a maintenance contract for Tenant's Generator with a contractor approved by Landlord as aforesaid.

Tenant shall have no rights to license, sublease, assign or otherwise transfer its rights to install and use Tenant's Communications Equipment (other than to permitted subtenants and assignees and Permitted Transferees). Subject to the rights expressly granted in this subsection (D) in connection with Tenant's Communications Equipment, Landlord hereby reserves the right (at its sole discretion but without impairing the roof rights of Tenant as set forth herein) to install and to permit others to install, use and maintain antennas and similar installations on the rooftop of the Building, provided that any agreement with a third party granting the right to install telecommunications equipment shall contain language prohibiting interference with Tenant's Communications Equipment and shall provide Landlord with a termination right if such interference is not remedied after a reasonable period of time. If measurable interference shall occur, Tenant shall provide notice thereof to Landlord and Landlord shall use reasonable efforts to cause the same to be remedied; however, if despite such efforts the same are not remedied within a period reasonably necessary to cure such interference, Landlord shall exercise the termination right set forth in its agreement with such interfering party.

Tenant's Generator shall be used solely to provide back-up power in the event of an outage for Tenant's lights and plugs in the Premises and dedicated heating, ventilation and air conditioning systems serving the Premises, but not for the purposes of running any life-safety systems or equipment (it being understood and agreed that such dedicated HVAC systems (including, without limitation, Tenant's HVAC Equipment) may not function during such an outage, even if connected to Tenant's Generator, to the extent that the base building systems are not functioning). Landlord shall have no obligation to provide any services to Tenant's Generator. Tenant shall, at its sole cost and expense and otherwise in accordance with the provisions of this Section 2.2(D), arrange for all utility services required for the operation of Tenant's Generator.

Tenant, at Tenant's expense, shall repair any damage to the Building and the Lot resulting from Tenant's installation (if applicable), operation, maintenance, repair, replacement or removal of Tenant's HVAC Equipment, Tenant's Generator and Tenant's Communications Equipment. Landlord, at Landlord's expense and not as an Operating Expense under this Lease, shall repair any damage to the Building and the Lot resulting from Landlord's or any such third party's installation, operation,

maintenance, repair, replacement or removal of antennas and similar installations serving parties other than Tenant as set forth in this Section 2.2(D) (except to the extent such installations are utilized by Landlord solely in connection with the operation of the Building, in which event such costs may be included in Operating Expenses for the Building in accordance with Article VII hereof). Upon the expiration or earlier termination of the Lease Term, Tenant, at Tenant's expense, shall remove (i) any Tenant's HVAC Equipment installed on the roof of the Building after the Execution Date to the extent that Landlord conditioned its consent to such installation on such removal, (ii) Tenant's Generator and (iii) Tenant's Communications Equipment and restore the portion of the roof and/or the Building on or in which the same were located as nearly as practicable to its condition prior to the installation thereof (reasonable wear and tear, damage by Landlord and damage by Casualty and Taking (as those terms are defined in Article XIV) excepted). Notwithstanding anything to the contrary contained herein, upon the expiration or earlier termination of the Lease Term, Tenant shall not be required to remove the following ("**Non-Removal HVAC Units**"): (a) the three (3) supplemental HVAC units existing on the roof of the Building as of the Execution Date (the "**Existing HVAC Units**") or (b) any replacements of such Existing HVAC Units, provided that the total number of Non-Removal HVAC Units shall never exceed three (3).

ARTICLE 3
LEASE TERM AND EXTENSION OPTION

3.1 TERM. The Term of this Lease shall be the period specified in Section 1.2 hereof as the "Lease Term", unless sooner terminated or extended as herein provided. The Commencement Date of the Lease Term hereof shall be the date set forth in Section 1.2. As soon as may be convenient after the Commencement Date has been determined, Landlord and Tenant agree to join with each other in the execution, in the form attached hereto as Exhibit E, of a Commencement Date Agreement in which the Commencement Date, Lease Term and final Schedule 1 shall be stated.

3.2 EXTENSION OPTION.

(A) On the conditions (which conditions Landlord may waive by written notice to Tenant) that at the time of exercise of the herein described option to extend (i) there then exists no Event of Default, (ii) this Lease is still in full force and effect, and (iii) Tenant has neither assigned this Lease nor sublet more than fifty percent (50%) of the Rentable Floor Area of the Premises, except pursuant to a transfer not requiring Landlord's consent, as set forth in Section 12.5 hereof, Tenant shall have the right to extend the Term hereof upon all the same terms, conditions, covenants and agreements herein contained (except for the Annual Fixed Rent which shall be adjusted during the option period as hereinbelow set forth) for one (1) period of ten (10) years as hereinafter set forth. Tenant's option to extend the Lease Term is sometimes herein referred to as the "Extension Option" and the option period is sometimes herein referred to as the "Extended Term". Notwithstanding any implication to the contrary, Landlord has no obligation to make any additional payment to Tenant in respect of any construction allowance or the like except as otherwise provided herein or to perform any work to the Premises except as otherwise provided herein as a result of the exercise by Tenant of such option.

(B) If Tenant desires to exercise said option to extend the Term, then Tenant shall give notice exercising such option to extend (the "**Exercise Notice**") to Landlord, not later than twenty-four (24) months prior to the Expiration Date. Within thirty (30) days after Landlord's receipt of the Exercise Notice, Landlord shall provide Landlord's quotation to Tenant of a proposed Annual Fixed Rent for the Premises for the Extended Term ("**Landlord's Rent Quotation**"). Notwithstanding the foregoing or anything herein to the contrary, in no event shall Landlord be obligated to provide Landlord's quotation to Tenant of a proposed Annual Fixed Rent for the Premises more than twenty-four (24) months prior to the

Expiration Date. If at the expiration of thirty (30) days after the date when Landlord provides such quotation to Tenant (the “**Negotiation Period**”), Landlord and Tenant have not reached agreement on a determination of an Annual Fixed Rent for the Premises for the Extended Term and executed a written instrument extending the Lease Term pursuant to such agreement, then Tenant shall have the right, for fifteen (15) days following the expiration of the Negotiation Period, to either (x) make a request to Landlord for a broker determination (the “**Broker Determination**”) of the Prevailing Market Rent (as defined in Exhibit F) for such Extended Term, which Broker Determination shall be made in the manner set forth in Exhibit F or (y) withdraw the Exercise Notice (in which event this Section 3.2 shall be deemed null and void and of no further force or effect, and the Lease Term shall expire as of the Expiration Date). If Tenant timely shall have requested the Broker Determination with respect to the Extended Term, then the Annual Fixed Rent for the Premises for the Extended Term shall be one hundred percent (100%) of the Prevailing Market Rent as determined by the Broker Determination. If Tenant does not timely request the Broker Determination in accordance with the provisions of this subsection (B) and the parties shall not otherwise have agreed in writing during the Negotiation Period upon an Annual Fixed Rent for the Extended Term, the Exercise Notice shall be deemed to have been withdrawn by Tenant.

(C) Upon the first to occur of (x) the mutual written agreement by Landlord and Tenant during the Negotiation Period on the Annual Fixed Rent to be payable during the Extended Term or (y) the timely request by Tenant for the Broker Determination in accordance with the provisions of subsection (B) above, then this Lease and the Lease Term hereof shall automatically be deemed extended, for the Extended Term, without the necessity for the execution of any additional documents, except that Landlord and Tenant agree to enter into an instrument in writing setting forth the Annual Fixed Rent for the Extended Term as determined in the relevant manner set forth in this Section 3.2; and in such event all references herein to the Lease Term or the term of this Lease shall be construed as referring to the Lease Term, as so extended, unless the context clearly otherwise requires. Notwithstanding anything contained herein to the contrary, in no event shall the Lease Term hereof be extended for more than ten (10) years after the Expiration Date hereof unless otherwise agreed to by the parties.

ARTICLE 4 CONDITION OF PREMISES

4.1 CONDITION OF PREMISES. Tenant currently occupies the Premises pursuant to the Existing 150 Lease. On the Commencement Date, Tenant shall accept the Premises in their then “as-is” condition without any obligation on Landlord’s part to perform any additions, alterations, improvements, demolition or other work therein or pertaining thereto; provided, however, that Landlord shall perform the work (“**Landlord’s BMS Work**”) necessary to replace the Building’s existing building management system in accordance with the specification attached hereto as Exhibit L (the “**BMS Specification**”); provided, however, recognizing that Landlord’s BMS Work will be performed after the Commencement Date, Landlord reserves the right to make such modifications to the BMS Specification as Landlord reasonably determines are necessary so long as the building management system installed by Landlord is substantially equivalent to the system described on the BMS Specification. Landlord shall perform Landlord’s BMS Work after the Commencement Date at its sole cost and expense. Landlord and Tenant agree to coordinate with one another in good faith with respect to the performance of Landlord’s BMS Work (including the scheduling thereof, which scheduling may include, without limitation, a requirement that up to twenty-five percent (25%) of the work be performed after normal business hours) in order to minimize any interference with Tenant’s operations in the Premises. The foregoing shall not, however, abrogate any of Landlord’s repair, replacement, maintenance and/or restoration obligations (i) arising under the Existing 150 Lease prior to the Commencement Date, or (ii) arising hereunder from and after the Commencement Date.

4.2 TENANT ALLOWANCE.

(A) For the purposes hereof, a “requisition” shall mean written documentation, together with (i) an AIA requisition form with respect to work performed pursuant to Tenant’s construction contract with its general contractor, (ii) invoices from Tenant’s service providers, showing in reasonable detail the cost of the item in question or of the improvements installed to date in the Premises, (iii) lien waivers in the form attached hereto as Exhibit J (provided that Tenant shall not be required to deliver any lien waivers with respect to any items of work covered by Tenant’s first requisition for Landlord’s Contribution to the extent Tenant had not paid the service provider(s) at issue prior to the date of such requisition, but Tenant shall deliver the lien waivers and evidence of payment in full of the items of work covered by such first requisition within thirty (30) days following the disbursement of Landlord’s Contribution with respect to such first requisition) and (iv) certifications from Tenant that the amount of the requisition in question does not exceed the cost of the items, services and work covered by such certification. Furthermore, the final requisition shall be accompanied by final lien waivers. Except with respect to work and/or materials previously paid for by Tenant, as evidenced by paid invoices and written lien waivers provided to Landlord, Landlord shall have the right to pay Landlord’s Contribution jointly to both Tenant and Tenant’s contractor(s) and vendor(s), if a lien has been filed against the Building or the Lot on account of Tenant’s Work which has not been discharged or bonded over. Tenant shall submit requisition(s) no more often than monthly.

Notwithstanding anything contained herein to the contrary:

(i) Landlord shall have no obligation to advance funds on account of Landlord’s Contribution unless and until Landlord has received the requisition in question, together with the certifications required above.

(ii) Tenant shall not be entitled to any portion of Landlord’s Contribution, and Landlord shall have no obligation to pay Landlord’s Contribution in respect of any requisition submitted after the date which is five (5) years after the Commencement Date, it being understood and agreed that irrespective of said time period, Tenant shall not be entitled to any payment or credit on account of any unused portions of Landlord’s Contribution nor shall there be any application of the same toward Annual Fixed Rent or Additional Rent owed by Tenant under this Lease.

(iii) Landlord shall have no obligation to fund any portion of Landlord’s Contribution to the extent that (a) at the time of the requisition Tenant is in default of its monetary or material non-monetary obligations under this Lease beyond the expiration of any notice and cure period (it being understood and agreed that if Tenant cures a default prior to the expiration of the applicable cure period, or if Tenant cures a default thereafter and Landlord has not terminated this Lease, Tenant shall be entitled to such payment from Landlord) (subject in all cases to the rights of Tenant to submit a dispute in accordance with Section 16.32 of the Lease), or (b) there are any liens (unless bonded to the reasonable satisfaction of Landlord) filed against Tenant’s interest in this Lease or against the Building or the Property arising solely out of Tenant’s Work, provided it is acknowledged that the filing of a Notice of Contract does not constitute a lien for purposes of this Section 4.2.

(iv) Landlord shall pay the cost shown on each requisition submitted by Tenant to Landlord (or, if applicable, Landlord’s Proportion (as hereinafter defined) of

such cost) within thirty (30) days of submission thereof by Tenant to Landlord until the entirety of Landlord's Contribution has been exhausted. Landlord and Tenant acknowledge that Tenant's Work may be comprised of separate individual projects (each, a "**Project**"). With respect to each requisition relating to a Project with a total cost that is anticipated to exceed the then-remaining portion of Landlord's Contribution, Landlord shall only be required to disburse a portion of Landlord's Contribution towards the total costs set forth on each such requisition in an amount equal to the same proportion ("**Landlord's Proportion**") as the then-remaining portion of Landlord's Contribution bears to the total cost of such Project reasonably budgeted for by Tenant towards which Landlord's Contribution may be applied (with Tenant being fully and solely responsible for the remainder of the amount shown in the requisition). By way of example, if Landlord disburses \$9,291,950 for the first (1st) Project and the second (2nd) Project is budgeted to cost \$8,000,000, then Landlord's Proportion with respect to the second (2nd) Project would be fifty percent (50%) (i.e., the remaining \$4,000,000 of Landlord's Contribution divided by \$8,000,000) and Landlord would only be required to disburse fifty percent (50%) of the total costs set forth on each requisition for the second (2nd) Project. Notwithstanding the foregoing, if upon completion of the Tenant's Work, the total costs of Tenant's Work equals or exceeds the total amount of Landlord's Contribution, then Landlord shall pay the unpaid balance of Landlord's Contribution to Tenant within thirty (30) days after Tenant's final requisition therefor.

(B) Notwithstanding anything to the contrary contained herein, Landlord shall be under no obligation to apply any portion of Landlord's Contribution for any purposes other than as provided in this Section, nor shall Landlord be deemed to have assumed any obligations, in whole or in part, of Tenant to any contractors, subcontractors, suppliers, workers or materialmen. Further, in no event shall Landlord be required to make application of any portion of Landlord's Contribution on account of any supervisory fees, overhead, management fees or other payments to Tenant, or any partner or affiliate of Tenant. In the event that such cost of Tenant's Work is less than Landlord's Contribution, Tenant shall not be entitled to any payment or credit nor shall there be any application of the same toward Annual Fixed Rent or Additional Rent owed by Tenant under this Lease. Within thirty (30) days after receipt of an invoice from Landlord, Tenant shall pay to Landlord, as Additional Rent, as a fee for Landlord's review of any plans with respect to which Landlord's approval is required under this Section 4.2 an amount equal to the sum of: (i) \$150.00 per hour of time spent by Landlord's staff to review Tenant's plans for Tenant's Work, plus (ii) if required in Landlord's reasonable judgment, third party expenses incurred by Landlord to review Tenant's plans for Tenant's Work. Tenant shall also reimburse Landlord for any overtime charges for the Building's on-site engineer to oversee any portions of Tenant's Work which require such engineer's presence and which must be performed after hours (such as shutdown of life-safety systems). There shall be no construction management fee payable with respect to Landlord's review or oversight of Tenant's plans or Tenant's Work, except as aforesaid.

4.3 TENANT'S OFFSET RIGHT. If Landlord fails timely to pay any portion of Landlord's Contribution when properly due and as to which Tenant has satisfied the requisition conditions, and such failure shall continue for thirty (30) days after written notice from Tenant to Landlord, then Tenant may deliver a second notice (an "**Offset Notice**") to Landlord, which notice shall specify the requisition that has not been timely paid, the date upon which it was sent to Landlord, and if Landlord fails to (i) send Tenant written notice which disputes that the specified requisition (or portion thereof) of Landlord's Contribution is due from Landlord and submitting the same to arbitration under Section 16.32 below (or if Landlord has timely disputed Tenant's demand, has submitted such dispute to arbitration in accordance with said Section 16.32 and has thereafter failed to pay Tenant the amount of

any final, unappealable arbitration award against Landlord within thirty (30) days after the issuance thereof) within such five (5) business day period, or (ii) disburse the amount expressly referenced in the Offset Notice within five (5) business days, then Tenant shall have the right to have such unpaid amount credited against the next installment(s) of Annual Fixed Rent thereafter due under this Lease, until such sums due Tenant have been fully paid by Landlord or fully credited and accounted for. Any amounts for which Landlord fails to timely reimburse Tenant under this Section 4.3 shall bear interest at rate of interest set forth in Section 16.21 hereof from the date due until the date paid. Any disputes arising under this Section 4.3 shall be submitted to arbitration under Section 16.32 hereof, and the arbitrator's decision shall be conclusive and binding on the parties.

ARTICLE 5
ANNUAL FIXED RENT AND ELECTRICITY

5.1 FIXED RENT. Tenant agrees to pay to Landlord, or as directed by Landlord, in the manner specified below, or at such other place/in such other manner as Landlord shall from time to time designate by notice, (1) on the Commencement Date, and thereafter monthly, in advance, on the first day of each and every calendar month during the Original Lease Term, an amount equal to one-twelfth (1/12) of the Annual Fixed Rent specified in Section 1.2 hereof and (2) on the first day of each and every calendar month during the Extended Term (if exercised), an amount equal to one-twelfth of the Annual Fixed Rent as determined in Section 3.2 for the Extended Term. Until notice of some other designation is given, Annual Fixed Rent and all other charges for which provision is herein made shall be paid by remittance to or to the order of Boston Properties Limited Partnership either (i) by ACH transfer to Bank of America in Dallas, Texas, Bank Routing Number 111 000 012 or (ii) by mail to P.O. Box 3557, Boston, Massachusetts 02241-3557, and in the case of (i) referencing Account Number 3756454460, Account Name of Boston Properties, LP, Tenant's name and the Prudential Center address. All remittances received by Boston Properties Limited Partnership, as aforesaid, or by any subsequently designated recipient, shall be treated as a payment to Landlord.

Annual Fixed Rent for any partial month shall be paid by Tenant to Landlord at such rate on a pro rata basis, and, if the Commencement Date shall be other than the first day of a calendar month, the first payment of Annual Fixed Rent which Tenant shall make to Landlord shall be a payment equal to a proportionate part of such monthly Annual Fixed Rent for the partial month from the Commencement Date to the last day of the said partial month. If Tenant has already paid Annual Fixed Rent under the Existing 150 Lease for the month in which the Commencement Date occurs, then an appropriate adjustment shall also be made by the parties under the Existing 150 Lease.

Additional Rent payable by Tenant on a monthly basis, as elsewhere provided in this Lease, likewise shall be prorated, and the first payment on account thereof shall be determined in similar fashion and shall commence on the Commencement Date, and other provisions of this Lease calling for monthly payments shall be read as incorporating this undertaking by Tenant.

The Annual Fixed Rent and all other charges for which provision is made in this Lease shall be paid by Tenant to Landlord without setoff, deduction or abatement, except as otherwise expressly provided herein.

5.2 ELECTRICITY. Tenant covenants and agrees to make application to the appropriate utility company or utility provider for electrical service to the Premises in the quantum required for Tenant's use of the Premises ("**Tenant's Electricity**") and to make any deposit (including but not limited to, such letters of credit) as such utility company or provider shall require. Tenant covenants

and agrees to pay, punctually as and when due, all electricity charges and rates for and relating to the Premises and from time-to-time if requested by Landlord to provide Landlord with evidence of payment to, and good standing with, such utility company or provider as Landlord may reasonably require. Furthermore, (i) Tenant shall provide Landlord, within ten (10) business days after written request therefor, with readily available information regarding Tenant's consumption of electricity, water/sewer, and/or other utilities at the Premises as may be reasonably required by Landlord in connection with any LEED or similar environmental grading system applicable to the Building or any Legal Requirements, and (ii) Landlord shall provide Tenant, within ten (10) business days after written request therefor, with readily available information regarding consumption of electricity, water/sewer, and/or other utilities at the Property as may be reasonably required by Tenant in connection with any LEED or similar environmental grading system applicable to the Premises or any Legal Requirements.

ARTICLE 6 TAXES

6.1 DEFINITIONS. With reference to the real estate taxes referred to in this Article VI, it is agreed that terms used herein are defined as follows:

(A) "**Tax Year**" means the 12-month period beginning July 1 each year during the Lease Term or if the appropriate governmental tax fiscal period shall begin on any date other than July 1, such other date.

(B) "**Landlord's Tax Expenses Allocable to the Premises**" means the same proportion of Landlord's Tax Expenses as the Total Rentable Floor Area of the Premises bears to the Total Rentable Floor Area of the Building.

(C) "**Landlord's Tax Expenses**" with respect to any Tax Year means the aggregate "real estate taxes" (as hereinafter defined) with respect to that Tax Year, reduced by any abatement refunds after the deduction of Abatement Expenses (as hereinafter defined) with respect to that Tax Year.

(D) "**Real Estate Taxes**" means all taxes and special assessments of every kind and nature and user fees and other like fees assessed by any governmental authority on the Property which Landlord shall be obligated to pay in connection with the ownership, leasing and operation of the Property and reasonable expenses and fees actually incurred by Landlord in connection with any formal or informal proceedings for negotiation or abatement of taxes (collectively, "**Abatement Expenses**"). The amount of special taxes or special assessments to be included shall be limited to the amount of the installment (plus any interest other than penalty interest payable thereon) of such special tax or special assessment required to be paid during the year in respect of which such taxes are being determined. In the event that any such special taxes or special assessments are not payable in installments but rather in one lump sum, the full amount thereof shall be amortized over the useful life of the municipal improvement to which the special tax or assessment relates as determined by Landlord in its reasonable discretion in accordance with generally accepted accounting principles and practices (or over a period of ten (10) years if the useful life of the improvement is not readily determinable) on a straight-line basis at the rate of ten percent (10%) per annum, and only the amounts payable pursuant to such amortization schedule during the then-remaining Lease Term shall be included within the definition of "real estate taxes" hereunder. There shall be excluded from such real estate taxes all income, estate, succession, inheritance and transfer taxes and all late penalties; provided, however, that if at any time during the Lease Term the present system of ad valorem taxation of real property shall be changed so that in lieu of, or in addition to, the whole or any part of the ad valorem tax on real property, there shall be assessed on Landlord a capital levy or other tax

on the gross rents received with respect to the Lot or Building, or a federal, state, county, municipal, or other local income, franchise, excise or similar tax, assessment, levy or charge (distinct from any now in effect in the jurisdiction in which the Property is located) measured by or based, in whole or in part, upon any such gross rents, then any and all of such taxes, assessments, levies or charges, to the extent so measured or based, shall be deemed to be included within the term "real estate taxes" but only to the extent that the same would be payable if the Property were the only property of Landlord.

6.2 TENANT'S PAYMENT OF REAL ESTATE TAXES.

(A) Not later than ninety (90) days after the end of the first Tax Year or fraction thereof and of each succeeding Tax Year during the Lease Term or fraction thereof at the end of the Lease Term, Landlord shall render Tenant a statement in reasonable detail and according to usual accounting practices certified by a representative of Landlord, showing for the preceding Tax Year or fraction thereof, as the case may be, Landlord's Tax Expenses Allocable to the Premises. Said statement to be rendered to Tenant shall also show for the preceding Tax Year or fraction thereof as the case may be the amounts of real estate taxes already paid by Tenant as additional rent, and the amount of real estate taxes remaining due from, or overpaid by, Tenant for the Tax Year or other period covered by the statement. Within thirty (30) days after the date of delivery of such statement, Tenant shall pay to Landlord the balance of the amounts, if any, required to be paid pursuant to the above provisions of this Section 6.2 with respect to the preceding Tax Year or fraction thereof, or within thirty (30) days thereafter Landlord shall refund any amounts due from it to Tenant pursuant to the above provisions of this Section 6.2 (provided that Tenant is not then in default in any payments of Annual Fixed Rent or Additional Rent beyond any applicable notice and cure period, in which event Landlord may, at its option and upon prior notice to Tenant, credit such amounts owed by Landlord against the amounts owed by Tenant).

(B) Tenant shall make payments monthly on account of Landlord's Tax Expenses Allocable to the Premises anticipated for the then current Tax Year at the time and in the manner herein provided for the payment of Annual Fixed Rent. The amount to be paid to Landlord shall be an amount reasonably estimated on an annual basis by Landlord based upon the prior Tax Year's bills (and may subsequently be readjusted by Landlord once the preliminary and/or actual tax bills for such Tax Year have been received by Landlord) to be sufficient to cover, in the aggregate, a sum equal to Landlord's Tax Expenses Allocable to the Premises for each Tax Year during the Lease Term.

(C) Landlord hereby covenants and agrees to pay all real estate taxes prior to the same becoming delinquent and to provide Tenant with copies of the tax bills for the Property within ten (10) days after Landlord's receipt thereof and with a copy of receipt for payment within ten (10) days after Landlord's payment thereof (provided, however, that Landlord's failure to provide Tenant with such materials shall not constitute a default of Landlord under this Lease).

6.3 TENANT'S RIGHT TO CONTEST REAL ESTATE TAXES.

(A) To the extent permitted by applicable law and provided that (i) there shall not then be existing an Event of Default, (ii) Tenant shall not have assigned its interest in this Lease (other than an assignment permitted without Landlord's consent under Section 12.2 below) and (iii) Tenant shall directly lease the Building in its entirety (inclusive of any permitted subleases under Article XII below), Tenant shall have the right, after prior written notice to Landlord, to contest the amount or validity, in whole or in part, of any of the real estate taxes by appropriate proceedings diligently conducted in good faith; provided, however, that as a continuing condition to such right, Tenant shall be required to continue to

make payments to Landlord respecting real estate taxes as and at the times provided in Section 6.2 above notwithstanding any such contest.

Tenant further agrees that each such contest shall be promptly and diligently prosecuted in good faith to a final conclusion except only as provided herein. Landlord agrees to cooperate with Tenant in any such proceeding provided that the same shall be at the sole cost and expense of Tenant. Within ten (10) days after Tenant's written request, Landlord shall execute such documents as Tenant may reasonably request to contest the amount or validity, in whole or in part, of any of the real estate taxes. Any such contest by Tenant shall not be discontinued unless and until Tenant has given to Landlord written notice of Tenant's intent to so discontinue and if Landlord shall not by notice to Tenant (the "**Assumption Notice**") within fifteen (15) days after receipt of Tenant's notice elect to assume, at Landlord's sole cost and expense, the continued prosecution and conduct of such contest, then Tenant may discontinue the same. In the event Landlord shall give such Assumption Notice, Tenant shall cooperate at Landlord's sole cost and expense with Landlord in all respects as may be necessary for Landlord's continuation of such contest, but Tenant shall have no other obligation for the prosecution and conduct of such contest.

(B) Notwithstanding anything to the contrary set forth in subsection (A) above, Tenant shall have no right to initiate any contest respecting real estate taxes if there shall be less than twelve (12) full calendar months remaining in the Lease Term as it may have been extended.

(C) In addition, so long as the conditions set forth in subsection (A) above have been met and subject to Tenant's payment of the Abatement Expenses in accordance with Section 6.1 above, Landlord will, upon receipt of the written request of Tenant, apply for an abatement of real estate taxes within the applicable statutory timeframes for initiating such proceedings and diligently pursue the same to completion, provided that Tenant has provided Landlord with such notice reasonably prior to the expiration of any applicable statutory period for filing the appeal.

ARTICLE 7

LANDLORD'S REPAIRS AND SERVICES AND TENANT'S ESCALATION PAYMENTS

7.1 STRUCTURAL REPAIRS. Except for normal and reasonable wear and use and except as otherwise specifically provided in this Lease, Landlord shall, throughout the Lease Term, at Landlord's sole cost and expense, but subject to inclusion or exclusion in Operating Expenses in accordance with Section 7.4, keep and maintain in good order, condition and repair the following portions of the Building: the structural portions and structural integrity of the roof, loading dock(s), the exterior and load bearing walls, the foundation, exterior glass and exterior windows, the structural columns and floor slabs, and all other structural elements of the Building and the other improvements on the Property; provided however, that Tenant shall pay to Landlord, as Additional Rent, the cost of any and all such repairs to the extent required as a result of direct repairs, alterations, or installations made by Tenant or any subtenant, assignee, licensee or concessionaire of Tenant or any of their respective agents, servants, employees, customers or contractors or to the extent of any loss, destruction or damage caused by the negligent act or omission or willful misconduct of Tenant, any subtenant, assignee, licensee or concessionaire of Tenant or any of their respective agents, servants, employees, customers, or contractors.

7.2 OTHER REPAIRS TO BE MADE BY LANDLORD. Except for normal and reasonable wear and use and except as otherwise provided in this Lease, and subject to provisions for reimbursement by Tenant as contained in Section 7.5, Landlord agrees to keep and maintain in good and first class order, condition and repair the common areas and facilities of the Building, including the heating, ventilating, air conditioning, plumbing, and the other base Building systems and equipment,

including, without limitation, the Building generator (collectively, the “**Base Building Systems**”), except that Landlord (excepting Landlord’s negligence and misconduct) shall in no event be responsible to Tenant for (a) the condition, repair or maintenance of any supplemental heating, ventilating or air conditioning equipment or other supplemental utilities systems or services installed by Tenant (including, without limitation, Tenant’s HVAC Equipment) (collectively, “**Tenant’s Supplemental Systems**”), (b) the condition of glass in and about the Premises (other than for glass in exterior walls for which Landlord shall be responsible unless the damage thereto is attributable to Tenant’s negligence or misuse, in which event the responsibility therefor shall be Tenant’s), (c) Tenant’s Generator or (d) any condition in the Premises caused by any negligent act or omission or willful misconduct of Tenant, any subtenant, assignee, licensee or concessionaire of Tenant or any of their respective agents, servants, employees, customers, or contractors. Without limitation, Landlord shall not be responsible to make any improvements or repairs to the Premises other than as expressly provided in this Lease. In connection with the foregoing, it is understood and agreed that Landlord shall have no obligation to maintain Tenant’s Property (as defined in Section 13.4 below), Tenant’s Supplemental Systems, Tenant’s Generator or Tenant’s Communications Equipment, except to the extent necessitated by the negligent act or omission or willful misconduct of Landlord or its agents, servants, employees or contractors.

7.3 SERVICES TO BE PROVIDED BY LANDLORD. Except as otherwise provided in this Lease and subject to provisions for reimbursement by Tenant as contained herein, including without limitation in Section 7.5 and in Exhibit B hereto, Landlord agrees to furnish services, utilities, facilities and supplies set forth in Exhibit B hereto equal in quality comparable to those customarily provided by landlords in high quality and first class office buildings in Cambridge. In addition, Landlord agrees to furnish, at Tenant’s expense, reasonable additional Building operation services which are usual and customary in similar office buildings in Cambridge, and such additional special Building services as may be mutually agreed upon by Landlord and Tenant, upon reasonable and equitable rates from time to time established by Landlord and, provided Tenant requests such rates at the time such additional services are mutually agreed upon, approved by Tenant. Tenant agrees to pay to Landlord, as Additional Rent, the cost of any such additional special Building services requested by Tenant and for the cost of any additions, alterations, improvements or other work performed by Landlord in the Premises at the request of Tenant within thirty (30) days after being billed therefor.

7.4 OPERATING EXPENSES DEFINED.

- (i) compensation, wages and all fringe benefits, worker’s compensation insurance premiums and payroll taxes paid to, for or with respect to all persons for their services in the operating, maintaining or cleaning of the Building or the Lot (provided that if such persons are not employed at the Building or the Lot on a full-time basis, such costs will be prorated to reflect the actual amount of time spent by such persons on the operation, maintenance or cleaning of the Building or the Lot);
- (ii) payments under service contracts with independent contractors for operating, maintaining or cleaning of the Building or the Lot;
- (iii) steam, water, sewer, gas, oil, electricity and telephone charges (excluding such utility charges separately chargeable to tenants for additional or separate services and electricity charges paid by Tenant in the manner set forth in Section 5.2);
- (iv) cost of maintenance, cleaning and repairs (excluding repairs (i) not properly chargeable against income, (ii) reimbursed from contractors under guarantees, (iii)

reimbursed under Landlord's property insurance or (iv) reimbursed under manufacturers' warranties);

(v) cost of snow removal and care of landscaping for the Property;

(vi) cost of cleaning supplies and equipment used at the Building;

(vii) premiums for insurance carried with respect to the Building or Property (including, without limitation, liability insurance, insurance against loss in case of Casualty and of monthly installments of Annual Fixed Rent and any Additional Rent which may be due under this Lease and other leases of space in the Building for not more than twelve (12) months in the case of both Annual Fixed Rent and Additional Rent and, if there be any first mortgage on the Building, including such insurance as may be required by the holder of such first mortgage);

(viii) management fees of three percent (3%) of the gross receivable rents of the Building (that is, all base rent (including escalations thereto), percentage rent, occupancy charges and additional rent, including payments on account of Operating Expenses for the Building (other than management fees) and real estate taxes received from tenants or other occupants of the Building, specifically excluding insurance, parking revenues, and casualty and condemnation proceeds); provided, however, if Tenant is providing services in accordance with the provisions of Section 7.8 below, then for purposes of calculating the management fees only, those costs shall be added back in to the Operating Expenses for the Building that are included in calculating the management fees;

(ix) the Building's Proportionate Share of the costs of maintaining and repairing the Common Areas of Parcel 3 of the Development Area, for which purposes the "**Building's Proportionate Share**" shall be a fraction, the numerator of which shall be the Total Rentable Floor Area of the Building and the denominator of which shall be the sum of (x) the Total Rentable Floor Area of the Building plus (y) the total rentable floor area of the other buildings from time to time located on Parcel 3 of the Development Area;

(x) depreciation for capital expenditures, subject to and in accordance with the provisions of Section 7.4(C) below;

(xi) the cost of furnishing material and supplies related directly to furnishing conditioned water for heating and cooling of the Building; and

(xii) all other reasonable and necessary expenses paid in connection with the operating, cleaning and maintenance of the Building and the Lot and properly chargeable against income.

(B) Notwithstanding the foregoing, the following shall be excluded from Operating Expenses for the Building:

(i) All capital expenditures, repairs and replacements and all depreciation, except as otherwise explicitly provided in Section 7.4(C) below;

- (ii) Leasing fees or commissions, advertising and promotional expenses, legal fees, the cost of tenant improvements, build out allowances, expenses relating to painting, renovation or redecorating, moving expenses, assumption of rent under existing leases and other concessions incurred in connection with leasing space in the Building;
- (iii) Interest on indebtedness, points, fees, debt amortization, ground rent, and refinancing costs or other costs associated with any debt associated therewith, for any mortgage or ground lease of the Building or the Lot;
- (iv) Legal, auditing, consulting and professional fees and other costs (other than those reasonable and necessary legal, auditing, consulting and professional fees and other costs incurred in connection with the normal and routine maintenance and operation of the Building and/or the Lot, consistent with those being charged by other owners of similar office buildings in the Kendall Square Urban Renewal Area) paid or incurred in connection with financings, refinancings, sales or syndications of any of Landlord's interest in the Building or the Lot including but not limited to, fees incurred by Landlord to resolve any dispute or enforce or negotiate any lease terms in connection therewith;
- (v) Real estate taxes (provided that real estate taxes shall be payable as provided in Article VI), franchise taxes or income taxes imposed on Landlord;
- (vi) Costs incurred in performing work or furnishing services for any tenant (including Tenant), whether at such tenant's or Landlord's expense, to the extent that such work or services is in excess of any work or service that Landlord is obligated to furnish to Tenant at Landlord's expense (e.g., if Landlord agrees to provide extra cleaning to another tenant, the cost thereof would be excluded since Landlord is not obligated to furnish extra cleaning to Tenant);
- (vii) The cost of any item or service to the extent to which Landlord is actually reimbursed or compensated by, any tenant or any third party relating to insurance (or costs which would have been reimbursed or compensated by such insurance if Landlord had maintained the insurance required to be maintained by Landlord under this Lease), condemnation awards, rebates or refunds, and/or any expenses for repairs or maintenance to the extent covered by service contracts, warranties or guarantees;
- (viii) Costs payable solely by any retail tenants or other tenants, if any, of the Building;
- (ix) The cost of repairs, restoration or replacements incurred by reason of Casualty or Taking, provided that Operating Expenses shall include the cost of any deductible on any insurance maintained by Landlord which provides a recovery for such repair, restoration or replacement, but the amount of said deductible to be so included in Operating Expenses shall not exceed \$100,000 (which such amount shall be increased on an annual basis as of each anniversary of the Commencement Date by the corresponding percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average, All-Item Series A (1982-1984=100) for the immediately preceding twelve (12) month period) per Casualty event;

(x) Insurance premiums to the extent any tenant causes Landlord's existing insurance premiums to increase or requires Landlord to purchase additional insurance because of such tenant's use of the Building for purposes other than the Permitted Uses;

(xi) Any advertising, promotional or marketing expenses for the Building;

(xii) The cost of any service or materials provided by any party related to Landlord, to the extent such costs exceed the reasonable cost for such service or materials absent such relationship in buildings similar to, and in the vicinity of, the Building;

(xiii) Payments for rented equipment, the cost of which equipment would constitute a capital expenditure if the equipment were purchased;

(xiv) Penalties and interest for late payment of any obligations of Landlord, including, without limitation, real estate taxes, insurance, equipment leases and other past due amounts;

(xv) Operating Expense reserves;

(xvi) Contributions to charitable organizations;

(xvii) Salaries or other compensation paid to employees above the grade of Regional Property Manager;

(xviii) The cost of assessment, remediation or removal of "Hazardous Materials" (as defined in Section 11.2) in the Building or on the Lot required pursuant to the terms and provisions of this Lease and/or by Hazardous Materials Laws, except to the extent caused by Tenant or Tenant's subtenants, or by their respective contractors, subcontractors, agents, employees or invitees;

(xix) The cost of acquiring, installing, moving or restoring objects of art;

(xx) The initial cost of tools and equipment used in Landlord's operation of the Building;

(xxi) Costs of repairs, replacements, alterations or improvements necessary to make any portion of the Building or the Lot comply with any applicable law in effect as of the Execution Date of this Restated Lease (including, without limitation, the Americans With Disabilities Act of 1990, the Federal Occupational Safety and Health Act of 1970 (as amended) and any laws, rules, regulations relating to environmental, health or safety matters), except to the extent the need for such repairs, replacements, alterations or improvements is caused by (i) alterations, improvements or installations made by or on behalf of Tenant or (ii) Tenant's particular use of the Premises for the conduct of its business operations therein;

(xxii) Costs of the construction, repair, maintenance and operation of the Permitted Garages (as hereinafter defined) including, but not limited to, salaries and benefits of any attendants, electricity, insurance and real estate taxes and all expenses of Landlord set forth in Section 10.3 hereof;

- (xxiii) The cost of repairs necessitated by Landlord's negligence or willful misconduct;
- (xxiv) The cost to correct any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state or local law or regulation (except to the extent such violation was caused by Tenant's breach of any of its obligations under this Lease);
- (xxv) Costs and expenses incurred for the administration of the entity which constitutes Landlord, as the same are distinguished from the costs of operation, management, maintenance and repair of the Property, including, without limitation, entity accounting and legal matters;
- (xxvi) The cost of performing work or furnishing service to or for any tenant other than Tenant, at Landlord's expense, to the extent such work or service is in excess of any work or service Landlord is obligated to provide to Tenant or generally to other tenants in the Building at Landlord's expense;
- (xxvii) The costs relating to creating or maintaining Landlord's existence as a corporation, limited partnership or other entity;
- (xxviii) The cost of installing, operating and maintaining any special service in the Building such as an observatory, broadcasting facility, restaurant, luncheon club or athletic or recreation club;
- (xxix) The cost of any utilities being paid by Tenant directly to the utility company under Section 5.2 above;
- (xxx) The cost of obtaining and/or maintaining mortgage enhancement insurance or any similar financial product and any investment management fee or similar fee;
- (xxxi) The costs and expenses of construction mitigation measures for development, construction or operation on the other properties in the Development Area;
- (xxxii) Subject to Section 7.4(A)(viii) above, the cost of any services which Tenant is providing itself pursuant to Section 7.8 below; and
- (xxxiii) Costs, expenses and other amounts payable and/or incurred pursuant to (i) the Parking Garage Lease dated March 19, 1990 between Cambridge Center North Trust, as Lessor, and Landlord, as Lessee, notice of which is dated March 19, 1990 and recorded with the Registry at Book 20450, Page 204, as the same may be amended from time to time, and (ii) the Parking Garage Sublease dated May 16, 1984 between the Trustees of First Cambridge Center Parking Trust, as Lessor, and Landlord, as Lessee, notice of which is recorded in Book 15582, Page 42 and filed as Document No. 660700, as the same may be amended from time to time.
- (xxxiv) The cost of obtaining any LEED certification for the Building (as opposed to costs associated with maintaining any such certification, which costs may be included in Operating Expenses); provided, however that the cost of obtaining LEED

certification (or its equivalent) may be included in Operating Expenses to the extent such certification (or its equivalent) is required by any Legal Requirements that first become applicable to the Building or the Property after the Commencement Date.

(C) If, during the term hereof, Landlord shall replace any capital items due to the damage, destruction or obsolescence of such capital items with similar or like items, the total amount of which (net of any warranty claims) is not properly includable in Operating Expenses for the calendar year in which they were made in accordance with sound accounting principles consistently applied, there shall nevertheless be included in such Operating Expenses and in each succeeding calendar year, the amount, if any, by which the Annual Charge-Off (as hereinafter defined) of such capital item (less insurance proceeds, if any, collected by Landlord by reason of damage to, or destruction of the capital item being replaced) exceeds the Annual Charge-Off of the capital item being replaced. If a new capital item is acquired which does not replace another capital item which was worn out or has become obsolete, etc., and such new capital item being acquired is either (i) required by any Legal Requirements that become applicable to the Building or the Property after the Commencement Date of this Restated Lease, or (ii) reasonably projected to reduce Operating Expenses, then there shall be included in Operating Expenses Allocable to the Premises for the calendar year in which such capital expenditure is made and in each succeeding calendar year the Annual Charge-Off of such capital expenditure.

For the purposes hereof:

(i) The term “**Annual Charge-Off**” shall be defined as the annual amount of principal and interest payments which would be required to repay a loan (hereinafter, a “Capital Loan”) in equal monthly installments over the Useful Life (as hereinafter defined) of the capital item in question on a direct reduction basis at an annual interest rate equal to the Capital Interest Rate (as hereinafter defined), where the initial principal balance is the cost of the capital item in question.

(ii) The “**Useful Life**” of a capital item shall be reasonably determined by Landlord in accordance with sound accounting principles consistently applied in effect at the time of acquisition of the capital item.

(iii) The “**Capital Interest Rate**” shall be defined as an annual rate of either one percentage point over the AA Bond rate (Standard & Poor’s corporate composite or, if unavailable, its equivalent) as reported in the financial press at the time the capital expenditure is made, or, if the capital item is acquired through third-party financing, then the actual (including fluctuating) rate paid by Landlord in financing the acquisition of such capital item.

(D) Notwithstanding the foregoing, in determining the amount of Operating Expenses for the Building for any calendar year or portion thereof falling within the Lease Term, if less than ninety-five percent (95%) of the Total Rentable Floor Area of the Building shall have been occupied by tenants at any time during the period in question, then, at Landlord’s election, those components of Operating Expenses for the Building that vary based on occupancy for such period shall be adjusted to equal the amount such components of Operating Expenses for the Building would have been for such period had occupancy been ninety-five percent (95%) throughout such period.

7.5 TENANT’S ESCALATION PAYMENTS.

(A) So long as Tenant shall directly lease and occupy the Building in its entirety, Landlord agrees to consult with Tenant during the preparation of Landlord's annual budget with respect to Operating Expenses Allocable to the Premises. In connection with the foregoing, (i) no later than October 8, 2019, and no later than October 8th of each subsequent calendar year during the Lease Term, Landlord shall to deliver to Tenant a copy of Landlord's good faith estimated pro forma budget for the Property for the next succeeding eighteen (18) month period (or portion thereof within the Lease Term) (commencing on January 1st of the immediately following calendar year), and (ii) Landlord and Tenant shall consult at a mutually acceptable time and location (and in no event later than December 8th of each calendar year during the Lease Term) in order to review and finalize the budget for the next succeeding eighteen (18) month period (the "**Final Estimated Operating Expense Budget**"). Attached hereto as Exhibit K is a copy of the 2018 Operating Expense budget for the Property (which represents Landlord's good faith estimate as of the date hereof of the Operating Expenses for the Property for 2018, but which the parties acknowledge is attached hereto for illustrative purposes only and agree is non-binding and subject to change).

(B) Although the parties agree to act in good faith in order to develop a budget reasonably satisfactory to both Landlord and Tenant, it is understood and agreed that the reasonable determination of Landlord (consistent with the inclusions in and exclusions from Operating Expenses set forth in Section 7.4 above) with respect to any item included within Operating Expenses shall govern in the event of any dispute between the parties (provided, however, that (1) the provisions of this paragraph are not intended to modify or limit Tenant's rights to audit Operating Expenses as set forth in Section 7.7 and (2) Landlord shall employ generally accepted accounting principles and practices in determining such Operating Expenses).

(C) Not later than ninety (90) days after the end of the first calendar year or fraction thereof ending December 31 and of each succeeding calendar year during the Lease Term or fraction thereof at the end of the Lease Term, Landlord shall render Tenant a statement in reasonable detail and in accordance with generally accepted accounting principles and practices certified by a representative of Landlord, showing for the preceding calendar year or fraction thereof, as the case may be, Operating Expenses Allocable to the Premises. Said statement to be rendered to Tenant shall also show for the preceding calendar year or fraction thereof as the case may be the amounts of Operating Expenses already paid by Tenant as Additional Rent, and the amount of Operating Expenses remaining due from, or overpaid by, Tenant for the year or other period covered by the statement. Within thirty (30) days after the date of delivery of such statement, Tenant shall pay to Landlord the underpaid balance of the amounts, if any, required to be paid pursuant to the above provisions of this Section 7.5 with respect to the preceding calendar year or fraction thereof. To the extent Tenant has overpaid, within thirty (30) days, Landlord shall refund any amounts due from it to Tenant pursuant to the above provisions of this Section 7.5 (provided that Tenant is not then in default in any payments of Annual Fixed Rent or Additional Rent beyond any applicable notice and cure period, in which event Landlord may, at its option and upon prior notice to Tenant, credit such amounts owed by Landlord against the amounts owed by Tenant).

(D) Payments by Tenant on account of the Operating Expenses Allocable to the Premises shall be made monthly at the time and in the manner herein provided for the payment of Annual Fixed Rent. The amount so to be paid to Landlord shall be an amount from time to time reasonably estimated by Landlord based upon the Final Estimated Operating Expense Budget (if applicable) to be sufficient to cover, in the aggregate, a sum equal to the Operating Expenses Allocable to the Premises for each calendar year during the Lease Term.

(E) Beginning with the first calendar year after the Commencement Date, in no event shall the Controllable Operating Expenses (as defined below) for any calendar year exceed the Expense Cap (as defined below) for such calendar year. “**Controllable Operating Expenses**” shall be defined as any Operating Expenses which are within the reasonable control of Landlord, but Controllable Operating Expenses shall not include any costs (“**Uncontrollable Expenses**”) which are not within the reasonable control of Landlord. Without limitation, the following items shall be deemed to be Uncontrollable Expenses: management fees (subject to Section 7.4(A)(viii)), premiums for insurance, union-related labor costs (or the cost of contracts dependent on union-related labor costs), snow plowing, security, the Annual Charge-off of capital expenditures included in Operating Expenses, water, sewer, electric, gas, oil, steam and other utility or regulatory charges. The Expense Cap for the first calendar year following the year in which the Commencement Date occurs shall be one hundred and three percent (103%) of the prior calendar year’s Controllable Operating Expenses, increased on a pro-rata basis to the extent that the Commencement Date occurs on a date other than the first day of a calendar year. Thereafter, the Expense Cap for each succeeding calendar year shall be 103% of the Expense Cap for the preceding calendar year.

(F) Landlord shall have no right to issue or correct any Landlord’s OpEx Statement (as defined in Section 7.7 below) with respect to any calendar year after the date (“**Lapse Date**”) which is eighteen (18) months after the expiration of such calendar year, except where such issuance or correction is based upon an invoice from a third party utility company or a governmental or municipal authority, which invoice Landlord receives for the first time after the applicable Lapse Date. In such event, Landlord shall have a period of ninety (90) days from its receipt of such invoice to issue or correct such Landlord’s OpEx Statement. Notwithstanding any provision hereof to the contrary, if Landlord provides Tenant with any such corrected statement, then Tenant shall have eighteen (18) months from the receipt of any such corrected statement to request an examination as set forth in Section 7.7 hereof.

7.6 NO DAMAGE. Except to the extent directly caused by the negligent act or omission or willful misconduct of Landlord or any of its agents, servants, employees or contractors, Landlord shall not be liable to Tenant for any compensation or reduction of rent by reason of inconvenience or annoyance or for loss of business arising from the necessity of Landlord or its agents entering the Premises for any purposes in this Lease authorized, or for repairing any portion of the Premises however the necessity may occur (Landlord hereby agreeing to use all reasonable efforts to minimize any unreasonable interference with Tenant’s use of the Premises, consistent with the nature of the reason for Landlord’s entry as aforesaid). In case Landlord is prevented or delayed from making any repairs, alterations or improvements, or furnishing any services or performing any other covenant or duty to be performed on Landlord’s part, by reason of any Force Majeure (other than any Casualty or Taking, which shall be governed by the provisions of Article XIV below), or by reason of any cause due to any negligent act or omission or willful misconduct of Tenant, any subtenant, assignee, licensee or concessionaire of Tenant or any of their respective agents, servants, employees, customers or contractors, then, except as expressly otherwise provided in this Lease, Landlord shall not be liable to Tenant therefor nor shall Tenant be entitled to any abatement or reduction of rent by reason thereof, or right to terminate this Lease, nor shall the same give rise to a claim in Tenant’s favor that such failure constitutes actual or constructive, total or partial, eviction from the Premises.

Landlord reserves the right to stop any service or utility system, when necessary by reason of accident or emergency, or until necessary repairs have been completed; provided, however, that in each instance of stoppage, (i) Landlord shall give Tenant such advance notice thereof as is reasonably practical in the circumstances and exercise all reasonable diligence to eliminate the cause thereof, and (ii) the provisions of Section 16.19 shall apply. Except in case of emergency repairs, Landlord will give Tenant

no less than five (5) business days' notice of any contemplated stoppage and will use all reasonable efforts to avoid unnecessary inconvenience to Tenant by reason thereof.

Notwithstanding anything to the contrary in this Lease contained, if due to (x) Landlord's failure to make any repairs, alterations, or improvements required to be made by Landlord hereunder, or to provide any service required to be provided by Landlord hereunder, (y) the failure of gas, oil, electrical, heating, ventilating, air conditioning or all elevator service to the Premises, or (z) construction by Landlord or its affiliate(s) in the Development Area ((x), (y), and (z) being hereafter collectively referred to as a "**Tenantability Interruption**"), any portion of the Premises becomes untenable so that for the Premises Untenantability Cure Period, as hereinafter defined, the continued operation in the ordinary course of Tenant's business is materially adversely affected, then, provided that Tenant ceases to use the affected portion of the Premises during the entirety of the Premises Untenantability Cure Period by reason of such untenability, and that such untenability and Landlord's inability to cure such Tenantability Interruption is not caused by the fault or neglect of Tenant or Tenant's agents, employees or contractors, Annual Fixed Rent, Operating Expenses Allocable to the Premises and Landlord's Tax Expenses Allocable to the Premises shall thereafter be abated in proportion to such untenability and its impact on the continued operation in the ordinary course of Tenant's business until the day such Tenantability Interruption is completely corrected. In addition, in the event that Tenant is unable to use all or any portion of the parking privileges provided to Tenant under Article X below for the Premises Untenantability Cure Period, then unless Landlord has provided Tenant with alternate parking privileges in a location or locations reasonably acceptable to Tenant, Additional Rent payable on account of those parking privileges which Tenant is unable to use shall thereafter be abated until the day such Tenantability Interruption is completely corrected.

For the purposes hereof, the "**Premises Untenantability Cure Period**" shall be defined as five (5) consecutive business days after Landlord's receipt of written notice from Tenant of the condition causing untenability in the Premises and/or the loss of parking privileges as aforesaid, provided however, that the Premises Untenantability Cure Period shall be seven (7) consecutive business days after Landlord's receipt of written notice from Tenant of such condition causing untenability in the Premises and/or the loss of parking privileges if either the condition was caused by causes beyond Landlord's control or Landlord is unable to cure such condition as the result of causes beyond Landlord's control. The provisions of this Section 7.6 shall not apply in the event of untenability and/or loss of parking privileges caused by Casualty or Taking. The remedies set forth in this Section 7.6 shall be Tenant's sole remedies in the event of a Tenantability Interruption.

7.7 **TENANT'S AUDIT RIGHTS.** Subject to the provisions of this Section and provided that no Event of Default of Tenant has occurred and is continuing, Tenant shall have the right to examine Landlord's books and records to verify the correctness of the Landlord's OpEx Statement or Landlord's Tax Statement, as such terms are hereinafter defined, or any item contained therein:

(i) Any request for examination in respect of any Operating Year (as defined hereinbelow) or Tax Year, as the case may be, may be made by notice from Tenant to Landlord ("**Tenant's Examination Request**") no more than eighteen (18) months after the date (the "**OpEx Statement Date**" or the "**Tax Statement Date**", as the case may be) Landlord provides Tenant a statement of the actual amount of Operating Expenses ("**Landlord's OpEx Statement**") and/or real estate taxes ("**Landlord's Tax Statement**"), and only if Tenant shall have fully paid such amount. Any examination must be completed and the results communicated to Landlord no more than one hundred eighty (180) days after the date of Tenant's Examination Request. "**Operating Year**"

shall mean a period of twelve (12) consecutive calendar months, commencing on the first day of January in each year, except that the first Operating Year of the Lease Term hereof shall be the period commencing on the Commencement Date and ending on the succeeding December 31, and the last Operating Year of the Lease Term hereof shall be the period commencing on January 1 of the calendar year in which the Lease Term ends, and ending with the date on which the Lease Term ends.

(ii) Tenant hereby acknowledges and agrees that Tenant's sole right to contest Landlord's OpEx Statement or Landlord's Tax Statement shall be as expressly set forth in this Section. Tenant hereby waives any and all other rights provided pursuant to applicable laws to examine Landlord's books and records and/or to contest Landlord's OpEx Statement or Landlord's Tax Statement. If Tenant shall fail to timely exercise Tenant's right to examine Landlord's books and records as provided in this Section, or if Tenant shall fail to timely communicate to Landlord the results of Tenant's examination as provided in this Section, with respect to any Operating Year or Tax Year, as the case may be, Landlord's OpEx Statement or Landlord's Tax Statement shall be conclusive and binding on Tenant.

(iii) All of Landlord's books and records pertaining to Operating Expenses for the Building or real estate taxes for the Operating Year or Tax Year, as the case may be, in Landlord's statement shall be made available to Tenant within a reasonable time (not to exceed sixty (60) days) after Landlord timely receives a Tenant's Examination Request pursuant to this Section, which books and records may be made available by Landlord either electronically or during normal business hours at the metropolitan Boston offices where Landlord keeps such books and records, as determined by Landlord.

(iv) Tenant shall have the right to make a Tenant's Examination Request no more than once in respect of any Operating Year or Tax Year, as the case may be, as to which Landlord has given Tenant Landlord's OpEx Statement or Landlord's Tax Statement.

(v) Such examination may be made only by an employee of Tenant or a nationally recognized independent certified public accounting firm reasonably approved by Landlord. No examination shall be conducted by an examiner who is to be compensated, in whole or in part, on a contingent fee basis.

(vi) As a condition to performing any such examination, Tenant and its examiners shall be required to execute and deliver to Landlord an agreement, in form reasonably acceptable to Landlord and Tenant, agreeing to keep confidential (except as may be necessary in connection with any legal or other proceeding to dispute Operating Expenses for the Building or real estate taxes or except as may be required by law) any information which it discovers about Landlord or the Building in connection with such examination.

(vii) No subtenant shall have any right to conduct any such examination.

(viii) All costs and expenses of any such examination shall be paid by Tenant, except if such examination shows that the amount of Operating Expenses for the Building or real estate taxes, as the case may be, payable by Tenant was overstated by more than

three percent (3%), Landlord shall reimburse Tenant for the reasonable out-of-pocket costs and expenses incurred by Tenant in such examination, within thirty (30) days after Tenant submits to Landlord reasonable evidence (e.g. paid invoices) of such costs and expenses, up to a maximum of the lesser of (i) Ten Thousand and 00/100 Dollars (\$10,000.00) (which such amount shall be increased on an annual basis as of each anniversary of the Commencement Date by the corresponding percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average, All-Item Series A (1982-1984=100) for the immediately preceding twelve (12) month period) and (ii) the amount of the overstatement.

(ix) If as a result of such examination Landlord and Tenant agree that the amounts paid by Tenant to Landlord on account of Operating Expenses Allocable to the Premises and/or Landlord's Tax Expenses Allocable to the Premises exceeded the amounts to which Landlord was entitled hereunder, or that Tenant is entitled to a credit with respect to Operating Expenses Allocable to the Premises and/or Landlord's Tax Expenses Allocable to the Premises, Landlord, at its option, shall refund to Tenant the amount of such excess or apply the amount of such credit, as the case may be, within thirty (30) days after the date of such agreement. Similarly, if Landlord and Tenant agree that the amounts paid by Tenant to Landlord on account of Operating Expenses Allocable to the Premises and/or Landlord's Tax Expenses Allocable to the Premises were less than the amounts to which Landlord was entitled hereunder, then Tenant shall pay to Landlord, as additional rent hereunder, the amount of such deficiency within thirty (30) days after the date of such agreement. If, following such examination, Landlord and Tenant do not agree that the amounts paid by Tenant to Landlord on account of Operating Expenses Allocable to the Premises and/or Landlord's Tax Expenses Allocable to the Premises were equal to the amounts to which Landlord was entitled hereunder, or to the amounts of any excess or deficiency with respect thereto, then the parties shall negotiate in good faith for thirty (30) days to attempt to reach agreement, and following such thirty- (30-) day period, either party may submit such dispute to arbitration in accordance with Section 16.32 below.

(x) Tenant shall have the right to make such examination no more than once in respect of any Tax Year or Operating Year.

7.8 SERVICES TO BE PROVIDED BY TENANT. So long as Tenant is leasing all of the Building and provided that no Event of Default of Tenant has occurred and is continuing, Tenant shall have the right to elect to manage the janitorial and/or security services for the Building using its own employees or those of an affiliate of Tenant (provided that Tenant may retain outside vendors and contractors to perform the actual services). Such right shall be exercisable by Tenant upon no less than six (6) months' prior written notice to Landlord; provided, however, if Landlord demonstrates to Tenant, within thirty (30) days following receipt of Tenant's notice, that Landlord's current vendor contract(s) for the service(s) to be assumed by Tenant may not be terminated within such six (6) months without cause, then Tenant's right shall be exercisable effective the date immediately following when such contract(s) may be terminated without cause (but in no event more than twelve (12) months following delivery of Tenant's notice hereunder). If Tenant shall elect to self-manage the janitorial and/or security services for the Building as aforesaid, Landlord shall have no obligation to provide any of the services being undertaken directly by Tenant and Tenant shall be obligated to operate and maintain such service(s) in a manner consistent with and comparable to the other buildings owned by Landlord or its affiliates in the Development Area and in such manner as to maintain harmonious labor relations.

ARTICLE 8
TENANT'S REPAIRS

8.1 TENANT'S REPAIRS AND MAINTENANCE. Tenant covenants and agrees that, from and after the Commencement Date and until the end of the Lease Term, Tenant will keep neat and clean and maintain in good order, condition and repair the Premises and every part thereof or item of Tenant's Property therein or thereon, Tenant's Supplemental Systems, Tenant's Generator and Tenant's Communications Equipment, excepting only for those repairs for which Landlord is responsible under the terms of Article VII of this Lease, reasonable wear and tear and damage by Casualty or Taking. Tenant shall not permit or commit any waste, and Tenant shall be responsible for the cost of repairs which may be made necessary by reason of damage to any portion of the Lot to the extent directly caused by the negligent act or omission or willful misconduct of Tenant, any subtenant, assignee, licensee or concessionaire of Tenant or any of their respective agents, servants, employees, customers, or contractors.

ARTICLE 9
ALTERATIONS

9.1 LANDLORD'S APPROVAL. Tenant covenants and agrees not to make alterations, additions or improvements to the Premises during the Lease Term, except in accordance with plans and specifications therefor first approved by Landlord in writing, which approval shall not be unreasonably withheld or delayed. If Landlord fails to respond within twenty (20) days after receipt of a written request therefor, Tenant may re-send such request to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, **“WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within ten (10) days may lead to deemed approval of such request”**. Should Landlord fail to respond to such second request within ten (10) days after receipt thereof, such failure shall be deemed to be an approval of such plans and specifications. Landlord shall not be deemed unreasonable:

(A) for withholding approval of any alterations, additions or improvements which (i) in Landlord's opinion might adversely affect any structural or exterior element of the Building, any area or element outside of the Premises or any facility or base building mechanical system serving any area of the Building outside of the Premises, or (ii) involve or affect the exterior design, size, height or other exterior dimensions of the Building, or (iii) enlarge the Rentable Floor Area of the Premises, or (iv) are inconsistent, in Landlord's reasonable judgment, in quality, scope, design or method of construction with alterations satisfying Landlord's standards for new alterations in the Development Area.

(B) except with respect to the wiring for Tenant's computer, telephone and other communications systems and equipment, in the case of proposed alterations, additions or improvements which are more expensive to remove than typical improvements found in Class-A office buildings in Cambridge, Massachusetts (including, without limitation, internal staircases, raised floors, or reinforced file rooms), for making its approval conditional on Tenant's agreement to restore the Premises and/or the Base Building to its condition prior to such alteration, addition, or improvement at the expiration or earlier termination of the Lease Term (provided that if Landlord fails to condition its approval on such removal as aforesaid, Tenant shall be deemed to have no removal, obligations under this Section 9.1 with respect to such item).

Landlord's review and approval of any such plans and specifications and consent to Tenant performing the work described therein shall not be deemed an agreement by Landlord that such plans,

specifications and work conform with applicable Legal Requirements and/or requirements of insurers of the Building and other requirements of this Lease with respect to Tenant's insurance obligations (herein called "**Insurance Requirements**") nor deemed a waiver of Tenant's obligations under this Lease with respect to applicable Legal Requirements and Insurance Requirements, nor shall it impose any liability or obligation upon Landlord with respect to the completeness, design sufficiency or compliance of such plans, specifications and work with applicable Legal Requirements and Insurance Requirements. Within thirty (30) days after receipt of an invoice from Landlord, Tenant shall pay to Landlord, as Additional Rent, as a fee for Landlord's review of any plans with respect to which Landlord's approval is required under this Section 9.1 in an amount equal to the sum of: (i) \$150.00 per hour of time spent by Landlord's staff to review Tenant's plans for Tenant's work (not to exceed \$1,500.00 in connection with any individual project), plus (ii) if required in Landlord's reasonable judgment, third party expenses incurred by Landlord to review Tenant's plans for Tenant's work. Tenant shall also reimburse Landlord for any overtime charges for the Building's on-site engineer to oversee any portions of Tenant's work which require such engineer's presence and which must be performed after hours (such as shutdown of life-safety systems). There shall be no construction management fee payable with respect to Landlord's review or oversight of Tenant's plans or Tenant's work, except as aforesaid.

In recognition of the fact that the Permitted Uses hereunder include uses other than general office uses, Landlord acknowledges that Tenant may make alterations to the Premises to accommodate such other uses; provided, however, that all such alterations shall be subject to the applicable provisions of this Article 9 (e.g., obtaining Landlord's approval of the plans and specifications for such alterations to the extent required under this Article 9).

Notwithstanding the foregoing, Tenant shall have the right, without obtaining the prior consent of Landlord and without any obligation to pay Landlord's review fee described in the foregoing grammatical sentence, to make alterations, additions or improvements to the Premises where:

(i) the same are within the interior of the Premises within the Building, and do not affect the exterior of the Premises and the Building (including no signs on windows);

(ii) the same do not affect the roof or any structural element of the Building, or the main vertical trunk of the mechanical, electrical, plumbing, heating, ventilating, air-conditioning and fire protection systems of the Building (as distinguished from the distribution components of such systems in the Building, which may be affected by Tenant without Landlord's prior consent so long as the other criteria set forth herein have been met);

(iii) the cost of any individual alteration, addition or improvement shall not exceed \$200,000.00 (which such amount shall be increased on an annual basis as of each anniversary of the Commencement Date by the corresponding percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average, All-Item Series A (1982-1984=100) for the immediately preceding twelve (12) month period); and

(iv) Tenant shall comply with the provisions of this Lease and if such work increases the cost of insurance or taxes or of services, Tenant shall pay for any such increase in cost;

provided, however, that Tenant shall, within thirty (30) days after the making of such changes, send to Landlord plans and specifications describing the same in reasonable detail and provided further that Landlord, by notice to Tenant given no later than forty-five (45) days after Landlord's receipt of such plans and specifications, may require Tenant to restore the Premises to its condition prior to such alteration, addition or improvement at the expiration or earlier termination of the Lease Term (provided that if Landlord shall fail to so notify Tenant within said 45-day period as aforesaid, Tenant shall be deemed to have no removal requirement under this Section 9.1 with respect to such item).

9.2 CONFORMITY OF WORK. Landlord and Tenant each hereby covenant and agree that any alterations, additions, improvements or installations made by it to or upon the Premises shall be done in a good and workmanlike manner and in compliance with all applicable Legal Requirements and Insurance Requirements now or hereafter in force, that materials of first and otherwise good quality shall be employed therein, and that the structure of the Building shall not be endangered or impaired thereby.

9.3 PERFORMANCE OF WORK, GOVERNMENTAL PERMITS AND INSURANCE. All of Tenant's alterations and additions and installation of furnishings shall be coordinated with any work being performed by or for Landlord and in such manner as to maintain harmonious labor relations and not to damage the Building or Lot or interfere with Building construction or operation and, except for installation of furnishings, shall be performed by Landlord's general contractor or by contractors or workers first approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to respond within ten (10) days after receipt of a written request therefor, Tenant may re-send such request to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, **"WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within ten (10) days may lead to deemed approval of such request"**. Should Landlord fail to respond to such second request within ten (10) days after receipt thereof, such failure shall be deemed to be an approval of such contractors or workers. Except for work by Landlord's general contractor, Tenant shall procure all necessary governmental permits before making any repairs, alterations, other improvements or installations. Tenant agrees to save harmless and indemnify Landlord from any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the performance of any such work during the Lease Term, except to the extent such injury, loss, claim or damage is caused by the negligent act or omission or willful misconduct of Landlord or its agents, servants, employees or contractors. Tenant shall cause each contractor to carry worker's compensation insurance in statutory amounts covering the employees of all contractors and subcontractors, and commercial general liability insurance with a broad form comprehensive liability endorsement with such limits as Landlord may require reasonably from time to time during the Lease Term, consistent with the size and scope of the particular project at issue (all such insurance to be written in companies approved reasonably by Landlord and insuring Landlord, Landlord's managing agent and Tenant as additional insureds as well as contractors) and to deliver to Landlord certificates of all such insurance.

Tenant shall also prepare and submit to Landlord a set of as-built plans, in both print and electronic forms, showing such work performed by Tenant to the Premises promptly after any such alterations, improvements or installations are substantially complete and promptly after any wiring or cabling for Tenant's computer, telephone and other communications systems is installed by Tenant or Tenant's contractor. Without limiting any of Tenant's obligations hereunder, Tenant shall be responsible, as Additional Rent, for the costs of any alterations, additions or improvements in or to the Building that are required in order to comply with Legal Requirements as a result of any work performed by Tenant.

Landlord shall have the right to provide such reasonable rules and regulations relative to the performance of any alterations, additions, improvements and installations by Tenant hereunder (which such rules and regulations shall not other than in connection with any payments for the use of Construction Building Services as hereinafter defined increase the monetary obligations of Tenant, or materially increase the other obligations of Tenant, hereunder, or derogate from any of Tenant's rights hereunder) and Tenant shall abide by all such reasonable rules and regulations of which it has been given notice and shall cause all of its contractors to so abide including, without limitation, payment for the costs of using Construction Building Services. For the purposes hereof, "**Construction Building Services**" shall mean the services, utilities, facilities and supplies set forth on Exhibit B, but only to the extent that any of the foregoing have to be altered, modified or reconfigured (either in scope, quantity, timing or duration) in connection with and/or during the performance of any alterations, additions, improvements and installations by Tenant, and shall include without limitation (i) the shutting down of any Base Building systems such as fire alarms, (ii) additional security services, (iii) pre- and post-construction filter changes for the Base Building mechanical systems and (iv) additional engineering, mechanical or other operational staffing.

9.4 **LIENS.** Tenant covenants and agrees to pay promptly when due the entire cost of any work done on the Premises by Tenant, its agents, employees or contractors, and not to cause or permit any liens for labor or materials performed or furnished in connection therewith pursuant to contracts with Tenant or Tenant's contractors to attach to the Premises or the Building or the Lot and shall discharge any such liens which may so attach within thirty (30) days or otherwise bond off the same to Landlord's reasonable satisfaction.

9.5 **NATURE OF ALTERATIONS.** Unless otherwise expressly agreed upon in writing, all work, construction, repairs, alterations, other improvements or permanent installations made to or upon the Premises, shall become part of the Premises and shall become the property of Landlord and remain upon and be surrendered with the Premises as a part thereof upon the expiration or earlier termination of the Lease Term, except as follows:

(A) All Tenant's Property (as defined in Section 13.4 below), whether by law deemed to be a part of the realty or not, installed at any time or times by Tenant or any person claiming under Tenant shall remain the property of Tenant or persons claiming under Tenant and may be removed by Tenant or any person claiming under Tenant at any time or times during the Lease Term or any occupancy by Tenant thereafter and shall be removed by Tenant at the expiration or earlier termination of the Lease Term. Tenant shall repair any damage to the Premises occasioned by the removal by Tenant or any person claiming under Tenant of any such Tenant's Property from the Premises. All Tenant's Property which remains in the Building or the Premises after the expiration or termination of this Lease shall be conclusively deemed to be abandoned and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any part thereof shall be sold, then Landlord may receive the proceeds of such sale and apply the same, at its option against the expenses of the sale, the cost of moving and storage, any arrears of rent or other charges payable hereunder by Tenant to Landlord and any damages to which Landlord may be entitled under this Lease and at law and in equity. In addition to the foregoing, Landlord hereby agrees to grant lien waivers in the usual and customary form used by Landlord in connection with Tenant's financing of any of Tenant's Property.

(B) At the expiration or earlier termination of the Lease Term, unless otherwise agreed in writing by Landlord, Tenant shall remove (x) any wiring for Tenant's computer, telephone and other communication systems and equipment whether located in the Premises or in any other portion of the Building, including all risers, but only if such wiring was not in compliance with applicable Legal Requirements at the time of installation and (y) any alterations, additions and improvements made with

Landlord's consent during the Lease Term, for which such removal was made a condition of such consent under Section 9.1(b) or for which Landlord's consent was not required under Section 9.1 but which Landlord subsequently specified must be removed in accordance with the last paragraph of said Section 9.1. Upon such removal Tenant shall restore the Premises to a condition consistent with the mix of uses and level of finish in the Premises as of the Commencement Date (reasonable wear and tear and damage by Casualty excepted) and repair any damage occasioned by such removal and restoration. Notwithstanding the foregoing or anything to the contrary contained herein, upon the expiration or earlier termination of the Lease Term, Tenant shall not be obligated to remove any alterations, additions or improvements existing in the Premises as of the Execution Date of this Restated Lease.

(C) If Tenant shall make any alterations, additions or improvements to the Premises for which Landlord's approval is required under Section 9.1 without obtaining such approval, then at Landlord's request at any time during the Lease Term, and at any event at the expiration or earlier termination of the Lease Term, Tenant shall remove such alterations, additions and improvements and restore the Premises to their condition prior to same and repair any damage occasioned by such removal and restoration. Nothing herein shall be deemed to be a consent to Tenant to make any such alterations, additions or improvements, the provisions of Section 9.1 being applicable to any such work.

9.6 INCREASES IN TAXES. Tenant shall pay, as additional rent, one hundred percent (100%) of any increase in real estate taxes on the Property which shall, at any time after the Commencement Date, result solely from alterations, additions or improvements to the Premises made by Tenant if the taxing authority specifically determines such increase results from such alterations, additions or improvements made by Tenant.

ARTICLE 10 PARKING

10.1 PARKING PRIVILEGES. Commencing on the Commencement Date and continuing throughout the Term, Landlord shall provide to Tenant monthly parking privileges in one or more Permitted Garages (as defined and more particularly described in Section 10.5 hereof), based upon a ratio of one (1) parking pass for each 1,000 rentable square feet of the Premises, for the parking of passenger vehicles in unreserved (except as set forth herein) stalls in the Permitted Garage assigned to such parking privilege in accordance with Section 10.5 below (the "**Assigned Garage**") by Tenant's employees and employees of permitted assignees and subtenants of Tenant in the Building, at 145 Broadway, 90 Broadway in Cambridge, Massachusetts and any other building owned by Landlord or its affiliates in the Kendall Square area of Cambridge, Massachusetts ("**Eligible Holders**"). Tenant may, by giving Landlord thirty (30) days' advance written notice, convert up to ten (10) of its unreserved parking passes to passes for reserved parking spaces (the "**Reserved Garage Passes**") in the Yellow Garage for certain of its employees. Landlord will use reasonable efforts, by the use of signs and markings, to designate such reserved spaces, but shall not be otherwise obligated to police the use of such reserved spaces, which Tenant recognizes are to be operated on a self-parking basis. In the event that the Rentable Floor Area of the Premises decreases or increases at any time after the Commencement Date and during the Lease Term, the number of parking privileges shall be reduced or increased at a ratio of one (1) parking pass per 1,000 square feet of rentable floor area and the number of Reserved Garage Passes provided to Tenant shall be reduced or increased based upon the proportion of the number of Reserved Garage Passes to the number of all required parking passes. Tenant may also request additional parking passes from Landlord from time to time, and if Landlord determines in good faith that additional parking passes are available, then Landlord shall provide such number of additional parking passes, up to the number requested by Tenant ("**Additional Parking Passes**"). The Additional Parking Passes shall be on

a month-to-month basis, with either party having the right to cancel some or all of such Additional Parking Passes on not less than thirty (30) days' notice, and shall otherwise be on all of the terms and conditions of unreserved parking passes hereunder.

10.2 **PARKING CHARGES.** Tenant shall pay for such parking privileges at the prevailing monthly rates from time to time charged by the operator or operators of the Permitted Garages, whether or not such operator is an affiliate of Landlord, such prevailing monthly rates to be consistent with the monthly rates for unreserved parking and, with respect to the Reserved Garage Passes, reserved parking in other garages in the Development Area. Such monthly parking charges for parking privileges shall constitute Additional Rent and shall be payable monthly as directed by Landlord upon billing therefor by Landlord or such operator. Tenant acknowledges that said monthly charges to be paid under this Section are for the use by Eligible Holders of the parking privileges referred to herein, and not for any other service. As of the date hereof, the monthly rate for unreserved parking in the Permitted Garages is \$325.00 per pass per month and for reserved parking in the Permitted Garages is \$410.00 per pass per month, which rates are subject to change from time to time.

10.3 **GARAGE OPERATION.** Unless otherwise determined by Landlord or the operator of the Permitted Garage in question (the "**Garage Operator**"), each Permitted Garage is to be operated on a self-parking basis, and Eligible Holders shall be obligated to park and remove their own vehicles, and except with respect to the Reserved Garage Passes, parking by Eligible Holders shall be on an unreserved basis, Eligible Holders having the right to park in any available stalls. Tenant acknowledges that parking in one or more of the Permitted Garages may be limited to monthly pass holders only, and in such case no transient or public parking will be available in such Permitted Garage, nor will there be the ability to pay for parking on a daily basis. Tenant's access and use privileges with respect to each Assigned Garage shall be in accordance with regulations of uniform applicability to the users of the Assigned Garage from time to time established by Landlord or the Garage Operator ("**Garage Rules and Regulations**"). Tenant shall receive one (1) identification sticker or pass and one (1) magnetic card so-called, or other suitable device providing access to the applicable Assigned Garage, for each parking privilege paid for by Tenant. Subject to temporary interruption resulting from fire, casualty, maintenance activity, the actions of governmental authorities and other conditions not reasonably within Landlord's control, pass holders shall have access to their Assigned Garage(s) 24 hours per day, 365 days per year. Such right of access shall be subject to such reasonable security procedures as set forth in Section 2.2(A). Tenant shall supply Landlord with an identification roster listing, for each such privilege, the name of the employee and the make, color and registration number of the vehicle to which it has been assigned, and shall provide a revised roster to Landlord monthly indicating changes thereto. Any automobile found parked in a Permitted Garage that is limited to monthly pass holders only during normal business hours without appropriate identification will be subject to being towed at said automobile owner's expense. The parking privileges granted herein are non-transferable (other than to a permitted assignee or subtenant pursuant to the applicable provisions of Article XII hereof). Landlord or the Garage Operator may institute a so-called valet or attendant managed parking program for one or more of the Permitted Garages, and in such event Tenant shall reasonably cooperate in all respects with such program. Provided (i) the parking experience of Eligible Holders at the 145 Garage, the Yellow Garage, the Blue Garage and/or Permitted Garage 4 (as applicable) (as such terms are defined in Section 10.5) shall be reasonably consistent with the parking experience then being provided in other garages in the Development Area (the "**Parking Experience Standard**") and (ii) Landlord complies with all Legal Requirements and the requirements of this Article X, including, without limitation, providing the number of parking privileges required hereunder for the benefit of Tenant, Landlord reserves for itself the right to operate the Permitted Garages as it sees fit and in such case to change any of the Permitted Garages including reductions in the number of available parking spaces, the change of location of parking within

such garage or changes to the circulation within such garage, all of which Landlord may perform in its good faith and reasonable discretion, without limitation to its other rights in respect thereof. The foregoing shall not, however, affect the restrictions on changes to the 145 Garage contained in the 145 Broadway Lease. All such changes to the Permitted Garages shall be at Landlord's sole cost and expense. Without limitation, the Parking Experience Standard shall ensure that Eligible Holders at the 145 Garage, the Yellow Garage, the Blue Garage and/or Permitted Garage 4 (as applicable) will not be subject to unreasonable wait times to drop off or pick up their vehicle, if applicable, or to enter or exit such Permitted Garage.

10.4 LIMITATIONS. Tenant agrees that it and all persons claiming by, through and under it, shall at all times abide by all Assigned Garage Rules and Regulations, so long as they do not derogate from Tenant's rights hereunder or materially increase its obligations hereunder. Except to the extent of negligence or willful acts, neither Landlord nor the Garage Operator assumes any responsibility whatsoever for loss or damage due to casualty or theft or otherwise to any automobile or to any personal property therein, however caused, and Tenant agrees, upon request from Landlord, from time to time, to notify its officers, employees and agents then using any of the parking privileges provided for herein, of such limitation of liability. Tenant further acknowledges and agrees that a license only is hereby granted, and no bailment is intended or shall be created.

10.5 PARKING LOCATION; PERMITTED GARAGES.

(A) As used herein, the "**Permitted Garages**" shall mean the following, as they exist from time to time:

(i) The garage to be constructed underneath the 145 Broadway Building is herein referred to as "**Permitted Garage 1**" (sometimes also herein referred to as the "**145 Garage**").

(ii) The existing garage located on Parcel 3 of the Development Area with vehicular entrances from the west side of Ames Street and the east side of Galileo Galilei Way known as the Yellow Garage is herein referred to as "**Permitted Garage 2**" (sometimes also herein referred to as the "**Yellow Garage**").

(iii) The existing garage located on Parcel 2 of the Development Area with vehicular entrances from the north side of Broadway and the south side of Binney Street known as the Blue Garage is herein referred to as "**Permitted Garage 3**" (sometimes also herein referred to as the "**Blue Garage**").

(iv) The existing garage with vehicular entrances from the south side of Broadway and the east side of Ames Street known as the Green Garage is herein referred to as "**Permitted Garage 4**."

(B) As used herein, the "**Parking Experience Limit**" shall be deemed to have been reached as follows:

(i) With respect to the 145 Garage only, if at any time Landlord or Tenant determines that the Parking Experience Standard is not being maintained, Landlord and Tenant shall meet to discuss the same and work together in good faith to develop a solution. If Landlord and Tenant are able to develop a solution which (x) complies with

Legal Requirements and the permits and approvals applicable to the 145 Garage, and (y) does not increase the cost of operating the 145 Garage by more than five percent (5%) (unless Tenant agrees in writing to pay the excess over five percent (5%)), then Landlord shall implement such solution (“**Acceptable Parking Solution**”) in order to continue to maintain all of Tenant's parking in the 145 Garage and the Parking Experience Standard. An acceptable solution shall include terminating (or relocating to another garage) the Non-Tenant Parking Privileges (as defined in the 145 Broadway Lease), if any, of other parties in the 145 Garage (to the extent permitted by Legal Requirements). If Landlord and Tenant are not able to develop an Acceptable Parking Solution, then unless Tenant agrees to waive the requirement that the Parking Experience Standard be maintained in the 145 Garage, Landlord shall first terminate (or relocate to another garage) the Non-Tenant Parking Privileges from the 145 Garage (except as required by Legal Requirements), and if such termination (or relocation), if applicable, does not result in the Parking Experience Standard being maintained, then thereafter Landlord shall have the right to relocate some of Tenant's parking privileges as set forth in this Section 10.5, provided that the Parking Experience Standard will be maintained for those parking privileges of Tenant remaining in the 145 Garage. Such relocation of Tenant’s parking privileges shall be accomplished as set forth in Section 10.5(C) below.

(ii) With respect to all other Permitted Garages, the Parking Experience Limit shall be deemed to have been reached when Landlord reasonably determines that it would not be able to maintain the Parking Experience Standard in a particular Permitted Garage if it provided any more parking privileges to Tenant in such Permitted Garage.

(C) The location of Tenant’s parking privileges hereunder shall be allocated as follows:

(i) Tenant’s parking privileges will be in Permitted Garage 1 until the Parking Experience Limit is reached with respect to Permitted Garage 1.

(ii) Thereafter, if any parking privileges remain unallocated hereunder, any such remaining parking privileges will be in Permitted Garage 2 until the Parking Experience Limit is reached with respect to Permitted Garage 2.

(iii) Thereafter, if any parking privileges remain unallocated hereunder, any such remaining parking privileges will be in Permitted Garage 3 until the Parking Experience Limit is reached with respect to Permitted Garage 3.

(iv) Thereafter, if any parking privileges remain unallocated hereunder, any such remaining parking privileges will be in Permitted Garage 4.

For the avoidance of doubt, the parties acknowledge that the provisions of this Section 10.5(C) regarding location of Tenant’s parking privileges shall have no applicability with respect to the Reserved Garage Passes, which shall be governed by the provisions of Section 10.1 above.

10.6 **BICYCLE PARKING.** Reference is hereby made to that certain License Agreement, dated as of October 1, 2013, between Cambridge Center West Garage LLC, a Delaware limited liability company and an affiliate of Landlord (the “**Yellow Garage Owner**”), and Tenant, as amended by that certain First Amendment to License Agreement, dated as of the date hereof (collectively, the “**Bicycle License Agreement**”). Pursuant to the Bicycle License Agreement, the Yellow Garage

Owner granted Tenant the right to use certain space in the Yellow Garage for the parking of bicycles during the Term of this Lease, all as more particularly set forth in the Bicycle License Agreement. Nothing in this Lease shall affect the provisions of the Bicycle License Agreement.

ARTICLE 11
CERTAIN TENANT COVENANTS

Tenant covenants during the Lease Term and for such further time as Tenant occupies any part of the Premises:

11.1 PAYMENT. To pay when due all Annual Fixed Rent and Additional Rent and all charges for utility services rendered to the Premises and, as further Additional Rent, all charges for additional and special services rendered pursuant to Section 7.3, except as otherwise provided in Section 7.6 and Article XIV of this Lease.

11.2 USE AND OCCUPANCY. To use and occupy the Premises for the Permitted Use only, and not to injure or deface the Premises or the Property, not to permit in the Premises any auction sale, or the emission from the Premises of any objectionable noise or odor inconsistent with an office building, and not to use or devote the Premises or any part thereof for any purpose other than the Permitted Uses, nor any use thereof which is inconsistent with the maintenance of the Building as an office building of the first-class in the quality of its maintenance, use and occupancy, or which is improper, offensive, contrary to law or ordinance or liable to invalidate any insurance on the Building or its contents. Further, (i) Tenant shall not, nor shall Tenant permit its employees, agents, independent contractors, contractors, assignees, or subtenants to, engage in any activity or keep, maintain, store or dispose of (whether such disposal is made into the sewage system, waste disposal system or otherwise) any hazardous material, waste or substance, as the same are defined in the Hazardous Materials Laws (collectively, the "Hazardous Materials"), in a manner that is in violation of any federal, state or local laws, rules and regulations relating to Hazardous Materials, including, without limitation, 42 U.S.C. Section 6901 et seq., 42 U.S.C. Section 9601 et seq., 42 U.S.C. Section 2601 et seq., 49 U.S.C. Section 1802 et seq. and Massachusetts General Laws, Chapter 21E and the rules and regulations promulgated under any of the foregoing, as such laws, rules and regulations may be amended from time to time (collectively "Hazardous Materials Laws"), (ii) Tenant shall promptly notify Landlord of any incident in, on or about the Premises, the Building or the Lot that would require the filing of a notice under any Hazardous Materials Laws, (iii) Tenant shall comply and shall cause its employees, invitees, agents, independent contractors, contractors, assignees, and subtenants to comply in material respect with each of the foregoing and (iv) subject to the provisions of Section 16.19 below, Landlord shall have the right upon reasonable notice to Tenant to make reasonable inspections (including testing) to determine that Tenant is complying with the foregoing if Landlord has a reasonable basis upon which to conclude that Tenant has breached any covenant set forth in this Section 11.2.

11.3 NO OBSTRUCTION. Not to obstruct in any manner any portion of the Building not hereby leased by Tenant or of the Lot used by Tenant in common with others; not without prior consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed) to permit the painting or placing of any signs (except to the extent specifically permitted by Section 16.29 below), curtains, blinds, shades, awnings, aeriels or flagpoles, or the like, visible from outside the Premises; and to comply with the rules and regulations referenced in Exhibit H hereto, and any reasonable amendments thereto, of which Tenant has been given notice in accordance with the provisions of Section 16.9 hereof, for the care and use of the Building and the Lot and their facilities and approaches (which such rules and regulations and any amendments thereto shall be uniformly enforced and shall not increase the monetary

obligations of Tenant, or materially increase any of the other obligations of Tenant, hereunder, or derogate from any of Tenant's rights hereunder).

11.4 COMPLIANCE WITH LAW – TENANTS PARTICULAR USE. To keep the Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any particular use made by Tenant other than normal office use, and to procure all licenses and permits so required because of any use made by Tenant other than normal office use, including all operational licenses and permits which may be required by applicable Legal Requirements because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way Tenant's Permitted Uses.

11.5 FLOOR LOAD. Not to place a load upon any floor in the Premises in excess of seventy (70) pounds of live load per square foot of floor area (partitions shall be considered as part of the live load) or as otherwise mutually agreed upon by the parties in their reasonable and good faith discretion.

11.6 TAXES ON PERSONAL PROPERTY. To pay promptly when due all taxes which may be imposed upon Tenant's Property in the Premises to whomever assessed.

11.7 ATTORNEYS' FEES. To pay, as Additional Rent, all reasonable costs, counsel and other fees incurred by Landlord in connection with the successful enforcement by Landlord pursuant to any administrative, governmental or judicial proceedings of any obligations of Tenant under this Lease (Landlord hereby similarly agreeing to pay all reasonable costs, counsel and other fees incurred by Tenant in connection with the successful enforcement by Tenant pursuant to any administrative, governmental or judicial proceedings of any obligations of Landlord under this Lease).

11.8 COMPLIANCE WITH LAW. To comply with all applicable Legal Requirements (including, without limitation, the provisions of the Zoning Ordinance) in effect from and after the Commencement Date which shall impose a duty on the occupant or operator of the Premises relating to or as a result of Tenant's particular use or occupancy of the Premises for the Permitted Uses; provided that Tenant shall not be required to make any alterations or additions to the structure, roof, exterior and load bearing walls, foundation, structural floor slabs and other structural elements of the Building unless the same are required by such Legal Requirements as a result of or in connection with Tenant's particular use or occupancy of the Premises beyond normal use of space of this kind for the Permitted Uses for which Landlord shall be responsible pursuant to Section 7.1 above. Tenant shall promptly pay all fines, penalties and damages that may arise out of or be imposed because of its failure to comply with the provisions of this Section 11.8.

11.9 VENDORS. Any vendors engaged by Tenant to perform services in or to the Premises including, without limitation, janitorial contractors and moving contractors shall be coordinated with any work being performed by or for Landlord and in such manner as to maintain harmonious labor relations and not to damage the Building or the Property or unreasonably interfere with Building construction or operation and shall be performed by vendors first approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed (such approval shall be deemed given if Landlord fails to respond within ten (10) business days after receipt of a written request therefor).

11.10 OFAC. Landlord and Tenant each represents and warrants that (i) it is not, and none of its partners, members, managers, employees, officers, directors, representatives or agents is, a person or entity with whom U.S. persons or entities are restricted from doing business under regulations

of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or under any other law, rule, order, or regulation that is enforced or administered by OFAC (such persons and entities each being a “**Prohibited Person**”); (ii) it is not knowingly acting, directly or indirectly, for or on behalf of any Prohibited Person; (iii) it is not knowingly engaged in this transaction, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any Prohibited Person; and (iv) it will not knowingly contract with or otherwise engage in any dealings or transactions or be otherwise associated with any Prohibited Person. Landlord and Tenant each hereby agrees to defend, indemnify, and hold harmless the other from and against any and all claims, damages, losses, liabilities, and expenses (including attorney’s fees and costs) arising from or related to any breach of the foregoing representations and warranties by the indemnifying party. In connection with the foregoing, it is expressly understood and agreed that (x) any breach by Tenant or Landlord of the foregoing representations and warranties shall be deemed an immediate event default by Tenant or Landlord, as applicable, without any requirement of notice from Landlord to Tenant or from Tenant to Landlord, as applicable, and without application of any cure period, and shall be covered by the indemnity provisions of Article XIII, and (y) the representations and warranties contained in this Section 11.10 shall be continuing in nature and shall survive the expiration or earlier termination of this Lease. Notwithstanding anything contained herein to the contrary, for the purposes of this Section 11.10 the phrase “partners, members, managers, employees, officers, directors, representatives or agents” and all similar such phrases shall not include (x) any shareholder of Boston Properties, Inc. or Tenant, (y) any holder of a direct or indirect interest in a publicly traded company whose shares are listed and traded on a United States national stock exchange or (z) any limited partner, unit holder or shareholder owning an interest of five percent (5%) or less in Boston Properties Limited Partnership or Tenant or the holder of any direct or indirect interest in Boston Properties Limited Partnership or any Successor Entity (as such term is hereinafter defined).

ARTICLE 12 ASSIGNMENT AND SUBLETTING

12.1 **RESTRICTIONS ON TRANSFER.** Except as otherwise expressly provided in this Lease, Tenant covenants and agrees that it shall not assign, mortgage, pledge, hypothecate or otherwise transfer this Lease and/or Tenant’s interest in this Lease or sublet (which term, without limitation, shall include granting of concessions, licenses or the like) the whole or any part of the Premises (collectively or individually, a “**Transfer**”). Any Transfer not expressly permitted in or consented to by Landlord under this Article XII shall, at Landlord’s election, be void; shall be of no force and effect; and shall confer no rights on or in favor of third parties. In addition, Landlord shall be entitled to seek specific performance of or other equitable relief with respect to the provisions hereof.

12.2 **TENANT’S.** Notwithstanding the provisions of Section 12.1 above, in the event Tenant desires to assign this Lease or to sublet the whole or any part of the Premises (partial subleases being subject to the provisions of Section 12.7 below), Tenant shall give Landlord notice (the “**Proposed Transfer Notice**”) of any proposed sublease or assignment, and said notice shall specify the provisions of the proposed assignment or subletting, including (a) the name and address of the proposed assignee or subtenant, (b) in the case of a proposed assignment or subletting pursuant to Section 12.4 below, such information as to the proposed assignee’s or proposed subtenant’s net worth and financial capability and standing as may reasonably be required for Landlord to make the determination referred to in said Section 12.4 (provided, however, that Landlord shall hold such information confidential, having the right to release same to its officers, accountants, attorneys and mortgage lenders on a confidential basis), (c) all of

the terms and provisions upon which the proposed assignment or subletting is to be made (including in the case of a proposed subletting, the area proposed to be sublet and the proposed sublease term), (d) in the case of a proposed assignment or subletting pursuant to Section 12.4 below, all other information necessary to make the determination referred to in said Section 12.4 and (e) in the case of a proposed assignment or subletting pursuant to Section 12.5 below, such information as may be reasonably required by Landlord to determine that such proposed assignment or subletting complies with the requirements of said Section 12.5.

12.3 LANDLORD'S TERMINATION RIGHT.

(A) In the event that Landlord shall not exercise its termination rights as aforesaid, or shall fail to give any or timely notice pursuant to this Section, or in the event of a proposed sublease that is not a Triggering Sublease, the provisions of Sections 12.4, 12.6 and 12.7 shall be applicable. If Landlord shall fail to respond within the fifteen (15) business day period set forth above, Tenant may re-send such Proposed Transfer Notice to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, "**WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within five (5) business days may lead to deemed approval of such request**". Should Landlord fail to respond to such second request within five (5) business days after receipt thereof, Landlord shall be deemed to have waived its right to terminate pursuant to this Section 12.3 with respect to the Transfer at issue.

(B) This Section 12.3 shall not be applicable to an assignment or sublease pursuant to Section 12.5.

12.4 CONSENT OF LANDLORD. Notwithstanding the provisions of Section 12.1 above, but subject to the provisions of this Section 12.4 and the provisions of Sections 12.6 and 12.7 below, in the event that Landlord shall not have exercised the termination right as set forth in Section 12.3, or shall have failed to give timely notice under Section 12.3, then for a period of one hundred eighty (180) days (i) after the receipt of Landlord's notice, if any, stating that Landlord does not elect the termination right or Landlord's deemed waiver of such termination right, or (ii) after the expiration of the Acceptance Period, in the event Landlord shall not give timely notice under Section 12.3 as the case may be, Tenant shall have the right to assign this Lease or sublet the portion of the Premises described in the Proposed Transfer Notice in accordance with the Proposed Transfer Notice provided that, in each instance, Tenant first obtains the express prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. If Landlord shall fail to respond to Tenant's request for such consent within fifteen (15) business days, Tenant may re-send such request for consent to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, "**WARNING: POSSIBLE DEEMED APPROVAL NOTICE. Failure to respond to this request within five (5) business days may lead to deemed approval of such request**". Should Landlord fail to respond to such second request within five (5) business days after receipt thereof, Landlord's consent shall be deemed given hereunder. Anything in this Lease to the contrary notwithstanding, the time periods for the exercise of Landlord's termination right pursuant to Section 12.3 and the time periods with respect to Landlord's consent right pursuant to Section 12.4 hereof shall run concurrently and not consecutively.

Without limiting the foregoing standard, Landlord shall not be deemed to be unreasonably withholding its consent to such a proposed Transfer requiring Landlord's consent if:

(A) the proposed assignee or subtenant is an occupant of the Building or elsewhere in Parcel 3 of the Development Area or is (or within the previous sixty (60) days has been) in active negotiation with Landlord or an affiliate of Landlord for comparable premises in a building, other than the Building, within Parcel 3 of the Development Area or is not of a character consistent with the operation of a first class office building (by way of example Landlord shall not be deemed to be unreasonably withholding its consent to an assignment or subleasing to any governmental or quasi-governmental agency), or

(B) [intentionally deleted], or

(C) the proposed assignee does not possess adequate financial capability to perform Tenant's obligations pursuant to this Lease as and when due or required after such assignment, or the proposed subtenant does not possess adequate financial capability to perform its obligations pursuant to the sublease as and when due or required, or

(D) the assignee or subtenant proposes to use the Premises (or part thereof) for a use other than the Permitted Uses for which the Premises may be used as stated in Section 1.2 hereof, or

(E) the character of the business to be conducted or the proposed use of the Premises by the proposed subtenant or assignee shall (i) be likely to materially increase Operating Expenses for the Building beyond that which Landlord now incurs for use by Tenant; (ii) be likely to materially increase the burden on elevators or other Building systems or equipment over the burden generated prior to such proposed Transfer; or (iii) violate or be likely to violate any provisions or restrictions contained herein relating to the use or occupancy of the Premises, or

(F) there shall be existing a monetary or material non-monetary Event of Default (defined in Section 15.1), or

(G) [intentionally deleted], or

(H) any part of the rent payable under the proposed assignment or sublease shall be based in whole or in part on the income or profits derived from the Premises or if any proposed assignment or sublease shall potentially have any adverse effect on the real estate investment trust qualification requirements applicable to Landlord and its affiliates, or

(I) the holder of any mortgage or ground lease on property which includes the Premises does not approve of the proposed assignment or sublease where such holder has approval rights pursuant to the terms of their mortgage or ground lease, or

(J) [intentionally deleted].

If Landlord shall consent to the proposed assignment or subletting, as the case may be, then, in such event, Tenant may thereafter sublease or assign pursuant to Tenant's notice, as given hereunder; provided, however, that if such assignment or sublease shall not be executed and delivered to Landlord within one hundred eighty (180) days after the date of Landlord's consent, the consent shall be deemed null and void and the provisions of Section 12.2 shall again be applicable.

If Tenant believes in good faith that Landlord has unreasonably withheld its consent under this Section 12.4, in any case where Landlord is required not to unreasonably withhold its consent, if Tenant shall give notice thereof to Landlord, within five (5) business days of Landlord's withholding (or deemed

withholding) of consent, Tenant shall have the right to an expedited determination of such claim pursuant to Section 12.8 below.

12.5 **EXCEPTIONS.** Notwithstanding the provisions of Sections 12.1, 12.3 and 12.4 above, but subject to the provisions of Section 12.2 above and Section 12.7 below, Tenant shall have the right to assign this Lease or to sublet the Premises (in whole or in part) to any other entity (the “**Successor Entity**”) (i) which controls or is controlled by Tenant or Tenant’s parent corporation or which is under common control with Tenant, provided that such transfer or transaction is for a legitimate regular business purpose of Tenant other than a transfer of Tenant’s interest in this Lease, or (ii) which purchases all or substantially all of the assets of Tenant, or (iii) which purchases all or substantially all of the stock of (or other ownership or membership interests in) Tenant or (iv) which merges or combines with Tenant, provided that in any of the foregoing events as described above the transaction is for a legitimate business purpose of Tenant other than the limitation or segregation of the liabilities of Tenant, and provided further that in the foregoing events as described in clauses (i) through (iv), the entity to which this Lease is so assigned or which so sublets the Premises has a credit worthiness (i.e., net assets on a pro forma basis using generally accepted accounting principles consistently applied and using the most recent financial statements) which is the same or better than Tenant as of the Execution Date of this Lease (the foregoing transferees referred to, individually or collectively, as a “**Permitted Transferee**”). Except in cases of statutory merger, in which case the surviving entity in the merger to which this Lease has been designated shall be liable as the tenant under this Lease, Tenant shall continue to remain fully liable under this Lease, on a joint and several basis with the Permitted Transferee. If any parent, affiliate or subsidiary of Tenant to which this Lease is assigned or the Premises sublet (in whole or in part) shall cease to be such a parent, affiliate or subsidiary, such cessation shall be considered an assignment or subletting requiring Landlord’s consent.

12.6 **PROFIT ON SUBLEASING OR ASSIGNMENT.** In the case of any assignment or subleasing as to which Landlord’s consent is required (specifically excluding any assignment or subletting permitted under Section 12.5 above) such consent shall be upon the express and further condition, covenant and agreement, and Tenant hereby covenants and agrees that, in addition to the Annual Fixed Rent, Additional Rent and other charges to be paid pursuant to this Lease, fifty percent (50%) of the Assignment/Sublease Profits (hereinafter defined), if any, shall be paid to Landlord. The “**Assignment/Sublease Profits**” shall be the excess, if any, of (a) the Assignment/Sublease Net Revenues as hereinafter defined over (b) the Annual Fixed Rent and Additional Rent and other charges provided in this Lease (provided, however, that for the purpose of calculating the Assignment/Sublease Profits in the case of a sublease, appropriate proportions in the applicable Annual Fixed Rent, Additional Rent and other charges under this Lease shall be made based on the percentage of the Premises subleased and on the terms of the sublease). The “**Assignment/Sublease Net Revenues**” shall be the fixed rent, additional rent and all other charges and sums payable either initially or over the term of the sublease or assignment plus all other profits and increases with respect to real estate to be derived by Tenant as a result of such subletting or assignment, less the reasonable costs of Tenant incurred in such subleasing or assignment (the definition of which shall include brokerage commissions, attorneys’ fees, rent credits and alteration costs and allowances, in each case actually paid or credited), as set forth in a statement certified by an appropriate representative of Tenant and delivered to Landlord within thirty (30) days of the full execution of the sublease or assignment document.

All payments of the Assignment/Sublease Profits due Landlord shall be made within thirty (30) days of receipt of same by Tenant.

12.7 **ADDITIONAL CONDITIONS.**

(A) It shall be a condition of the validity of any assignment or subletting consented to under Section 12.4 above, or any assignment or subletting of right under Section 12.5 above, that both Tenant and the assignee or sublessee enter into a separate written instrument directly with Landlord in a form and containing terms and provisions reasonably required by Landlord, including, without limitation, the agreement of the assignee to be bound directly to Landlord for all the obligations of the Tenant under this Lease (including any amendments or extensions thereof), including, without limitation, the obligation (a) to pay the rent and other amounts provided for under this Lease (but in the case of a partial subletting, such subtenant shall agree to be so bound to the extent set forth in the sublease) and (b) to comply with the provisions of Article XII hereof and (c) to indemnify the Landlord Parties (as defined in Section 13.1) as provided in Section 13.1 hereof. Such assignment or subletting shall not relieve Tenant named herein of any of the obligations of the tenant hereunder and Tenant shall remain fully and primarily liable therefor and the liability of Tenant and such assignee (or subtenant, as the case may be) shall be joint and several. Further, and notwithstanding the foregoing, the provisions hereof shall not constitute a recognition of the sublease or the subtenant thereunder, as the case may be, and at Landlord's option, upon the termination or expiration of the Lease (whether such termination is based upon a cause beyond Tenant's control, an Event of Default, the agreement of Tenant and Landlord or any other reason), the sublease shall be terminated.

(B) In addition to the other requirements set forth in this Lease and notwithstanding any other provision of this Lease, partial sublettings of the Premises shall only be permitted under the following terms and conditions: (i) the layout of both the subleased premises and the remainder of the Premises must comply with applicable laws, ordinances, rules and/or regulations and be approved by Landlord, including, without limitation, all requirements concerning access and egress and any modifications necessary to have the Building function as a multi-tenant space rather than as a single tenant space; (ii) in the event the subleased premises are separately physically demised from the remainder of the Premises, Tenant shall pay all costs of separately physically demising the subleased premises; and (iii) there shall be no more than two (2) subleases on any single floor, and no more than six (6) subleases in the aggregate, in effect in the Premises at any given time.

(C) As Additional Rent, Tenant shall pay to Landlord as a fee for Landlord's review of any proposed assignment or sublease requiring Landlord's consent and the preparation of any associated documentation in connection therewith, within thirty (30) days after receipt of an invoice from Landlord, an amount equal to the sum of \$1,000.00 or, if greater, the reasonable out of pocket legal fees or other expenses incurred by Landlord in connection with such request, but in no event more than \$5,000.00 for any request made prior to the expiration of the first Lease Year, which such limit shall be increased on an annual basis as of each anniversary of the Commencement Date by the corresponding percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers, U.S. City Average, All-Item Series A (1982-1984=100) for the immediately preceding twelve (12) month period.

(D) If this Lease be assigned, or if the Premises or any part thereof be sublet or occupied by anyone other than Tenant, Landlord may upon prior notice to Tenant, at any time and from time to time after the occurrence of a material Event of Default by Tenant under this Lease (other than a monetary Event of Default where Tenant is in good faith contesting the amounts claimed to be owed and is otherwise performing all of its obligations under this Lease in a timely manner), collect rent and other charges from the assignee, sublessee or occupant and apply the net amount collected to the rent and other charges herein reserved, but no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or a waiver of the provisions of Article XII hereof, or the acceptance of the assignee, sublessee or occupant as a tenant or a release of Tenant from the further performance by Tenant

of covenants on the part of Tenant herein contained, the Tenant herein named to remain primarily liable under this Lease.

(E) The consent by Landlord to an assignment or subletting under Section 12.4 above, or the consummation of an assignment or subletting of right under Section 12.5 above, shall in no way be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or subletting requiring Landlord's consent.

(F) During the continuance of a monetary Event of Default (defined in Section 15.1), Landlord shall be entitled to one hundred percent (100%) of any Assignment/Sublease Profits.

(G) Without limiting Tenant's obligations under Article IX, Tenant shall be responsible, at Tenant's sole cost and expense, for performing all work necessary to comply with Legal Requirements and Insurance Requirements in connection with any assignment or subletting hereunder including, without limitation, any work in connection with such assignment or subletting.

12.8 EXPEDITED DISPUTE RESOLUTION. In the event that a dispute shall arise under Section 12.4 with regard to whether or not Landlord's withholding of consent was reasonable under the circumstances, and Tenant gives Landlord the notice referred to in Section 12.8(A) below within five (5) business days of Landlord's withholding of consent, then such dispute shall be resolved in accordance with the procedure set forth in this Section 12.8 as follows:

(A) Tenant's notice to Landlord of its desire that the dispute be resolved by arbitration pursuant to this Section 12.8 must appoint a person as an arbitrator on its behalf. Within five (5) business days after the giving of such notice, Landlord by notice to Tenant shall appoint a second person as arbitrator on its behalf. The arbitrators thus appointed shall appoint a third person to serve as an arbitrator, and such three arbitrators shall as promptly as possible determine such matter, provided, however, that:

(i) if the second arbitrator shall not have been appointed within the five (5) business day period as aforesaid, then the first arbitrator shall petition the American Arbitration Association (Boston office) or any successor body of similar function ("AAA") to appoint the second arbitrator or, in its absence, refusal, failure or inability to act, petition a court of competent jurisdiction to appoint the second arbitrator; and

(ii) if the two arbitrators are appointed by the parties (or the AAA or court in the case of the second arbitrator under clause (i) above) and shall be unable to agree, within five (5) business days after the appointment of the second arbitrator, upon the appointment of a third arbitrator, said two arbitrators shall give written notice to the parties of such failure to agree, and, if the parties fail to agree upon the selection of such third arbitrator within five (5) business days after the arbitrators appointed by the parties give notice as aforesaid, then within five (5) business days thereafter either of the parties upon notice to the other party may request such appointment by the AAA, or in its absence, refusal, failure or inability to act, by a court of competent jurisdiction.

(B) Each arbitrator shall be either a Boston area based partner or director or retired partner or director in a nationally recognized law or real estate brokerage firm who shall have had a least ten (10) years' experience in the area of commercial real estate transactions and/or litigation including, without limitation, commercial leasing, and in the case of the third arbitrator, may also be a retired judge. Each

arbitrator shall be impartial and shall have had no prior notice, information or discussions concerning the dispute and shall not be employed by or associated with either party or any affiliate of any party during the five (5) year period preceding commencement of the arbitration.

(C) The arbitration shall be conducted in the City of Boston, Massachusetts, in accordance with the then prevailing Commercial Arbitration Rules (Expedited Procedures) of the AAA. The arbitrators shall render their decision and award in writing upon the concurrence of at least two of their number, within fifteen (15) days after the appointment of the third arbitrator. Such decision and award shall be final and conclusive on the parties, and counterpart copies thereof shall be delivered to each of the parties. In rendering such decision and award, the arbitrators shall not add to, subtract from or otherwise modify the provisions of this Lease. Judgment may be had on the decision and award of the arbitrators so rendered in any court of competent jurisdiction.

(D) Each party shall pay the fees and expenses of the one of the two original arbitrators appointed by or for such party and the fees and expenses of the third arbitrator, and all other expenses of the arbitration (other than the fees and disbursements of attorney or witnesses for each party) shall be borne by the parties equally.

ARTICLE 13 INDEMNITY AND COMMERCIAL GENERAL LIABILITY INSURANCE

(A) Breach. In the event that Tenant breaches any of its indemnity obligations hereunder: (i) Tenant shall pay to Landlord Parties all liabilities, loss, cost, or expense (including attorney's fees) incurred as a result of said breach, and the reasonable value of time expended by Landlord Parties as a result of said breach; and (ii) Landlord Parties may deduct and offset from any amounts due to Tenant under this Lease any amounts owed by Tenant pursuant to this Section 13.1(B).

(B) No limitation. The indemnification obligations under this Section 13.1 shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant or any subtenant or other occupant of the Premises under workers' compensation acts, disability benefit acts, or other employee benefit acts.

(C) Subtenants and other occupants. Tenant shall require its subtenants and other occupants of the Premises to provide similar indemnities to Landlord Parties in a form acceptable to Landlord.

(D) Survival. The terms of this Section 13.1 shall survive any termination or expiration of this Lease.

(E) Costs. The foregoing indemnity and hold harmless agreement shall include indemnity for all costs, expenses and liabilities (including, without limitation, attorneys' fees and disbursements) incurred by Landlord Parties in connection with any such claim or any action or proceeding brought thereon, and the defense thereof. In addition, in the event that any action or proceeding shall be brought against one or more Landlord Parties by reason of any such claim, Tenant, upon request from Landlord Party, shall resist and defend such action or proceeding on behalf of Landlord Party by counsel appointed by Tenant's insurer (if such claim is covered by insurance without reservation) or otherwise by counsel reasonably satisfactory to Landlord Party. Landlord Parties shall not be bound by any compromise or

settlement of any such claim, action or proceeding without the prior written consent of such Landlord Parties.

(F) Landlord Parties and Tenant Parties. The term “**Landlord Party**” or “**Landlord Parties**” shall mean Landlord, any affiliate of Landlord, Landlord’s managing agents for the Building, each mortgagee (if any), each ground lessor (if any), and each of their respective direct or indirect partners, officers, shareholders, directors, members, trustees, beneficiaries, servants, employees, principals, contractors, licensees, agents or representatives. For the purposes of this Lease, the term “**Tenant Party**” or “**Tenant Parties**” shall mean Tenant, any affiliate of Tenant, any permitted subtenant or any other permitted occupant of the Premises, and each of their respective direct or indirect partners, officers, shareholders, directors, members, trustees, beneficiaries, servants, employees, principals, contractors, licensees, agents, invitees or representatives.

13.2 TENANT’S RISK. Tenant agrees to use and occupy the Premises, and to use such other portions of the Building and the Development Area as Tenant is given the right to use by this Lease at Tenant’s own risk. Landlord Parties shall not be liable to Tenant Parties for any damage, injury, loss, compensation, or claim (including, but not limited to, claims for the interruption of or loss to a Tenant Party’s business) based on, arising out of or resulting from any cause whatsoever, including, but not limited to, repairs to any portion of the Premises or the Building or the Development Area, any fire, robbery, theft, mysterious disappearance, or any other crime or casualty, the actions of any other tenants of the Building or of any other person or persons, or any leakage in any part or portion of the Premises or the Building or the Development Area, or from water, rain or snow that may leak into, or flow from any part of the Premises or the Building or the Development Area, or from drains, pipes or plumbing fixtures in the Building or the Development Area, but the foregoing exculpation from liability shall not apply in the case of the negligent act or omission or willful misconduct of any Landlord Party. Any goods, property or personal effects stored or placed in or about the Premises shall be at the sole risk of Tenant Party, and neither Landlord Parties nor their insurers shall in any manner be held responsible therefor. Landlord Parties shall not be responsible or liable to a Tenant Party, or to those claiming by, through or under a Tenant Party, for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to or connecting with the Premises or any part of the Building or otherwise. The provisions of this Section shall be applicable to the fullest extent permitted by law, and until the expiration or earlier termination of the Lease Term, and during such further period as any of Tenant’s Property remains on the Premises, or Tenant or anyone acting by, through or under Tenant may use, be in occupancy of any part of, or have access to the Premises or the Building.

13.3 TENANT’S COMMERCIAL GENERAL LIABILITY INSURANCE. Tenant agrees to maintain in full force on or before the earlier of (i) the date on which any Tenant Party first enters the Premises for any reason or (ii) the Commencement Date, and thereafter throughout and until the end of the Lease Term, and after the end of the Lease Term for so long as any of Tenant’s Property remains on the Premises, or Tenant or anyone acting by, through or under Tenant may use, be in occupancy of any part of, or have access to the Premises or any portion thereafter, a policy of commercial general liability insurance, on an occurrence basis, issued on a form at least as broad as Insurance Services Office (“**ISO**”) Commercial General Liability Coverage “occurrence” form CG 00 01 10 01 or another Commercial General Liability “occurrence” form providing equivalent coverage. Such insurance shall include contractual liability coverage, specifically covering but not limited to the indemnification obligations undertaken by Tenant in this Lease. The minimum limits of liability of such insurance shall be Ten Million Dollars (\$10,000,000) per occurrence, which may be satisfied through a combination of primary and excess/umbrella insurance. In addition, in the event Tenant hosts a function in the Premises,

in the Building or on the Property, Tenant agrees to obtain, and cause any persons or parties providing services for such function to obtain, the appropriate insurance coverages as determined by Landlord (including liquor liability coverage, if applicable) and provide Landlord with evidence of the same.

13.4 TENANT'S PROPERTY INSURANCE. Tenant shall maintain at all times during the Lease Term, and during such earlier or later time as Tenant may be performing work in or to the Premises or have property, fixtures, furniture, equipment, machinery, goods, supplies, wares or merchandise on the Premises, and continuing thereafter so long as any of Tenant's Property remains on the Premises, or Tenant or anyone acting by, through or under Tenant may use, be in occupancy of or have access to, any part of the Premises, coverage with respect to (i) Tenant's personal property, fixtures, furniture, equipment, machinery, goods, supplies, wares and merchandise, and other property of Tenant located at the Premises, (ii) all additions, alterations and improvements made by or on behalf of Tenant in the Premises (except to the extent paid for by Landlord in connection with this Lease, specifically including improvements paid for with Landlord's Contribution), and (iii) any property of third parties, including but not limited to leased or rented property, in the Premises in Tenant's care, custody, use or control, provided that such insurance in the case of (iii) may be maintained by such third parties (collectively "Tenant's Property"). The "all risk" insurance required by this section shall be in an amount at least equal to the full replacement cost of **Tenant's Property**. In addition, during such time as Tenant is performing work in or to the Premises, Tenant, at Tenant's expense, shall also maintain, or shall cause its contractor(s) to maintain, builder's risk insurance for the full insurable value of such work. Landlord and such additional persons or entities as Landlord may reasonably request shall be named as loss payees, as their interests may appear, on the policy or policies required by this Lease, except for insurance maintained by third parties as provided in (iii) above. In the event of loss or damage covered by the "all risk" insurance required by this Lease, the responsibilities for repairing or restoring the loss or damage shall be determined in accordance with Article XIV. To the extent that Landlord is obligated to pay for the repair or restoration of the loss or damage covered by the policy, Landlord shall be paid the proceeds of the "all risk" insurance covering the loss or damage. To the extent Tenant is obligated to pay for the repair or restoration of the loss or damage, covered by the policy, Tenant shall be paid the proceeds of the "all risk" insurance covering the loss or damage. If both Landlord and Tenant are obligated to pay for the repair or restoration of the loss or damage covered by the policy, the insurance proceeds shall be paid to each of them in the pro rata proportion of their obligations to repair or restore the loss or damage. If the loss or damage is not repaired or restored (for example, if the Lease is terminated pursuant to Article XIV), the insurance proceeds shall be paid to Landlord and Tenant in the pro rata proportion of their relative contributions to the cost of the leasehold improvements and Tenant's Property covered by the policy.

13.5 TENANT'S OTHER INSURANCE. Tenant agrees to maintain in full force on or before the earlier of (i) the date on which any Tenant Party first enters the Premises for any reason or (ii) the Commencement Date, and thereafter throughout the end of the Term, and after the end of the Term for so long after the end of the Term any of Tenant's Property remains on the Premises or as Tenant or anyone acting by, through or under Tenant may use, be in occupancy of, or have access to the Premises or any portion thereafter, (1) comprehensive automobile liability insurance (covering any automobiles owned or operated by Tenant at the Building) issued on a form at least as broad as ISO Business Auto Coverage form CA 00 01 07 97 or other form providing equivalent coverage; (2) worker's compensation insurance or participation in a monopolistic state workers' compensation fund; and (3) employer's liability insurance or (in a monopolistic state) Stop Gap Liability insurance. Such automobile liability insurance shall be in an amount not less than Five Hundred Thousand Dollars (\$500,000) for each accident. Such worker's compensation insurance shall carry minimum limits as defined by the law of the jurisdiction in which the Premises are located (as the same may be amended from time to time). Such

employer's liability insurance shall be in an amount not less than Five Hundred Thousand Dollars (\$500,000) for each accident, Five Hundred Thousand Dollars (\$500,000) disease-policy limit, and Five Hundred Thousand Dollars (\$500,000) disease-each employee.

13.6 **REQUIREMENTS FOR TENANT'S INSURANCE.** All insurance required to be maintained by Tenant pursuant to this Lease shall be maintained with responsible companies that are admitted to do business, and are in good standing in The Commonwealth of Massachusetts and that have a rating of at least "A-" and are within a financial size category of not less than "Class VII" in the most current Best's Key Rating Guide or such similar rating as may be reasonably selected by Landlord if such Guide is no longer published (the "**Minimum Rating**"). Notwithstanding the foregoing, if Tenant has insurance with an insurance company that met the Minimum Rating when the insurance was placed, but such insurance company then ceases to meet the Minimum Rating, Landlord agrees to discuss with Tenant whether or not Landlord will require Tenant to place such insurance with an alternative insurance company which does meet the Minimum Rating, but the decision of whether or not to permit Tenant to continue to provide insurance required hereunder with an insurance company which does not meet the Minimum Rating shall be made by Landlord in its sole but good faith discretion. All such insurance shall: (1) be acceptable in form and content to Landlord; (2) be primary and noncontributory (including all primary and excess/umbrella policies); and (3) contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance, or change in coverage without the insurer first giving Landlord prior written notice as set forth in the Certificate of Insurance (by certified or registered mail, return receipt requested, or by fax or email) of such proposed action. No such policy shall contain any self-insured retention greater than One Hundred Thousand Dollars (\$100,000) for property insurance and Twenty-Five Thousand Dollars (\$25,000) for commercial general liability insurance. Any deductibles and such self-insured retentions shall be deemed to be "insurance" for purposes of the waiver in Section 13.13 below. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts of insurance based on such limits as are customarily carried with respect to similar properties in the area in which the Premises are located. The minimum amounts of insurance required by this Lease shall not be reduced by the payment of claims or for any other reason. In the event Tenant shall fail to obtain or maintain any insurance meeting the requirements of this Article, or to deliver such certificates as required by this Article, Landlord may, at its option, on five (5) business days' notice (or fourteen (14) business days' notice if there is an increase of insurance as set forth above) to Tenant, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) business days (or fourteen (14) business days if there is an increase of insurance as set forth above) after delivery to Tenant of bills therefor.

13.7 **ADDITIONAL INSUREDS.** To the fullest extent permitted by law, the commercial general liability and auto insurance carried by Tenant pursuant to this Lease, and any additional liability insurance carried by Tenant pursuant to Section 13.5 of this Lease or any other provision of this Lease, shall name Landlord, Landlord's managing agent, and such other persons as Landlord may reasonably request from time to time as additional insureds with respect to liability arising out of or related to this Lease or the operations of Tenant (collectively "**Additional Insureds**"). Such insurance shall provide primary coverage without contribution from any other insurance carried by or for the benefit of Landlord, Landlord's managing agent, or other Additional Insureds. Such insurance shall also waive any right of subrogation against each Additional Insured. For the avoidance of doubt, each primary policy and each excess/umbrella policy through which Tenant satisfies its obligations under this Section 13.7 must provide coverage to the Additional Insureds.

13.8 **CERTIFICATES OF INSURANCE.** On or before the earlier of (i) the date on which any Tenant Party first enters the Premises for any reason or (ii) the Commencement Date, Tenant

shall furnish Landlord with certificates evidencing the insurance coverage required by this Lease, and renewal certificates shall be furnished to Landlord at least annually thereafter, and at least thirty (30) days prior to the expiration date of each policy for which a certificate was furnished (acceptable forms of such certificates for liability and property insurance, respectively, as of the date hereof, are attached as Exhibit G, however, other forms of certificates may satisfy the requirements of this Section 13.8). Failure by Tenant to provide the certificates required by this Section 13.8 shall not be deemed to be a waiver of the requirements in this Section 13.8.

13.9 SUBTENANTS AND OTHER OCCUPANTS. Tenant shall require its subtenants and other occupants of the Premises to provide written documentation evidencing the obligation of such subtenant or other occupant to indemnify Landlord Parties to the same extent that Tenant is required to indemnify Landlord Parties pursuant to Section 13.1 above, and to maintain insurance that meets the requirements of this Article, and otherwise to comply with the requirements of this Article, provided that the terms of this Section 13.9 shall not relieve Tenant of any of its obligations to comply with the requirements of this Article. Tenant shall require all such subtenants and occupants to supply certificates of insurance evidencing that the insurance requirements of this Article have been met and shall forward such certificates to Landlord on or before the earlier of (i) the date on which the subtenant or other occupant or any of their respective direct or indirect partners, officers, shareholders, directors, members, trustees, beneficiaries, servants, employees, principals, contractors, licensees, agents, invitees or representatives first enters the Premises or (ii) the commencement of the sublease.

13.10 NO VIOLATION OF BUILDING POLICIES. If Landlord provides Tenant with the relevant portions of Landlord's fire, boiler, sprinkler, water damage or other insurance policies carried by Landlord, Tenant shall not commit or permit any violation of the policies of fire, boiler, sprinkler, water damage or other insurance covering the Development Area and/or the fixtures, equipment and property therein carried by Landlord, or do or permit anything to be done, or keep or permit anything to be kept, in the Premises, which in case of any of the foregoing (i) would result in termination of any such policies, (ii) would adversely affect Landlord's right of recovery under any of such policies, or (iii) would result in reputable and independent insurance companies refusing to insure the Development Area or the property of Landlord in amounts reasonably satisfactory to Landlord.

13.11 TENANT TO PAY PREMIUM INCREASES. If, because of anything done, caused or permitted to be done, or omitted by Tenant (or its subtenant or other occupants of the Premises), the rates for liability, fire, boiler, sprinkler, water damage or other insurance on the Development Area or on the property and equipment of Landlord or any other tenant or subtenant in the Building shall be higher than they otherwise would be, Tenant shall reimburse Landlord for the additional insurance premiums thereafter paid by Landlord which shall have been charged because of the aforesaid reasons, such reimbursement to be made from time to time on Landlord's demand.

13.12 LANDLORD'S INSURANCE.

(A) Required insurance. Landlord shall carry at all times during the Lease Term (i) commercial general liability insurance with respect to the Property in an amount not less than \$10,000,000.00 combined single limit per occurrence and, (ii) insurance against loss or damage with respect to the Building on an "all risk" type insurance form, with customary exceptions, subject to such deductibles and self-insured retentions as Landlord may determine, in an amount equal to at least the replacement value of the Building. Landlord shall also maintain such insurance with respect to any improvements, alterations, and fixtures of Tenant located at the Premises to the extent paid for by Landlord. Landlord shall also maintain such other commercially reasonable insurance as may from time

to time be required by any recognized institutional mortgagee holding a mortgage lien on the Building and/or Lot. The cost of such insurance shall be treated as a part of Operating Expenses for the Building. Such insurance shall be maintained with an insurance company selected by Landlord. Payment for losses thereunder shall be made solely to Landlord. All insurance required to be maintained by Landlord pursuant to this Lease shall be maintained with responsible companies that are admitted to do business, and are in good standing in The Commonwealth of Massachusetts and that have a rating of at least the Minimum Rating.

(B) Optional insurance. Landlord may maintain such additional insurance with respect to the Building and the Development Area, including, without limitation, earthquake insurance, terrorism insurance, flood insurance, liability insurance and/or rent insurance, as Landlord may reasonably determine which are consistent with those risks and/or endorsements then being insured against by other owners of first class office buildings in the Financial District, Back Bay and/or Kendall Square market areas, or which are then being required by recognized institutional mortgagees holding mortgages on first class office buildings in the Kendall Square market area, from time to time. The cost of all such additional insurance shall also be part of the Operating Expenses for the Building to the extent permitted by this Lease.

(C) Blanket and self-insurance. Any or all of Landlord's insurance may be provided by blanket coverage maintained by Landlord or any affiliate of Landlord under its insurance program for its portfolio of properties, or by Landlord or any affiliate of Landlord under a program of self-insurance, and in such event Operating Expenses for the Building shall include the portion of the reasonable cost of blanket insurance or self-insurance that is allocated to the Building to the extent permitted by this Lease. Any undertaking by Landlord to self-insure pursuant to this Section shall not relieve Landlord from any of Landlord's other obligations under this Lease, nor shall it serve to materially adversely affect Tenant. The rights and obligations of Tenant shall remain the same as if Landlord had obtained and maintained separate insurance from an independent institutional insurer of recognized responsibility for the coverages as provided herein, including the application of the waivers and releases in Section 13.13 hereof. Landlord shall be liable as a self-insurer for the same coverages and the same amount of insurance as would Landlord's insurer if Landlord maintained the insurance described in this Article.

(D) No obligation. Landlord shall not be obligated to insure, and shall not assume any liability of risk of loss for, Tenant's Property, including any such property or work of Tenant's subtenants or occupants. Landlord will also have no obligation to carry insurance against, nor be responsible for, any loss suffered by Tenant, subtenants or other occupants due to interruption of Tenant's or any subtenant's or occupant's business.

13.13 WAIVER OF SUBROGATION. To the fullest extent permitted by law, the parties hereto waive and release any and all rights of recovery against the other, and agree not to seek to recover from the other or to make any claim against the other, and in the case of Landlord, against all Tenant Parties, and in the case of Tenant, against all Landlord Parties, for any loss or damage incurred by the waiving/releasing party to the extent such loss or damage is insured under any property insurance policy that is required by this Lease or which would have been so insured had the party carried the insurance it was required to carry hereunder. Tenant shall obtain from its subtenants and other occupants of the Premises a similar waiver and release of claims against any or all of Tenant or Landlord. In addition, the parties hereto (and in the case of Tenant, its subtenants and other occupants of the Premises) shall procure an appropriate clause in, or endorsement on, any insurance policy required by this Lease pursuant to which the insurance company waives subrogation. The insurance policies required by this Lease shall contain no provision that would invalidate or restrict the parties' waiver and release of the

rights of recovery in this section. The parties hereto covenant that no insurer shall hold any right of subrogation against the parties hereto by virtue of such insurance policy.

13.14 TENANT'S WORK. During such times as Tenant is performing work or having work or services performed in or to the Premises, Tenant shall require its contractors, and their subcontractors of all tiers, to obtain and maintain commercial general liability, automobile, workers compensation, employer's liability, builder's risk, and equipment/property insurance in such amounts and on such terms as are customarily required of such contractors and subcontractors on similar projects. The amounts and terms of all such insurance are subject to Landlord's written approval, which approval shall not be unreasonably withheld. The commercial general liability and auto insurance carried by Tenant's contractors and their subcontractors of all tiers pursuant to this Section 13.14 shall name the Additional Insureds as additional insureds with respect to liability arising out of or related to their work or services. Such insurance shall provide primary coverage without contribution from any other insurance carried by or for the benefit of Landlord, Landlord's managing agent, or other Additional Insureds. Such insurance shall also waive any right of subrogation against each Additional Insured. Tenant shall obtain and submit to Landlord, prior to the earlier of (i) the entry onto the Premises by such contractors or subcontractors or (ii) commencement of the work or services, certificates of insurance evidencing compliance with the requirements of this Section 13.14.

13.15 LANDLORD'S INDEMNITY. Subject to the limitations of Section 16.24 hereof, to the maximum extent this agreement is effective according to law and to the extent not resulting from any negligent act or omission or willful misconduct of any Tenant Party, Landlord agrees to indemnify and save harmless Tenant from and against any claim arising from any accident, injury or damage to any person or to any property occurring in the Premises, or on the Lot or on the Common Areas of Parcel 3 of the Development Area from and after the date hereof and until the expiration or earlier termination of the Lease Term, to the extent such injury results from or is claimed to have resulted from the negligent act or omission or willful misconduct of Landlord or any of its agents, servants, employees or contractors. The foregoing indemnity and hold harmless agreement shall include indemnity for all costs, expenses and liabilities (including, without limitation, attorneys' fees and disbursements) incurred by Tenant Parties in connection with any such claim or any action or proceeding brought thereon, and the defense thereof. In addition, in the event that any action or proceeding shall be brought against one or more Tenant Parties by reason of any such claim, Landlord, upon request from such Tenant Party, shall resist and defend such action or proceeding on behalf of the Tenant Party by counsel appointed by Landlord's insurer (if such claim is covered by insurance without reservation) or otherwise by counsel reasonably satisfactory to such Tenant Party. Tenant Parties shall not be bound by any compromise or settlement of any such claim, action or proceeding without the prior written consent of such Tenant Parties.

13.16 TENANT'S SELF INSURANCE. At Tenant's option, for so long as (i) Akamai Technologies, Inc. is the Tenant under this Lease, (ii) no Event of Default (as defined in this Lease) then exists, and (iii) Tenant satisfies the Net Worth Requirement defined below, Tenant may maintain self-insured retentions larger than those permitted by Section 13.6 above and may self-insure for some or all of the insurance required by this Article. Any undertaking by Tenant to maintain larger self-insured retentions or to self-insure pursuant to this Section shall not relieve Tenant from any of Tenant's other obligations under this Article, nor shall it serve to adversely affect Landlord. The rights and obligations of Landlord shall remain the same as if Tenant had obtained and maintained separate insurance from an independent institutional insurer of recognized responsibility for the coverages as provided herein, including the application of the waivers and releases in Section 13.13 above. Tenant shall be liable as a self-insurer for the same coverages and the same amount of insurance as would Tenant's insurer if Tenant

maintained the insurance described in this Article. As used herein the term “**Net Worth Requirement**” shall mean that Tenant shall maintain a net worth of at least Five Hundred Million and 00/100 Dollars (\$500,000,000.00) in the equivalent of year 2016 dollars as calculated in accordance with generally accepted accounting principles consistently applied on a year-to-year basis. Tenant shall periodically demonstrate its compliance with the Net Worth Requirement, to Landlord’s satisfaction, upon request by Landlord.

ARTICLE 14
FIRE, CASUALTY AND TAKING

(A) In the event that Landlord shall fail to deliver Landlord’s Restoration Estimate within sixty (60) days after a Casualty, Tenant may deliver written notice to Landlord requesting Landlord’s Restoration Estimate, and Landlord shall respond to such request within ten (10) business days. If Landlord fails to deliver Landlord’s Restoration Estimate within the period required under the preceding sentence, Tenant may re-send such request to Landlord via registered or certified mail, return receipt requested, or recognized overnight delivery service, with the following statement in bold at the beginning of such request, “**WARNING: SECOND NOTICE. Failure to respond to this request within three (3) business days may lead to termination of the Lease**”. Should Landlord fail to respond to such second request within three (3) business days after receipt thereof, Tenant may elect to terminate the Lease in accordance with the terms and provisions of this Article XIV.

(B) If according to Landlord’s Restoration Estimate, such Casualty damage cannot, in the ordinary course, reasonably be expected to be repaired within two hundred seventy (270) days from the time that repair work would commence, either party may, at its election, terminate this Lease by notice given to the other within sixty (60) days after the date of Landlord’s Restoration Estimate or, if applicable, the expiration of three (3) business days following Tenant’s second (2nd) notice (given in accordance with the preceding paragraph) in the event Landlord does not timely respond to the same, specifying the effective date of termination. The effective date of termination specified by the terminating party shall not be less than sixty (60) days nor more than ninety (90) days after the date of notice of such termination.

(C) In case during the last eighteen (18) months of the Lease Term (as the same may have been extended), the Building or the Lot or access thereto are damaged by Casualty and such Casualty damage cannot, in the ordinary course, reasonably be expected to be repaired within one hundred twenty (120) days (and/or as to special work or work which requires long lead time then if such work cannot reasonably be expected to be repaired within such additional time as is reasonable under the circumstances given the nature of the work) from the time that repair work would commence, Tenant may, at its election, terminate this Lease by notice given to Landlord within sixty (60) days after the date of such Casualty, specifying the effective date of termination. The effective date of termination specified by Tenant shall be not less than thirty (30) days nor more than one hundred eighty (180) days after the date of notice of such termination.

(D) Unless terminated pursuant to the foregoing provisions, this Lease shall remain in full force and effect following any such damage subject, however, to the following provisions.

(E) If the Building or the Lot or access thereto or any part thereof is damaged by Casualty and this Lease is not terminated as specifically set forth herein, or Landlord has no right to terminate this Lease, and in either such case the holder of any mortgage which includes the Building as a part of the mortgaged premises or any ground lessor of any ground lease which includes the Building as part of the demised premises allows the net insurance proceeds to be applied to the restoration of the Building,

Landlord, promptly after such damage and the determination of the net amount of insurance proceeds available shall use due diligence to restore the Premises and the Building or the Lot or access thereto in the event of damage thereto (excluding Tenant's Property (as defined in Section 13.4 hereof)), except as expressly provided in the immediately following paragraph of this Section 14.1) into proper condition for use and occupation and a just proportion of the Annual Fixed Rent, the Operating Expenses Allocable to the Premises, Landlord's Tax Expenses Allocable to the Premises, Additional Rent for the parking privileges and utility charges payable to Landlord according to the nature and extent of the injury to the Premises, access thereto, or Tenant's parking privileges (i.e., to the extent Tenant does not actually use such parking privileges as the result of the Casualty) shall be abated from the date of Casualty until the Premises shall have been put by Landlord substantially into such condition. Notwithstanding the foregoing, Landlord shall not be obligated to expend for such repairs and restoration any amount in excess of the net insurance proceeds provided Landlord maintained all insurance required under Section 13.12 of this Lease, or if Landlord has failed to maintain such insurance under Section 13.12, then the amount of proceeds that would have been available. If such net insurance proceeds are not allowed by such mortgagee or ground lessor to be applied to, or are otherwise insufficient for, the restoration of the Building (and/or the Lot) and if Landlord does not otherwise elect to spend the additional funds necessary to fully restore the Building (and/or the Lot), then Landlord shall give notice ("**Landlord's Proceeds Notice**") to Tenant that Landlord does not elect to fund the amount of the insufficiency and Tenant shall thereafter have the right to terminate this Lease by providing Landlord with a notice of termination within thirty (30) days after Tenant's receipt of Landlord's Proceeds Notice (the effective date of which termination shall not be less than sixty (60) days after the date of such notice of such termination).

(F) Notwithstanding the foregoing, if Landlord is proceeding with the restoration of the Building or the Lot or access thereto and the Premises in accordance with the previous paragraph, Landlord shall also restore any alterations, additions or improvements within the Premises that are part of Tenant's Property (x) which have previously been approved by Landlord in accordance with the terms and provisions of this Lease or as to which approval is not required, and (y) with respect to which Tenant has carried "all risk" insurance covering the loss or damage in accordance with Section 13.4 above (or has elected to self-insure the same coverage pursuant to Section 13.16 above) and pays the proceeds of such insurance (or an amount equivalent thereto) to Landlord within thirty (30) days following Landlord's written request; provided, however, that in no event shall Landlord be required to fund any insufficiency in the insurance proceeds (or equivalent amount) provided by Tenant with respect to such loss or damage (or to fund any of the costs of restoration in the absence of any payment by Tenant) nor shall Landlord or Tenant have the right to terminate the Lease on account of such insufficiency.

(G) Where Landlord is obligated or otherwise elects to effect restoration of the Building or the Lot or access thereto, unless such restoration is completed within the Required Restoration Period, as hereinafter defined, such period to be subject, however, to extension where the delay in completion of such work is due to Force Majeure (but in no event beyond three (3) months from the end of the Required Restoration Period), Tenant, as its sole and exclusive remedy, shall have the right to terminate this Lease at any time after the expiration of such Required Restoration Period (as extended) until the restoration is substantially completed, such termination to take effect as of the thirtieth (30th) day after the date of receipt by Landlord of Tenant's notice, with the same force and effect as if such date were the date originally established as the expiration date hereof unless, within such thirty (30) day period such restoration is substantially completed, in which case Tenant's Notice of Termination shall be of no force and effect and this Lease and the Lease Term shall continue in full force and effect. The term "**Required Restoration Period**" shall mean the longer of (i) the length of time specified in Landlord's Restoration Estimate, or (ii) two hundred seventy (270) days, in either case measured from the earlier of (x) the date of Landlord's Restoration Estimate or (y) the sixtieth (60th) day following the date of the Casualty.

(H) Notwithstanding anything to the contrary contained herein, during any period in which (a) Landlord is, or is affiliated with, Boston Properties Limited Partnership (“**BPLP**”), (b) the 145 Broadway Landlord is affiliated with BPLP and (c) Akamai Technologies, Inc. is Tenant hereunder and under the 145 Broadway Lease (collectively, the “**Casualty Cross-Termination Conditions**”), if the 145 Broadway Lease is terminated by the 145 Broadway Landlord due to a Casualty (as defined in the 145 Broadway Lease), then Tenant shall have the right (“**Tenant’s Casualty Termination Right**”) to terminate this Lease by written notice (“**Tenant’s Casualty Termination Notice**”) given to Landlord within twenty-five (25) business days after the 145 Broadway Landlord’s notice of termination of the 145 Broadway Lease as aforesaid (the “**145 Broadway Casualty Termination Notice**”). So long as the Casualty Cross-Termination Conditions are met, Landlord will cause the 145 Broadway Landlord to include a reference to Tenant’s Casualty Termination Right under this Lease in the 145 Broadway Casualty Termination Notice. Tenant’s Casualty Termination Notice shall be effective as of a date certain specified by Tenant in Tenant’s Casualty Termination Notice, which date shall be not less than nine (9) months nor more than twenty-four (24) months after the effective date of the termination of the 145 Broadway Lease. Tenant’s Casualty Termination Right shall not be binding on (x) any lender that has taken possession (via foreclosure, deed in lieu of foreclosure, or other possessory interest granted by the mortgage) of the Premises or (y) any future owner of the Building that is not affiliated with Boston Properties Limited Partnership.

14.2 UNINSURED CASUALTY. Notwithstanding anything to the contrary contained in this Lease, if the Building or the Lot or access thereto or the Premises shall be substantially damaged by Casualty as the result of a risk not covered by Landlord’s self-insurance or the forms of casualty insurance at the time maintained or required to be maintained by Landlord and such Casualty damage cannot, in the ordinary course, reasonably be expected to be repaired within one hundred twenty (120) days from the time that repair work would commence, Landlord may, at its election, terminate the Lease Term by notice to Tenant given within thirty (30) days after such Casualty. If Landlord shall give such notice, then this Lease shall terminate one hundred twenty (120) days after the date of such notice with the same force and effect as if such date were the date originally established as the expiration date hereof. If Landlord does not timely terminate, then it shall restore in accordance with the provisions of this Article XIV.

14.3 RIGHTS OF TERMINATION FOR TAKING.

(A) Further, if so much of the Building or Lot or access thereto shall be so taken that continued operation of the Building would be uneconomic, Landlord shall have the right to terminate this Lease by giving notice to Tenant of Landlord’s desire to do so not later than thirty (30) days after Tenant has been deprived of possession of the Premises (or such portion thereof as may be taken). If Landlord shall give such notice, then this Lease shall terminate as of the date of such notice with the same force and effect as if such date were the date originally established as the expiration date hereof.

(B) Should any part of the Premises be so taken or condemned during the Lease Term hereof, and should this Lease not be terminated in accordance with the foregoing provisions, and the holder of any mortgage which includes the Premises as part of the mortgaged premises or any ground lessor of any ground lease which includes the Premises as part of the demised premises allows the net condemnation proceeds to be applied to the restoration of the Building, Landlord agrees that after the determination of the net amount of condemnation proceeds available to Landlord, Landlord shall use due diligence to put what may remain of the Premises into proper condition for use and occupation as nearly like the condition of the Premises prior to such taking as shall be practicable (excluding Tenant’s Property).

Notwithstanding the foregoing, Landlord shall not be obligated to expend for such repair and restoration any amount in excess of the net condemnation proceeds made available to it.

(C) If the Premises shall be affected by any Taking and neither Landlord nor Tenant shall terminate this Lease as provided above, then the Annual Fixed Rent, Operating Expenses Allocable to the Premises and Landlord's Tax Expenses Allocable to the Premises shall be justly and equitably abated and reduced according to the nature and extent of the loss of use thereof suffered by Tenant; and in case of a taking which permanently reduces the Rentable Floor Area of the Premises, a just proportion of the Annual Fixed Rent, Operating Expenses Allocable to the Premises and Landlord's Tax Expenses Allocable to the Premises shall be abated for the remainder of the Lease Term.

14.4 AWARD. Except as otherwise provided in this Section 14.4, Landlord shall have and hereby reserves and excepts, and Tenant hereby grants and assigns to Landlord, all rights to recover for damages to the Building, the Lot, and the leasehold interest hereby created, and compensation accrued or hereafter to accrue by reason of such Taking, and by way of confirming the foregoing, Tenant hereby grants and assigns, and covenants with Landlord to grant and assign to Landlord, all rights to such damages or compensation.

However, nothing contained herein shall be construed to prevent Tenant from prosecuting in any such proceedings a claim for its trade fixtures or Tenant's Property so taken or relocation, moving and other dislocation expenses, provided that such action shall not affect the amount of compensation otherwise recoverable by Landlord from the taking authority.

14.5 TIME OF THE ESSENCE. All time periods set forth in this Article XIV shall be of the essence.

ARTICLE 15 DEFAULT

(A) Tenant shall fail to pay any installment of the Annual Fixed Rent or any Additional Rent or any other monetary amount due under this Lease on or before the date on which the same becomes due and payable, and such failure continues for five (5) business days after notice thereof from Landlord to Tenant; or

(B) Landlord having rightfully given the notice specified in (A) above to Tenant twice in any Lease Year, Tenant shall fail thereafter in the same Lease Year to pay the Annual Fixed Rent or estimated monthly payments on account of Operating Expenses and real estate taxes on or before the date on which the same becomes due and payable; or

(C) Tenant shall assign its interest in this Lease or sublet any portion of the Premises in violation of the requirements of Article XII of this Lease and shall fail to cure the same within ten (10) days after notice thereof from Landlord to Tenant; or

(D) Tenant shall (i) fail to maintain general liability insurance or (ii) employ labor and contractors within the Premises which interfere with Landlord's work, in violation of Section 9.3, and such condition continues for five (5) business days after notice thereof from Landlord to Tenant; or

(E) Tenant shall fail to perform or observe any other requirement, term, covenant or condition of this Lease (not hereinabove in this Section 15.1 specifically referred to) on the part of Tenant

to be performed or observed and such failure shall continue for thirty (30) days after notice thereof from Landlord to Tenant, or if said default shall reasonably require longer than thirty (30) days to cure, if Tenant shall fail to commence to cure said default within thirty (30) days after notice thereof and/or fail to continuously prosecute the curing of the same to completion with due diligence; or

(F) The estate hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within thirty (30) days thereafter; or

(G) Tenant shall make an assignment or trust mortgage arrangement, so-called, of all or a substantial part of its property for the benefit of its creditors; or

(H) Tenant shall judicially be declared bankrupt or insolvent according to law; or

(I) a receiver, guardian, conservator, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of all or any substantial part of Tenant's property by a court of competent jurisdiction and such appointment shall not be vacated within thirty (30) days; or

(J) any petition shall be filed against Tenant in any court, whether or not pursuant to any statute of the United States or of any State, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceeding, and such proceedings shall not be fully and finally dismissed within ninety (90) days after the institution of the same; or

(K) Tenant shall file any petition in any court, whether or not pursuant to any statute of the United States or any State, in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceeding.

15.2 TERMINATION; RE-ENTRY. Upon the happening of any one or more of the aforementioned Events of Default (notwithstanding any license of a former breach of covenant or waiver of the benefit hereof or consent in a former instance), Landlord or Landlord's agents or servants may give to Tenant a notice (for the purposes of this Section 15.2 hereinafter called "**Notice of Termination**") terminating this Lease on a date specified in such Notice of Termination (which shall be not less than ten (10) days after the date of the mailing of such Notice of Termination), and this Lease and the Lease Term, as well as any and all of the right, title and interest of Tenant hereunder, shall wholly cease and expire on the date set forth in such Notice of Termination (Tenant hereby waiving any rights of redemption) in the same manner and with the same force and effect as if such date were the date originally specified herein for the expiration of the Lease Term, and Tenant shall then quit and surrender the Premises to Landlord.

15.3 CONTINUED LIABILITY; RE-LETTING. If this Lease is terminated, or in the event of the termination of this Lease by or under any proceeding or action or any provision of law by reason of an Event of Default hereunder on the part of Tenant, Tenant covenants and agrees to pay and be liable for, on the days originally fixed herein for the payment thereof, amounts equal to the several installments of Annual Fixed Rent, Additional Rent and other charges reserved as they would, under the terms of this Lease, become due if this Lease had not been terminated, as aforesaid, and whether the Premises be relet or remain vacant, in whole or in part, or for a period less than the remainder of the Lease Term, or for the whole thereof, but, in the event the Premises be relet by Landlord, Tenant shall be entitled to a credit in the net amount of rent and other charges received by Landlord in reletting, after deduction of all reasonable expenses incurred in reletting the Premises (including, without limitation, remodeling costs, brokerage fees and the like) in the following manner:

Amounts received by Landlord after reletting shall first be applied against such Landlord's expenses, until the same are recovered, and until such recovery, Tenant shall pay, as of each day when a payment would fall due under this Lease, the amount which Tenant is obligated to pay under the terms of this Lease (Tenant's liability prior to any such reletting and such recovery not in any way to be diminished as a result of the fact that such reletting might be for a rent higher than the rent provided for in this Lease); when and if such expenses have been completely recovered, the amounts received from reletting by Landlord as have not previously been applied shall be credited against Tenant's obligations as of each day when a payment would fall due under this Lease, and only the net amount thereof shall be payable by Tenant. Further, Tenant shall not be entitled to any credit of any kind for any period after the date when the Lease Term is scheduled to expire according to its terms.

Landlord agrees to use reasonable efforts to relet the Premises after Tenant vacates the Premises in the event that this Lease is terminated based upon a default by Tenant hereunder. Marketing of the Premises in a manner similar to the manner in which Landlord markets other premises within Landlord's control or the control of Landlord's affiliates in the Development Area shall be deemed to satisfy Landlord's obligations to use "reasonable efforts." In no event shall Landlord be required to (i) solicit or entertain negotiations with any other prospective tenant for the Premises until Landlord obtains full and unappealable legal right to relet the Premises free of any claim of Tenant, (ii) relet the Premises before leasing other vacant space in the Building, or (iii) lease the Premises for a rental less than the current fair market rental then prevailing for similar space in the Building or in the Development Area.

15.4 LIQUIDATED DAMAGES. Landlord may elect, as an alternative, to have Tenant pay liquidated damages, which election may be made by notice given to Tenant at any time after the termination of this Lease under Section 15.2, above, and whether or not Landlord shall have collected any damages as hereinbefore provided in this Article XV, and in lieu of all other such damages beyond the date of such notice. Upon such notice, Tenant shall promptly pay to Landlord, as liquidated damages, in addition to any damages collected or due from Tenant from any period prior to such notice, such a sum as at the time of such notice represents the amount of the excess, if any, of (a) the discounted present value, at a discount rate of 6%, of the Annual Fixed Rent, Additional Rent and other charges which would have been payable by Tenant under this Lease for the remainder of the Lease Term if the Lease terms had been fully complied with by Tenant, over and above (b) the discounted present value, at a discount rate of 6%, of the Annual Fixed Rent, Additional Rent and other charges that would be received by Landlord if the Premises were re-leased at the time of such notice for the remainder of the Lease Term at the fair market value (including provisions regarding periodic increases in Annual Fixed Rent if such are applicable) prevailing at the time of such notice.

For the purposes of this Article, if Landlord elects to require Tenant to pay liquidated damages in accordance with this Section 15.4, the total rent shall be computed by assuming Landlord's Tax Expenses Allocable to the Premises under Section 6.1 and the Operating Expenses Allocable to the Premises under Section 7.4 to be the same as were payable for the twelve (12) calendar months (or if less than twelve (12) calendar months have been elapsed since the date hereof, the partial year) immediately preceding such termination of re-entry.

Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceeds in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

15.5 WAIVER OF REDEMPTION. Tenant, for itself and any and all persons claiming through or under Tenant, including its creditors, upon the termination of this Lease and of the Lease Term in accordance with the terms hereof, or in the event of entry of judgment for the recovery of the possession of the Premises in any action or proceeding, or if Landlord shall enter the Premises by process of law, hereby waives any right of redemption provided or permitted by any statute, law or decision now or hereafter in force, and does hereby waive, surrender and give up all rights or privileges which it or they may or might have under and by reason of any present or future law or decision, to redeem the Premises or for a continuation of this Lease for the Lease Term hereby demised after having been dispossessed or ejected therefrom by process of law.

15.6 LANDLORD'S DEFAULT; TENANT'S SELF HELP.

(A) (1) For the purposes hereof, a "**Landlord Default**" shall be defined as any failure by Landlord to make any repairs or perform any act which, under the provisions of this Lease, Landlord has undertaken to make or perform, provided that:

- (i) Tenant has given notice to Landlord of Landlord's failure as aforesaid ("**Landlord's Failure Notice**"); and
- (ii) Landlord has failed to rectify the situation within the "Landlord Cure Period" (as hereinafter defined).

(2) For the purposes of this Section 15.6, the "**Landlord Cure Period**" shall be defined as follows:

(iii) In the event of an emergency threatening life or property or Tenant's interest in this Lease, three (3) days after receipt by Landlord of Landlord's Failure Notice (which such notice may be oral provided that written notification is subsequently provided) from Tenant.

(iv) In the event of any other failure by Landlord, thirty (30) days after receipt by Landlord of Landlord's Failure Notice from Tenant under subsection (B)(1)(i) above; provided, however, that if the item is of a nature that cannot reasonably be completed within said thirty (30) day period, such additional time as may be reasonably necessary (not to exceed one hundred twenty (120) days).

(B) If (x) Landlord fails to reimburse Tenant for the sums paid by Tenant within thirty (30) days of Tenant's demand therefor (such demand to include reasonable evidence of the costs so incurred by Tenant), and (y) either:

(i) Landlord has not, within ten (10) business days of its receipt of Landlord's Failure Notice, given written notice to Tenant objecting to such demand and submitted such dispute to arbitration in accordance with Section 16.32 below, or

(ii) Landlord has timely disputed Landlord's Failure Notice and Tenant obtains an arbitration award against Landlord which award becomes final and beyond appeal, and Landlord thereafter fails to pay Tenant the amount of such award within thirty (30) days after Tenant obtains such award,

then in either such case subject to the last sentence of this subsection (C), Tenant shall have the right to offset the amount of such sums demanded by Tenant against the Annual Fixed Rent and Additional Rent payable under this Lease until offset in full. Notwithstanding the foregoing, Tenant shall have no right to reduce any monthly installment of Annual Fixed Rent by more than ten percent (10%) of the amount of Annual Fixed Rent which would otherwise have been due and payable by Tenant to Landlord, unless the aggregate amount of such deductions over the remainder of the Lease Term (as the same may have been extended) will be insufficient to fully reimburse Tenant for the amount demanded by Tenant, in which event Tenant may effect such offset by making deductions from each monthly installment of Annual Fixed Rent in equal monthly amounts over the balance of the remainder of the Lease Term.

(C) It is understood and agreed that both parties shall have the right to submit any disputes under this Section 15.6 (including, without limitation, whether or not a Landlord Default did in fact occur and whether or not the expenses incurred by Tenant in curing the same were reasonable) to arbitration in accordance with Section 16.32 below.

ARTICLE 16
MISCELLANEOUS PROVISIONS

16.1 WAIVER. Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of the other, no matter how long the same may continue, shall never be a waiver by Landlord or Tenant, respectively, of any of its rights hereunder.

Further, no waiver at any time of any of the provisions hereof by Landlord or Tenant shall be construed as a waiver of any of the other provisions hereof, and a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions. The consent or approval of Landlord or Tenant to or of any action by the other requiring such consent or approval shall not be construed to waive or render unnecessary Landlord's or Tenant's consent or approval to or of any subsequent similar act by the other.

No payment by Tenant, or acceptance by Landlord, of a lesser amount than shall be due from Tenant to Landlord shall be treated otherwise than as a payment on account. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may have against Tenant. Further, the acceptance by Landlord of Annual Fixed Rent, Additional Rent or any other charges paid by Tenant under this Lease shall not be or be deemed to be a waiver by Landlord of any default by Tenant, whether or not Landlord knows of such default, except for such defaults as to which such payment relates.

16.2 CUMULATIVE REMEDIES. Except as expressly provided in this Lease, the specific remedies to which Landlord and Tenant may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress which they may be lawfully entitled to seek in case of any breach or threatened breach of any provisions of this Lease. In addition to the other remedies provided in this Lease, each party shall be entitled to the restraint by injunction of the violation of any of the covenants, conditions or provisions of this Lease or to seek specific performance of any such covenants, conditions or provisions, provided, however, that the foregoing shall not be construed as a confession of judgment by the other party.

16.3 QUIET ENJOYMENT. Landlord agrees that, upon Tenant's paying the Annual Fixed Rent, Additional Rent and other charges herein reserved, and performing and observing the covenants, conditions and agreements hereof upon the part of Tenant to be performed and observed, Tenant shall and may peaceably hold and enjoy the Premises, the Common Areas of Parcel 3 of the Development Area and the parking rights provided under Article X during the Lease Term (exclusive of any period during which Tenant is holding over after the termination or expiration of this Lease without the consent of Landlord), without interruption or disturbance from Landlord or persons claiming by, through or under Landlord, subject, however, to the terms of this Lease. This covenant shall be construed as running with the land to and against subsequent owners and successors in interest, and is not, nor shall it operate or be construed as, a personal covenant of Landlord, except to the extent of Landlord's interest in the Building and the Lot, and this covenant and any and all other covenants of Landlord contained in this Lease shall be binding upon Landlord and upon such subsequent owners and successors in interest of Landlord's interest under this Lease including ground or master lessees, to the extent of their respective interests, as and when they shall acquire same and then only for so long as they shall retain such interest.

16.4 SURRENDER.

(A) Upon the expiration or earlier termination of the Lease Term, Tenant shall surrender the Premises to Landlord in the condition as required by Sections 8.1 and 9.5, first removing all of Tenant's Property, Tenant's Supplemental Systems, Tenant's Generator and Tenant's Communications Equipment and completing such other removals as may be permitted or required pursuant to Section 9.5.

16.5 BROKERAGE. Landlord and Tenant each warrant and represent to the other that it has not dealt with any broker in connection with the consummation of this Lease other than the broker, person or firm designated in Section 1.2 hereof; and in the event any claim is made against either party relative to dealings by the other party with brokers other than the broker designated in Section 1.2 hereof, each party shall defend the claim against the other with counsel of the non-breaching party's selection and save harmless and indemnify the non-breaching party on account of loss, cost or damage which may arise by reason of such claim. The broker who represented the landlord in the lease between Tenant and an affiliate of Landlord at the property known as 90 Broadway, Cambridge, Massachusetts, Richards Barry Joyce & Partners, LLC, was not involved in the transaction evidenced by this Lease, and Landlord shall defend Tenant against any claim against Tenant by the aforesaid broker relative to any dealings by Landlord with aforesaid broker. Landlord agrees that it shall be solely responsible for the payment of brokerage commissions to the broker, person or firm designated in Section 1.2 hereof in connection with this Restated Lease.

16.6 INVALIDITY OF PARTICULAR PROVISIONS. With the exception of the provisions of Section 4.2 above regarding Landlord's obligation to provide Landlord's Contribution, if any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

16.7 PROVISIONS BINDING, ETC. The obligations of this Lease shall run with the land, and except as herein otherwise provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant and, if Landlord or Tenant shall be an individual, upon and to his heirs, executors, administrators, successors and assigns. The reference contained to successors and assigns of Tenant is not intended to constitute a consent to a

Transfer by Tenant, but has reference only to those instances in which Landlord may have later given consent to a particular Transfer as required by the provisions of Article XII hereof.

16.8 RECORDING. Each of Landlord and Tenant agree not to record the within Lease, but each party hereto agrees to execute and deliver, at the time of execution and delivery hereof, a so-called Notice of Lease or short form lease in form recordable and complying with applicable law and reasonably satisfactory to Landlord's and Tenant's attorneys. Said Notice of Lease may be recorded by Tenant, at Tenant's sole cost and expense, following the execution and delivery thereof. In no event shall any such document set forth the rent or other charges payable by Tenant under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease.

16.9 NOTICES AND TIME FOR ACTION. Whenever, by the terms of this Lease, notice shall or may be given either to Landlord or to Tenant, such notices shall be in writing and shall be sent by hand, registered or certified mail, or overnight or other commercial courier, postage or delivery charges, as the case may be, prepaid as follows:

If intended for Landlord, addressed to Landlord at the address set forth in Article I of this Lease (or to such other address or addresses as may from time to time hereafter be designated by Landlord by like notice, including to any mortgagee or ground lessor of whom Tenant has been given notice).

If intended for Tenant, addressed to Tenant at the address set forth in Article I of this Lease (or to such other address or addresses as may from time to time hereafter be designated by Tenant by like notice).

Except as otherwise provided herein, all such notices shall be effective when received; provided, that (i) if receipt is refused, notice shall be effective upon the first occasion that such receipt is refused, (ii) if the notice is unable to be delivered, notice shall be effective upon the date such delivery was first attempted between the hours of 8 a.m. and 6 p.m. on a business day, (iii) if the notice address is a post office box number, notice shall be effective the day after such notice is sent as provided hereinabove or (iv) if the notice is to a foreign address, notice shall be effective two (2) days after such notice is sent as provided hereinabove.

Where provision is made for the attention of an individual or department, the notice shall be effective only if the wrapper in which such notice is sent is addressed to the attention of such individual or department.

Any notice given by an attorney on behalf of Landlord or by Landlord's managing agent shall be considered as given by Landlord and shall be fully effective. Any notice given by an attorney on behalf of Tenant shall be considered as given by Tenant and shall be fully effective.

Time is of the essence with respect to any and all notices and periods for giving of notice or taking any action thereto under this Lease.

16.10 WHEN LEASE BECOMES BINDING. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Premises, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. All negotiations, considerations, representations and understandings

between Landlord and Tenant are incorporated herein and may be modified or altered only by written agreement between Landlord and Tenant.

16.11 PARAGRAPH HEADINGS. The paragraph headings throughout this instrument are for convenience of reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

16.12 RIGHTS OF MORTGAGEE. Landlord represents and warrants that there is no mortgage which encumbers the Property at the time of execution hereof. This Lease shall be subject and subordinate to any mortgage hereafter on the Lot or the Building, or both, and to all renewals, modifications, consolidations, replacements and extensions thereof and all substitutions therefor, provided that the holder of such mortgage agrees, by a written commercially reasonable instrument reasonably acceptable to Tenant in recordable form, to recognize this Lease and the right of Tenant to use and occupy the Premises and those portions of the Common Areas of Parcel 3 of the Development Area to which Tenant is granted rights under this Lease (Landlord further agreeing to use commercially reasonable best efforts to cause such holder to agree to be bound by the provisions of Article IV above regarding Landlord's obligation to provide Landlord's Contribution, provided that Landlord's failure to do so shall in no way affect the validity of this Section 16.12 so long as Landlord has used such commercially reasonable best efforts as aforesaid), without interruption or disturbance from such mortgagee or persons claiming by, through or under such mortgagee, upon the payment of rent and other charges payable by Tenant under this Lease and the performance by Tenant of Tenant's obligations hereunder. In confirmation of such subordination, recognition and non-disturbance, Tenant shall execute and deliver to Tenant such recordable instruments of subordination that are commercially reasonable as such mortgagee may reasonably request and as are reasonably acceptable to Tenant, subject to Tenant's receipt of such commercially reasonable instruments of recognition and non-disturbance from such mortgagee as Tenant may reasonably request. In the event that any mortgagee or its respective successor in title shall succeed to the interest of Landlord, then this Lease shall nevertheless continue in full force and effect and Tenant shall and does hereby agree to attorn to such mortgagee or successor and to recognize such mortgagee or successor as its landlord, provided that such mortgagee or successor gives written notice to Tenant in accordance with Section 16.9 and assumes all of Landlord's obligations hereunder from and after the date of such succession (subject to the terms of the aforesaid instruments of subordination, recognition and non-disturbance). Upon Tenant's receipt of such notice, Landlord and Tenant each acknowledge and agree that Tenant shall have no further liability to Landlord with respect to the time period from and after the date on which such mortgagee or successor in title shall succeed to Landlord's interest hereunder or the date of such notice, if later. If any holder of a mortgage which includes the Premises, executed and recorded prior to the Execution Date of this Lease, shall so elect, this Lease, and the rights of Tenant hereunder, shall be superior in right to the rights of such holder, with the same force and effect as if this Lease had been executed, delivered and recorded, or a statutory Notice of Lease hereof recorded, prior to the execution, delivery and recording of any such mortgage. The election of any such holder shall become effective upon either notice from such holder to Tenant in the same fashion as notices from Landlord to Tenant are to be given hereunder or by the recording in the appropriate registry or recorder's office of an instrument in which such holder subordinates its rights under such mortgage to this Lease.

16.13 RIGHTS OF GROUND LESSOR. If Landlord's interest in the Property (whether land only or land and buildings) which includes the Premises is acquired by another party and simultaneously leased back to Landlord herein, the holder of the ground lessor's interest in such lease shall enter into a commercially reasonable recognition and non-disturbance agreement with Tenant simultaneously with the sale and leaseback, wherein the ground lessor will agree to recognize this Lease and the right of Tenant to use and occupy the Premises for the Permitted Uses, the Common Areas of

Parcel 3 of the Development Area and the parking privileges provided to Tenant under Article X above, without interruption or disturbance from such ground lessor or persons claiming by, through or under such ground lessor, upon the payment of Annual Fixed Rent, Additional Rent and other charges payable by Tenant under this Lease and the performance by Tenant of Tenant's obligations hereunder, and wherein Tenant shall agree to attorn to such ground lessor as its Landlord and to perform and observe all of the tenant obligations hereunder, in the event such ground lessor succeeds to the interest of Landlord hereunder under such ground lease and assumes all of Landlord's obligations hereunder from and after the date of such succession.

16.14 NOTICE TO MORTGAGEE AND GROUND LESSOR. After receiving notice from any person, firm or other entity that it holds a mortgage which includes the Premises as part of the mortgaged premises, or that it is the ground lessor under a lease with Landlord as ground lessee, which includes the Premises as a part of the mortgaged premises, no notice from Tenant to Landlord shall be effective unless and until a copy of the same is given to such holder or ground lessor at the address as specified in said notice (as it may from time to time be changed). The curing of any of Landlord's defaults by such holder or ground lessor within a reasonable time after such notice (including a reasonable time to obtain possession of the Premises if the mortgagee or ground lessor elects to do so, provided that the overall cure period shall not exceed thirty (30) days after Landlord's cure period has elapsed or if such default is not reasonably susceptible of cure within such additional 30-day period, such longer period of time as may be reasonably necessary to effectuate a cure provided that the mortgagee or ground lessor commences to cure within such additional 30-day period and thereafter diligently prosecutes such cure to completion, but in no event to exceed an additional one hundred twenty (120) days after Landlord's cure period has elapsed) shall be treated as performance by Landlord. For the purposes of this Section 16.14, the term "mortgage" includes a mortgage on a leasehold interest of Landlord (but not one on Tenant's leasehold interest). Nothing contained herein shall be deemed to limit Tenant's rights under Section 15.6 above.

16.15 ASSIGNMENT OF RENTS. With reference to any assignment by Landlord of Landlord's interest in this Lease, or the rents payable hereunder, conditional in nature or otherwise, which assignment is made to the holder of a mortgage or ground lease on property which includes the Premises, Tenant agrees:

(A) That the execution thereof by Landlord, and the acceptance thereof by the holder of such mortgage, or the ground lessor, shall never be treated as an assumption by such holder or ground lessor of any of the obligations of Landlord hereunder, unless such holder, or ground lessor, shall, by notice sent to Tenant in accordance with Section 16.9 above, specifically otherwise elect or except as otherwise provided in subsection (B) below; and

(B) That, except as aforesaid, such holder or ground lessor shall be treated as having assumed Landlord's obligations hereunder only upon foreclosure of such holder's mortgage, the taking of possession by such holder or the acceptance of a deed in lieu of foreclosure, or, in the case of a ground lessor, the assumption of Landlord's position hereunder by such ground lessor. In no event shall the acquisition of title to the Building and the land on which the same is located by a purchaser which, simultaneously therewith, leases the entire Building or such land back to the seller thereof be treated as an assumption, by operation of law or otherwise, of Landlord's obligations hereunder, but Tenant shall look solely to such seller-lessee, and its successors from time to time in title, for performance of Landlord's obligations hereunder. In any such event, this Lease shall be subject and subordinate to the lease to such seller-lessee provided that such purchaser-lessor agrees to recognize this Lease and the right of Tenant to use and occupy the Premises, the Common Areas of Parcel 3 of the Development Area and the parking

privileges provided to Tenant under Article X above, without interruption or disturbance from such purchaser-lessor or persons claiming by, through or under such purchaser-lessor, upon the payment of Annual Fixed Rent, Additional Rent and all other charges payable by Tenant under this Lease and the performance by Tenant of Tenant's obligations under this Lease. For all purposes, such seller- lessee, and its successors in title, shall be the landlord hereunder unless and until Landlord's position shall have been assumed by such purchaser-lessor.

16.16 STATUS REPORT AND FINANCIAL STATEMENTS. Recognizing that each party may find it necessary to establish to third parties, such as accountants, banks, potential or existing mortgagees, potential purchasers or the like, the then current status of performance hereunder, either party on the request of the other made from time to time, but no more than twice in any calendar year, will within twenty (20) days after such request furnish to the requesting party (or in the case of Landlord, upon Landlord's written request, to any existing or potential holder of any mortgage encumbering the Premises, the Building and/or the Lot or any potential purchaser of the Premises, the Building and/or the Lot) (each an "**Interested Party**") a statement of the status of any matter pertaining to this Lease, including, without limitation, acknowledgments that (or the extent to which) each party is in compliance with its respective obligations under the terms of this Lease. In addition, if at any time Tenant is not a public company, Tenant shall deliver to Landlord, or any Interested Party designated by Landlord, financial statements of Tenant, and any guarantor of Tenant's obligations under this Lease, as reasonably requested by Landlord including, but not limited to, financial statements for the past three (3) years, provided that (i) in no event shall Landlord request such statements more often than one (1) time per calendar year and (ii) such statements shall be requested by Landlord only in connection with a sale or financing of the Building and/or the Lot. Any non-public financial statements shall be treated as confidential and may be disclosed only (a) as required by administrative, judicial or governmental order or decree, (b) to prospective purchasers and lenders (and their respective accounting, financial and legal advisors) subject to the aforesaid requirements of confidentiality, (c) as may be required by Legal Requirements, or (d) in connection with any litigation between parties. Any such status statement or financial statement delivered by either party pursuant to this Section 16.16 may be relied upon by any Interested Party.

16.17 LANDLORD'S SELF-HELP. If Tenant shall at any time after the Commencement Date fail to make any payment or perform any act which Tenant is obligated to make or perform under this Lease and (except in the case of emergency, which for the purposes hereof shall include without limitation any failure by Tenant to comply with applicable Legal Requirements in such a manner as to immediately jeopardize Landlord's interest in the Property) if the same continues unpaid or unperformed beyond applicable grace periods, then Landlord may, but shall not be obligated so to do, after thirty (30) days' written notice to and demand upon Tenant, or without notice to or demand upon Tenant in the case of any emergency, and without waiving, or releasing Tenant from, any obligations of Tenant in this Lease contained, make such payment or perform such act which Tenant is obligated to perform under this Lease in such manner and to such extent as may be reasonably necessary, and, in exercising any such rights, pay any reasonable costs and expenses, employ counsel and incur and pay reasonable attorneys' fees. All sums so paid by Landlord and all reasonable and necessary costs and expenses of Landlord incidental thereto, together with interest thereon at the annual rate equal to the sum of (a) the rate from time to time announced by Bank of America (or its successor) as its prime or base rate and (b) two percent (2%) (but in no event greater than the maximum rate permitted by applicable law), from the date of the making of such expenditures by Landlord, shall be deemed to be Additional Rent and, except as otherwise in this Lease expressly provided, shall be payable to Landlord within thirty (30) days after demand therefor, and if not paid within said period shall be added to any rent then due or thereafter becoming due under this Lease, and Tenant covenants to pay any such sum or sums with interest as aforesaid, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights

and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of Annual Fixed Rent. Landlord shall not be responsible to Tenant for any loss or damage that may accrue to Tenant's stock or business by reason of Landlord's exercise of the rights set forth in this Section 16.17 except to the extent directly caused by the negligent act or omission or willful misconduct of Landlord or any of its agents, servants, employers or contractors.

It is understood and agreed that both parties shall have the right to submit any disputes under this Section 16.17 (including, without limitation, whether or not a Tenant default has occurred and whether or not the expenses incurred by Landlord in curing the same were reasonable) to arbitration in accordance with Section 16.32 below.

16.18 **HOLDING OVER.** If Tenant fails to vacate the Premises at the end of the Lease Term, Tenant shall be treated as a tenant at sufferance and such tenancy shall be on the terms and conditions as set forth in this Lease, as far as applicable except that Tenant shall pay as a use and occupancy charge an amount equal to the greater of (x) the sum of (i) the Holdover Percentage, as hereinafter defined, of the Annual Fixed Rent and (ii) one hundred percent (100%) of the Additional Rent calculated (on a daily basis) at the rate payable under the terms of this Lease immediately prior to such holding over or (y) the fair market rental value of the Premises, in each case for the period measured from the day on which Tenant's hold-over commences and terminating on the day on which Tenant vacates the Premises. As used herein, the "**Holdover Percentage**" shall mean one hundred fifty percent (150%) for the first sixty (60) days of such holding over, and two hundred percent (200%) thereafter. In addition, Tenant shall save Landlord, its agents and employees harmless and will exonerate, defend and indemnify Landlord, its agents and employees from and against any and all damages which Landlord may suffer on account of Tenant's hold-over in the Premises after the expiration or prior termination of the Lease Term, provided, however, that in no event shall Tenant be liable for indirect or consequential damages suffered by Landlord on account of Tenant's holding over in the Premises during the first ninety (90) day period immediately following the expiration of the Lease Term (it being understood and agreed that Tenant shall be liable for any indirect or consequential damages suffered by Landlord on account of any holding over by Tenant from and after the ninety-first (91st) day immediately following the expiration of the Lease Term). Nothing in the foregoing nor any other term or provision of this Lease shall be deemed to permit Tenant to retain possession of the Premises or hold over in the Premises after the expiration or earlier termination of the Lease Term. All of Tenant's Property which remains in the Building or the Premises after the expiration or termination of this Lease or, if applicable, any holding over period, shall be conclusively deemed to be abandoned and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any part thereof shall be sold, then Landlord may receive the proceeds of such sale and apply the same, at its option against the expenses of the sale, the cost of moving and storage, any arrears of rent or other charges payable hereunder by Tenant to Landlord and any damages to which Landlord may be entitled under this Lease and at law and in equity.

16.19 **ENTRY BY LANDLORD.** Landlord, and its duly authorized representatives, shall, upon reasonable prior notice (except in the case of emergency, where no such notice shall be required), have the right to enter the Premises at all reasonable times (at any time in the case of emergency) for the purposes of inspecting the condition of same and making such repairs, alterations, additions or improvements thereto as may be necessary if Tenant fails to do so as required hereunder (but Landlord shall have no duty whatsoever to make any such inspections, repairs, alterations, additions or improvements except as otherwise provided in Sections 7.1 and 7.2 and Exhibit B), and to show the Premises to prospective tenants during the twenty-four (24) months preceding expiration of the Lease Term as it may have been extended and at any reasonable time during the Lease Term to show the

Premises to prospective purchasers and mortgagees. If Landlord's access to the Premises for any purposes permitted under this Lease requires Landlord to access or work in any controlled or restricted areas within the Premises, then, except in case of emergency, Landlord must be accompanied by a Tenant representative (Tenant hereby agreeing to make a representative available during mutually convenient times for such purposes). To the extent possible under the circumstances, Landlord shall schedule non-emergency access to and repairs and maintenance within the Premises outside of normal business hours. In connection with all repairs and maintenance performed by Landlord within the Premises pursuant to this Section 16.19, Landlord shall use commercially reasonable efforts to assure the safety of all persons affected thereby.

In the event Tenant sends a notice alleging an emergency with respect to the existence of a dangerous or unsafe condition, any requirements for prior notice or limitations on Landlord's access to the Premises contained in this Lease shall be deemed waived by Tenant so that Landlord may immediately exercise its rights under this Section 16.19 and Section 16.17 in such manner as Landlord deems necessary in its sole discretion to remedy such dangerous or unsafe condition.

Except in the event of an emergency, Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's operations and use and occupancy of the Premises in connection with the exercise of any of the foregoing rights under this Section 16.19, consistent with the nature of the activities being undertaken by Landlord hereunder. Landlord shall comply with all Legal Requirements in connection with the exercise of any of the foregoing rights.

16.20 TENANT'S PAYMENTS. Each and every payment and expenditure, other than Annual Fixed Rent, shall be deemed to be Additional Rent hereunder, whether or not the provisions requiring payment of such amounts specifically so state, and shall be payable, unless otherwise provided in this Lease, within thirty (30) days after written demand by Landlord, and in the case of the non-payment of any such amount, Landlord shall have, in addition to all of its other rights and remedies, all the rights and remedies available to Landlord hereunder or by law in the case of non-payment of Annual Fixed Rent. Unless expressly otherwise provided in this Lease, the performance and observance by Tenant of all the terms, covenants and conditions of this Lease to be performed and observed by Tenant shall be at Tenant's sole cost and expense. Notwithstanding anything in this Lease to the contrary, if Landlord or any affiliate of Landlord has elected to qualify as a real estate investment trust ("**REIT**"), any service required or permitted to be performed by Landlord pursuant to this Lease, the charge or cost of which may be treated as impermissible tenant service income under the laws governing a REIT, may be performed by a taxable REIT subsidiary that is affiliated with either Landlord or Landlord's property manager, an independent contractor of Landlord or Landlord's property manager (the "**Service Provider**"). If Tenant is subject to a charge under this Lease for any such service, then, at Landlord's direction, Tenant will pay such charge either to Landlord for further payment to the Service Provider or directly to the Service Provider, and, in either case, (i) Landlord will credit such payment against Additional Rent due from Tenant under this Lease for such service, and (ii) such payment to the Service Provider will not relieve Landlord from any obligation under the Lease concerning the provisions of such service.

16.21 LATE PAYMENT. If Landlord shall not have received any payment or installment of Annual Fixed Rent or estimated monthly payments on account of Operating Expenses and real estate taxes (the "**Outstanding Amount**") on or before the date on which the same first becomes payable under this Lease (the "**Due Date**"), the amount of such payment or installment shall incur a charge equal to (x) interest on the Outstanding Amount from the Due Date through and including the date such payment or installment is received by Landlord, at a rate equal to the lesser of (i) the rate announced

by Bank of America, N.A. (or its successor) from time to time as its prime or base rate (or if such rate is no longer available, a comparable rate reasonably selected by Landlord), plus two percent (2%), or (ii) the maximum applicable legal rate, if any, plus (y) if the Outstanding Amount is not paid within five (5) business days after the Due Date, a late charge equal to two percent (2%) of the Outstanding Amount for administration and bookkeeping costs associated with the late payment. Such late charge and interest shall be deemed Additional Rent and shall be paid by Tenant to Landlord within thirty (30) days after demand. Landlord agrees to waive the interest and the late charge due hereunder for the first two late payments by Tenant under this Lease per calendar year, provided that Landlord receives such payments from Tenant within ten (10) business days of the Due Date (provided further that if such payment is not received within the aforesaid ten (10) business day period, interest on the Outstanding Amount will accrue as of the original Due Date). Any other late payments during that same calendar year shall be subject to the imposition of interest and the late charge immediately following the Due Date as set forth above.

16.22 COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

16.23 ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior dealings between them with respect to such subject matter, and there are no verbal or collateral understandings, agreements, representations or warranties not expressly set forth in this Lease. No subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant, unless reduced to writing and signed by the party or parties to be charged therewith.

16.24 LIMITATION OF LIABILITY. Tenant shall neither assert nor seek to enforce any claim for breach of this Lease against any of Landlord's assets other than Landlord's interest in the Property (including rent and Casualty or Taking proceeds), and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease. Neither Landlord, nor any successor holder of Landlord's interest hereunder, nor any beneficiary of any trust of which any person from time to time holding Landlord's interest is trustee, nor any such trustee nor any member, manager, partner, director or stockholder, nor Landlord's managing agent, shall ever be personally liable for any such liability. This paragraph shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord or Landlord's successors-in-interest, or to take any other action which shall not involve the personal liability of Landlord, or of any successor holder of Landlord's interest hereunder, or of any beneficiary of any trust of which any person from time to time holding Landlord's interest is trustee, or of any such trustee, or of any manager, member, partner, director or stockholder of Landlord or Landlord's managing agent to respond in monetary damages from Landlord's assets other than Landlord's interest in said Property, as aforesaid, but in no event shall Tenant have the right to terminate or cancel this Lease or to withhold rent or to set-off any claim or damages against rent as a result of any default by Landlord or breach by Landlord of its covenants or any warranties or promises hereunder, except as otherwise expressly provided in this Lease or except in the case of a wrongful eviction of Tenant from the demised premises (constructive or actual) by Landlord continuing after notice to Landlord thereof and a reasonable opportunity for Landlord to cure the same. In no event shall Landlord or Landlord's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable to Tenant for any indirect or consequential damages or loss of profits or the like. Notwithstanding anything contained herein to the contrary, except for Landlord's right to recover damages in accordance with Section 16.18, in no event shall Tenant or Tenant's agents or employees (or any of the officers, trustees, directors, partners, beneficiaries, joint

venturers, members, stockholders or other principals or representatives and the like, disclosed or undisclosed, thereof) ever be liable to Landlord for any indirect or consequential damages or loss of profits or the like. In addition, in no event shall any officer, employee, trustee, director, partner, beneficiary, joint venturer, member, stockholder or other principal or representative and the like of Tenant, disclosed or undisclosed, ever be personally liable for any obligation of Tenant under this Lease. In the event that Landlord shall be determined to have acted unreasonably in withholding any consent or approval under this Lease, the sole recourse and remedy of Tenant in respect thereof shall be to specifically enforce Landlord's obligation to grant such consent or approval, and in no event shall Landlord be responsible for any damages of whatever nature in respect of its failure to give such consent or approval nor shall the same otherwise affect the obligations of Tenant under this Lease or act as any termination of this Lease.

16.25 NO PARTNERSHIP. The relationship of the parties hereto is that of landlord and tenant and no partnership, joint venture or participation is hereby created.

16.26 INTENTIONALLY OMITTED.

16.27 GOVERNING LAW. This Lease shall be governed exclusively by the provisions hereof and by the law of the Commonwealth of Massachusetts, as the same may from time to time exist.

16.28 TENANT'S SIGNAGE. Subject to the terms and conditions of this Section 16.29, Tenant shall have the exclusive right, at Tenant's expense, to maintain and/or erect signage on the exterior of the Building (collectively, the "**Façade Signs**"). Landlord hereby agrees that Tenant may have at least three (3) Façade Signs on the Building. One (1) such location shall be at the first (1st) floor of the Building in proximity to the entrance to the Premises. Two (2) locations shall be at or near the top of the Building. The locations of any additional Façade Signs, if any, shall be mutually agreed upon by Landlord and Tenant. The size and content of the Façade Signs shall be subject to Landlord's reasonable approval, Landlord hereby approving (i) the existing façade identification sign located at the top of the Building facing the intersection of Galileo Galilei Way and Broadway and (ii) the existing façade identification sign located at the top of the Building's main entrance facing Broadway (collectively, the "**Existing Façade Signs**"). Tenant shall install (if applicable), maintain, repair and replace the Façade Signs (including the Existing Façade Signs) in accordance with (a) the requirements of the Zoning Ordinance (if applicable) and any other applicable laws and (b) any permits and approvals applicable to the Façade Signs. Without limitation, Tenant shall obtain and maintain any required permits and approvals applicable to the Façade Signs and maintain the Façade Signs in good repair and condition, all at Tenant's sole cost and expense. In the event Tenant reduces the size of its Premises so that Tenant no longer leases from Landlord at least fifty-one percent (51%) of the Rentable Floor Area of the Building (inclusive of any permitted subleases under Article XII above), Tenant agrees that (x) it shall remove the Façade Signs (including the Existing Façade Signs) at Tenant's expense and (y) Landlord shall have the right to provide signage on the exterior of the Building to other tenants of the Building as Landlord deems appropriate in its sole discretion.

16.29 AUTHORITY OF PARTIES. Each of Landlord and Tenant hereby represents and warrants to the other parties that it has the full right, power and authority to enter into this Lease and to perform all of its respective obligations hereunder, and that the person(s) signing this Lease on its behalf has the requisite lawful authority to do so.

16.30 COMPLIANCE WITH LAWS.

(A) Landlord shall perform all of its obligations to maintain and operate the Property under this Lease in compliance with all applicable Legal Requirements.

The foregoing representations and warranties shall survive the expiration of this Lease for a period of one (1) year.

16.31 ARBITRATION. Wherever in this Lease provisions are made for submitting disputes to arbitration (with the exception of disputes under Section 12.4 hereof, which shall be subject to arbitration as set forth in Section 12.8 above), the same shall be submitted to arbitration in accordance with the provisions of applicable state law, as from time to time amended. Arbitration proceedings, including the selection of an arbitrator, shall be conducted pursuant to the rules, regulations and procedures from time to time in effect as promulgated by the American Arbitration Association. The matter shall be resolved by arbitration to be conducted in Boston or Cambridge, Massachusetts in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as then in effect, by a panel of three (3) arbitrators, with hearings conducted as expeditiously as practicable and with no undue delay, and in no event later than sixty (60) days after the date of demand. Prior written notice of application by either party for arbitration shall be given to the other at least ten (10) days before submission of the application to the said Association's office in Boston, Massachusetts. All of the arbitrators shall be arbitrators with at least fifteen (15) years of experience arbitrating or adjudicating the relevant type of dispute and claim. One arbitrator shall be selected and paid for by the first party to the dispute, one arbitrator shall be selected and paid for by the second party to the dispute, and the third arbitrator shall be selected by the first two arbitrators and be paid for equally by Landlord and Tenant. The determination of the arbitrators shall be made by majority vote, shall be final and binding on the parties to this Lease and may be enforced in any court of competent jurisdiction, and the parties consent to the jurisdiction of such court and further agree that any process or notice of motion or other application to the Court or a Judge thereof may be served outside the Commonwealth of Massachusetts by registered mail or by personal service, provided a reasonable time for appearance is allowed. The costs and expenses of each arbitration hereunder and their apportionment between the parties shall be determined by the arbitrator in his award or decision. Except where a specified period is referenced in this Lease, no arbitrable dispute shall be deemed to have arisen under this Lease prior to the expiration of the period of twenty (20) days after the date of the giving of written notice by the party asserting the existence of the dispute together with a description thereof sufficient for an understanding thereof. In connection with the foregoing, it is expressly understood and agreed that the parties shall continue to perform their respective obligations under this Lease during the pending of any such arbitration proceeding hereunder (with any adjustments or reallocations to be made on account of such continued performance as determined by the arbitrators in their award or decision).

16.32 ELECTRONIC SIGNATURES. The parties acknowledge and agree that this Lease may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, "electronic signature" shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

16.33 LEWIN PARK. So long as this Lease remains in effect, there shall be a Lewin Park (as defined below). Provided that BPLP or an affiliate of BPLP controls the open space dedicated and known as the Daniel M. Lewin Park ("**Lewin Park**") located on the parcel of land adjacent to, and southeast of, the Building as of the Execution Date of this Lease, then (i) BPLP and affiliates of BPLP shall not take any action to rename Lewin Park and (ii) Lewin Park shall exist in approximately the same location as of the Execution Date of this Lease as shown on Exhibit D-2 attached hereto or elsewhere in

Parcel 2 of the Development Area. For avoidance of doubt, if Lewin Park ceases to exist in approximately the same location as shown on Exhibit D-2, then a comparable Lewin Park shall be created or caused to be created by BPLP or its affiliates at their respective sole expense elsewhere in Parcel 2 of the Development Area. So long as this Lease remains in effect, Landlord shall maintain Lewin Park, or shall cause Lewin Park to be maintained, in a manner commensurate with other parks and open space then maintained by landlords of first-class buildings in the Development Area.

16.34 TRANSPORTATION PROGRAM. Tenant acknowledges that (i) the 145 Garage and the Yellow Garage are each subject to a Parking and Transportation Demand Management Plan (collectively, the “**PTDM Plans**”) and (ii) Landlord has provided a copy of both such PTDM Plans to Tenant as of the Execution Date. Landlord shall comply with the conditions and controls of the PTDM Plans, and compliance with the PTDM Plans shall in no way constitute a failure of Landlord to satisfy its obligations under Article X of this Lease. Tenant shall comply with the conditions and controls of the PTDM Plans applicable to parking users of the 145 Garage and the Yellow Garage, as applicable.

16.35 SECURITY DEPOSIT. The parties acknowledge that Landlord is holding a security deposit in the amount of \$1,413,306.80 and in the form of letter of credit (the “**Existing Letter of Credit**”) in accordance with Section 16.26 of the Existing 150 Lease. Provided that Tenant is not in default of any of its monetary or material non-monetary obligations under the Existing 150 Lease on the Commencement Date hereof, Landlord shall return the Existing Letter of Credit, or so much thereof as shall not have theretofore been applied in accordance with the terms of Section 16.26 of the Existing 150 Lease, to Tenant within thirty (30) days after the Commencement Date.

[remainder of page intentionally left blank]

EXECUTED as a sealed instrument in two or more counterparts by persons or officers hereunto duly authorized on the Date set forth in Section 1.2 above.

WITNESSES:

/s/ Elaine Tveekrem
Elaine Tveekrem

WITNESS:

/s/ Lauren Silvia
Lauren Silvia

LANDLORD:

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc.,
its general partner

By: /s/ Michael A. Cantalupa
Name: Michael A. Cantalupa
Title: Senior Vice President-Development
HEREUNTO DULY AUTHORIZED

TENANT:

AKAMAI TECHNOLOGIES, INC.,
a Delaware corporation

By: /s/ Erica J. Chapman
Name: Erica J. Chapman
Title: Vice President of Global Real Estate & Workplace Productivity
HEREUNTO DULY AUTHORIZED

SCHEDULE 1

ANNUAL FIXED RENT

Note: Prior to the Restatement Effective Date, Annual Fixed Rent shall be payable as set forth in the Existing 150 Lease.

<u>Lease Year</u> [^]	<u>Annual Fixed Rent</u>	<u>Monthly Payment</u>	<u>Per Rentable Square Foot</u>
January 1, 2020 – December 31, 2020	\$11,253,851.00	\$937,820.92	\$63.50
January 1, 2021 – December 31, 2021	\$11,431,077.00	\$952,589.75	\$64.50
January 1, 2022 – December 31, 2022	\$11,608,303.00	\$967,358.58	\$65.50
January 1, 2023 – December 31, 2023	\$11,785,529.00	\$982,127.42	\$66.50
January 1, 2024 – December 31, 2024	\$11,962,755.00	\$996,896.25	\$67.50
January 1, 2025 – December 31, 2025	\$12,139,981.00	\$1,011,665.08	\$68.50
January 1, 2026 – December 31, 2026	\$12,317,207.00	\$1,026,433.92	\$69.50
January 1, 2027 – December 31, 2027	\$12,494,433.00	\$1,041,202.75	\$70.50
January 1, 2028 – December 31, 2028	\$12,671,659.00	\$1,055,971.58	\$71.50
January 1, 2029 – December 31, 2029	\$12,848,885.00	\$1,070,740.42	\$72.50
January 1, 2030 – December 31, 2030	\$13,026,111.00	\$1,085,509.25	\$73.50
January 1, 2031 – December 31, 2031	\$13,203,337.00	\$1,100,278.08	\$74.50
January 1, 2032 – December 31, 2032	\$13,380,563.00	\$1,115,046.92	\$75.50
January 1, 2033 – December 31, 2033	\$13,557,789.00	\$1,129,815.75	\$76.50
January 1, 2034 – December 31, 2034	\$13,735,015.00	\$1,144,584.58	\$77.50
January 1, 2035 – December 31, 2035	\$13,912,241.00*	\$1,159,353.42*	\$78.50*
January 1, 2036 – December 31, 2036	\$14,089,467.00*	\$1,174,122.25*	\$79.50*
January 1, 2037 – December 31, 2037	\$14,266,693.00*	\$1,188,891.08*	\$80.50*
January 1, 2038 – December 31, 2038	\$14,443,919.00*	\$1,203,659.92*	\$81.50*
January 1, 2039 – December 31, 2039	\$14,621,145.00*	\$1,218,428.75*	\$82.50*

[Schedule 1]

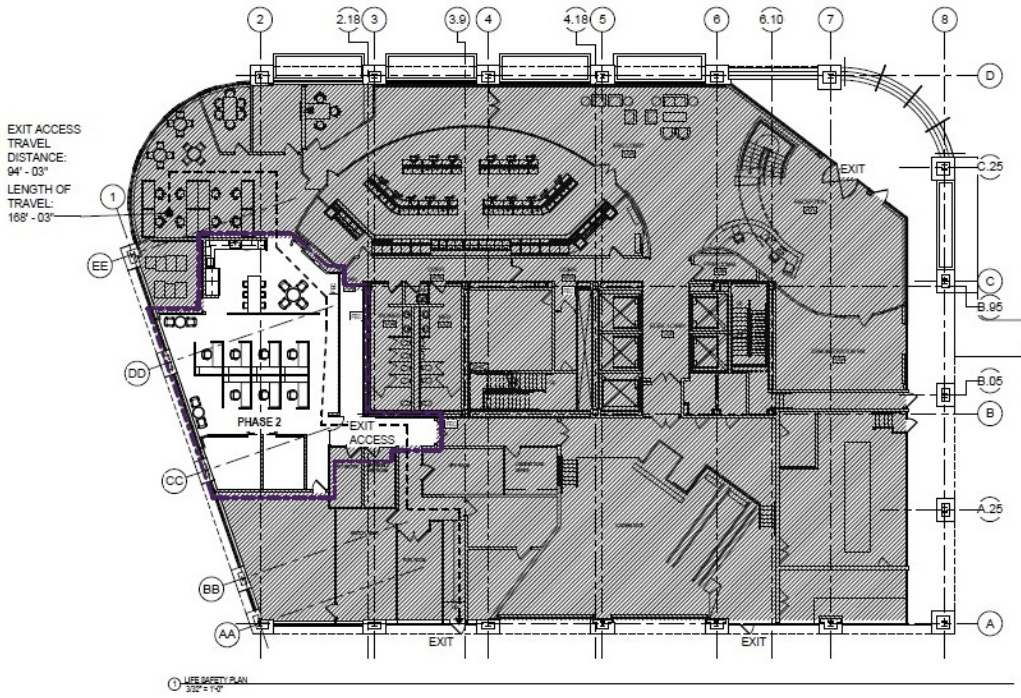
^ Note: Commencement Date not yet determined; Annual Fixed Rent will begin on the Commencement Date at the Per Rentable Square Foot rate noted above for the period in which the Commencement Date occurs, and will end on the Expiration Date.

* Rental rates only applicable to the extent that the applicable time period occurs during the Original Lease Term. See Section 3.2 for determination of Annual Fixed Rent rental rate during the Extended Term (if applicable).

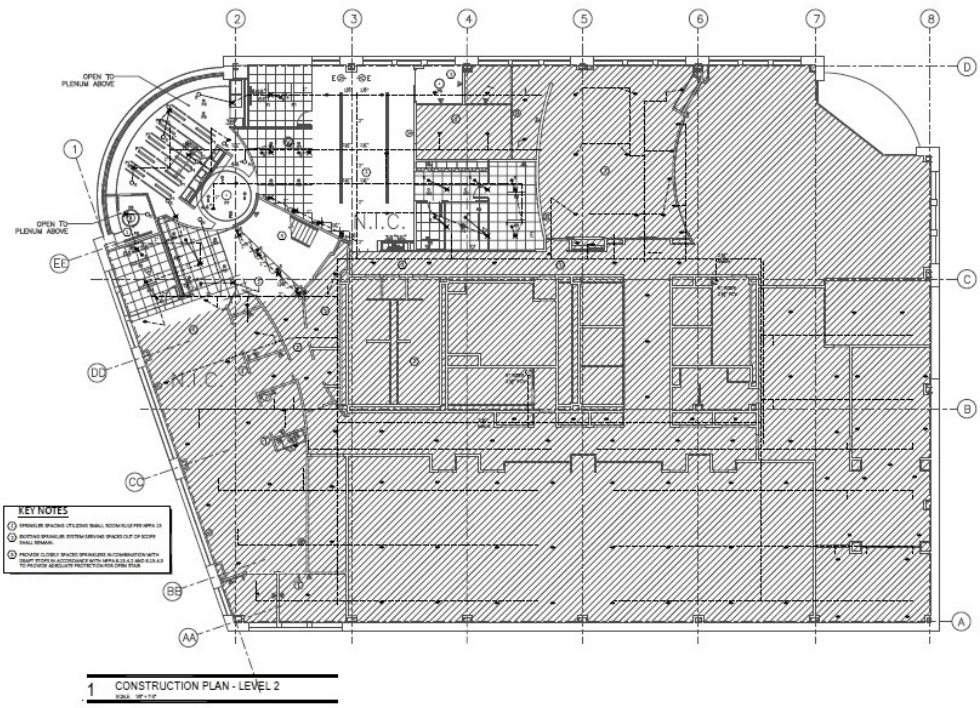
[Schedule 1]

EXHIBIT A-1

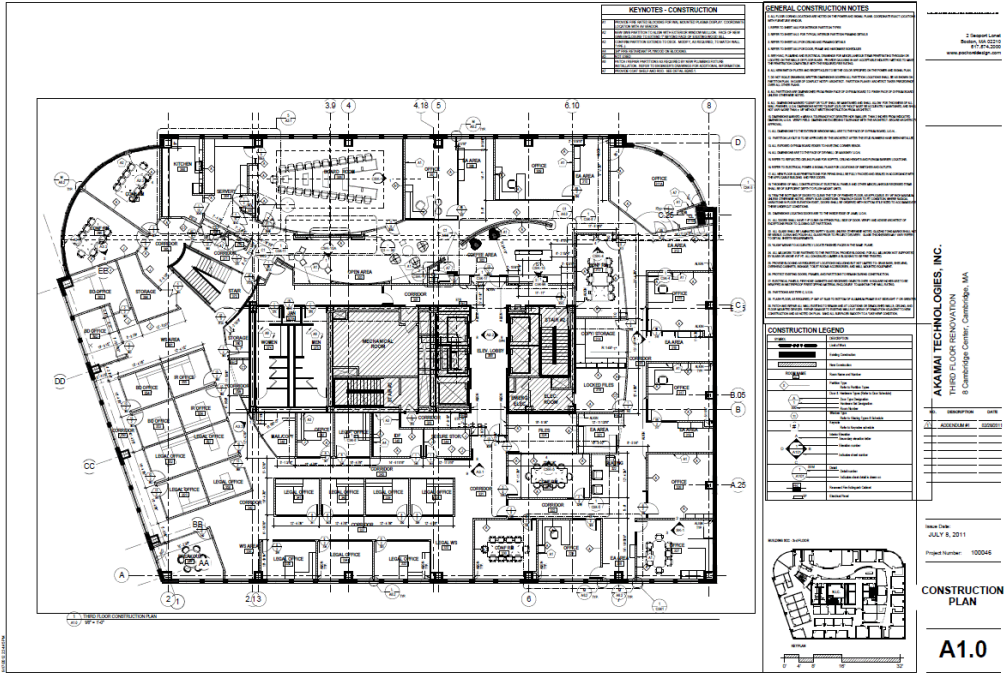
PLAN OF PREMISES



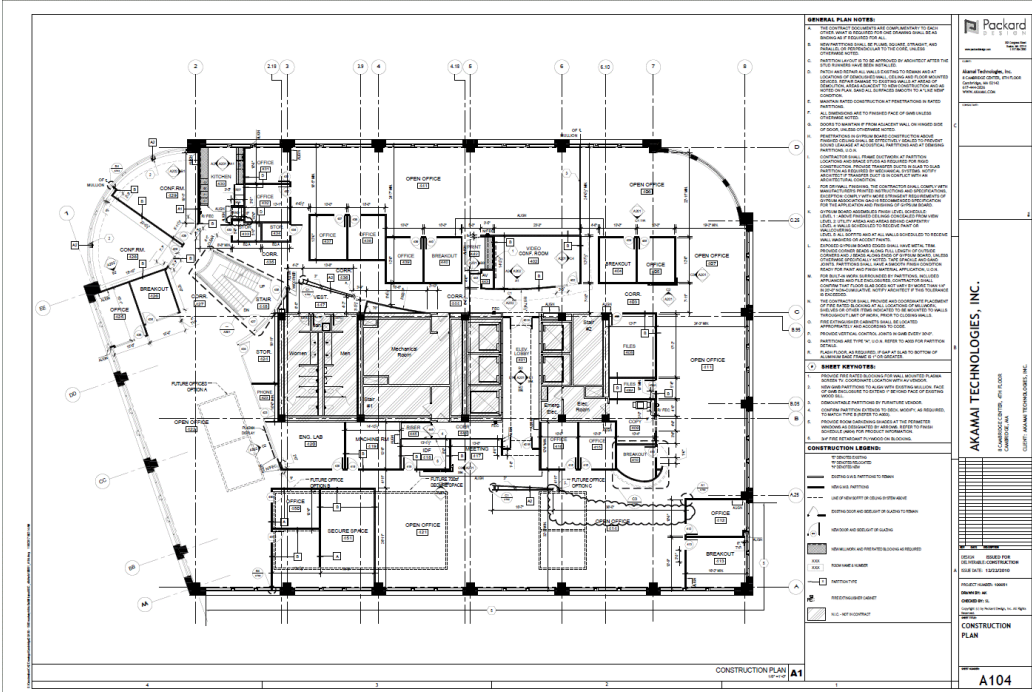
[Exhibit A-1]



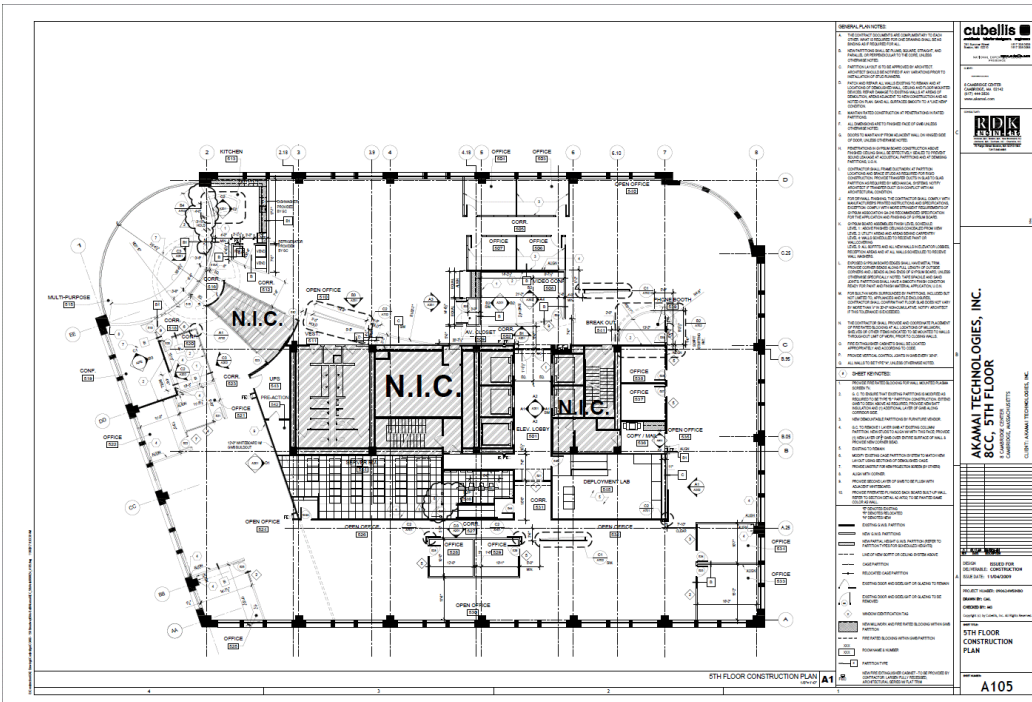
[Exhibit A-1]



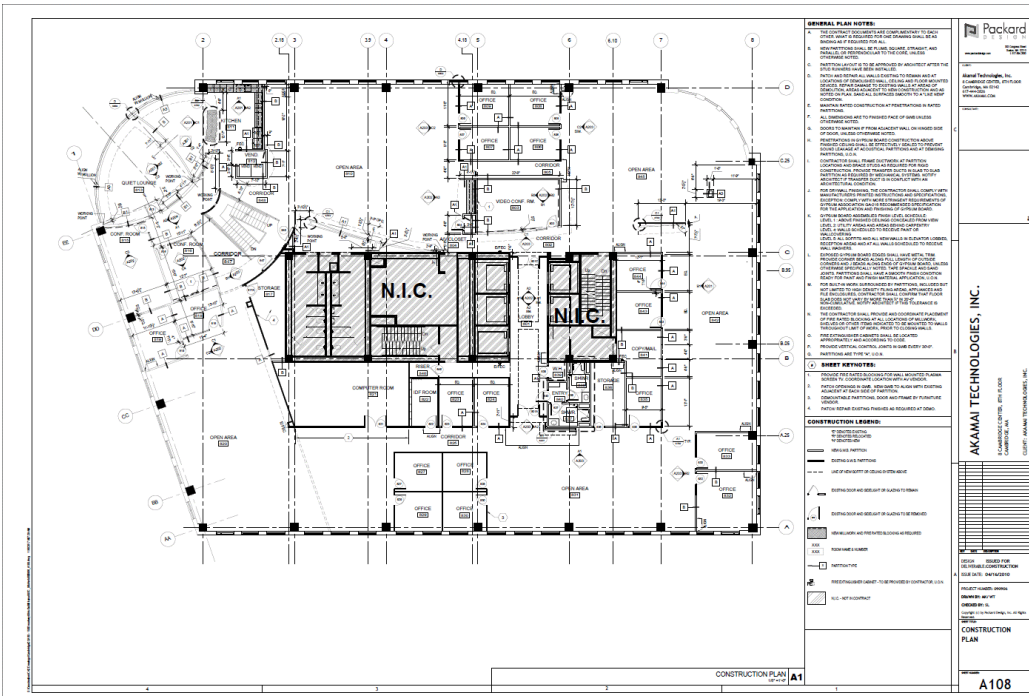
[Exhibit A-1]



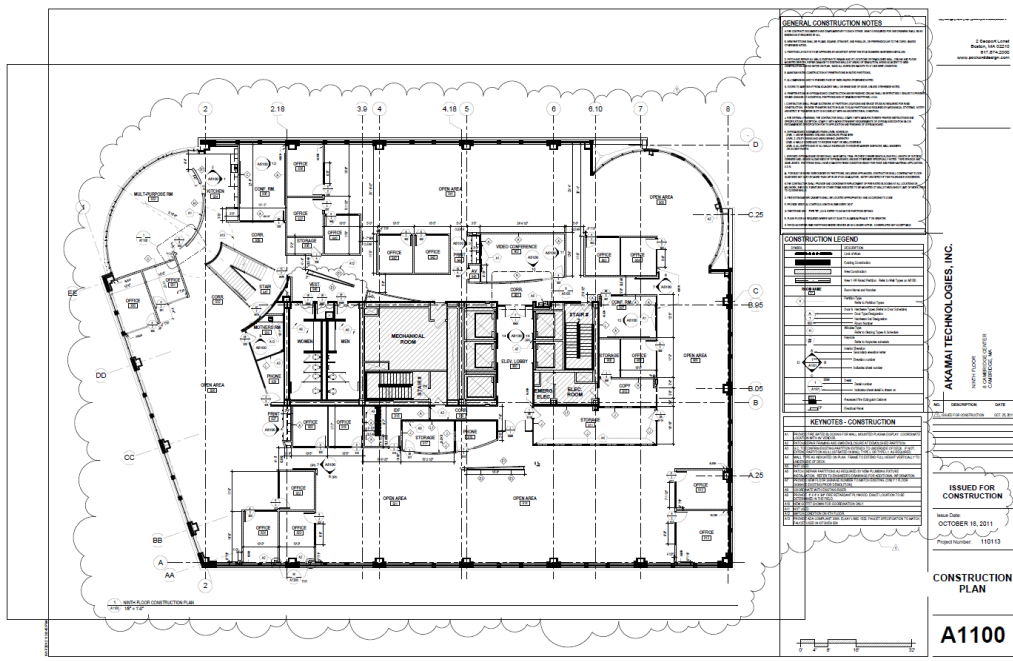
[Exhibit A-1]



[Exhibit A-1]



[Exhibit A-1]



[Exhibit A-1]

EXHIBIT A-2

DESCRIPTION OF THE LOT

Beginning at a point at the Southerly line of Broadway, said point of beginning being the point of tangency of the curve at the intersection of Broadway and the Western Connector; thence

S 60°30'18" E by Broadway a distance of one hundred eighty-four and ninety-eight hundredths feet (184.98') to a point; thence

S 29°29'42" W by Tract IV B a distance of one hundred fifty-one and thirty-five hundredths feet (151.35') to a point; thence

N 60°30'18" W by Parcel B a distance of one hundred eighty-two and fifty hundredths feet (182.50') to a point at the Easterly sideline of the Western Connector; thence

N 10°46'14" E by the Western Connector a distance of one hundred ten and ninety-nine hundredths feet (110.99') to a point of curvature; thence

Easterly and curving to the right along the arc of a curve having a radius of thirty-five and no hundredths feet (35.00') and a length of sixty-six and forty-two hundredths feet (66.42') to the point of beginning.

The above described parcel contains an area of 30,958 square feet, more or less, and is shown as Tract IV A on a plan entitled "Property Line Plan, Tract IVA & IVB of Parcel 3, Cambridge, MA," scale: 1" = 40', dated January 9, 1998, as prepared by Allen & Major Associates, Inc., 400 West Cummings Park, Suite 5050, Woburn, MA 01801, recorded with the Middlesex South District Registry of Deeds on March 12, 1998, as Plan #262 of 1998, in Book 28297, Page 276.

[Exhibit A-2]

EXHIBIT A-3

PLAN OF LOT

[Exhibit A-3]

EXHIBIT B

LANDLORD SERVICES

I. CLEANING

Cleaning and janitorial services shall be provided Monday through Friday, after the HVAC Hours (as defined below), exclusive of holidays observed by the cleaning company and Saturdays and Sundays.

A. OFFICE AREAS

Cleaning and janitorial services to be provided in the office areas shall include:

1. Vacuuming, damp mopping of resilient floors and trash removal.
2. Dusting of horizontal surfaces within normal reach (tenant equipment to remain in place).
3. High dusting and dusting of vertical blinds to be rendered as needed.
4. Cleaning of interior windows as needed.

B. LAVATORIES

Cleaning and janitorial services to be provided in the common area lavatories of the building shall include:

1. Dusting, damp mopping of resilient floors, trash removal, sanitizing of basins, bowls and urinals as well as cleaning of mirrors and bright work.
2. Refilling of soap, towel, tissue and sanitary dispensers to be rendered as necessary.
3. High dusting to be rendered as needed.

C. MAIN LOBBIES, ELEVATORS, STAIRWELLS, COMMON CORRIDORS, AND LOADING DOCK

Cleaning and janitorial services to be provided in the common areas of the building shall include:

1. Trash removal, vacuuming, dusting and damp mopping of resilient floors and cleaning and sanitizing of water fountains.
2. High dusting to be rendered as needed.

[Exhibit B]

In addition, Landlord shall be responsible for breakdown of cardboard and single stream materials in the loading dock area.

D. WINDOW CLEANING

All exterior windows shall be washed on the inside and outside surfaces at a frequency necessary to maintain a first class appearance.

II. HVAC

- A. Heating, ventilating and air conditioning equipment will be provided with sufficient capacity to accommodate a maximum population density of one (1) person per one hundred fifty (150) square feet of useable floor area served, and a combined lighting and standard electrical load of 3.0 watts per square foot of useable floor area. In the event Tenant introduces into the Premises personnel or equipment which overloads the system's ability to adequately perform its proper functions, Landlord shall so notify Tenant in writing and supplementary system(s) may be required and installed by Landlord at Tenant's expense, if within fifteen (15) days Tenant has not modified its use so as not to cause such overload.

Operating criteria of the basic system shall not be less than the following:

- (i) Cooling season indoor temperatures of not in excess of 73 - 79 degrees Fahrenheit when outdoor temperatures are 91 degrees Fahrenheit ambient.
- (ii) Heating season minimum room temperature of 68 - 75 degrees Fahrenheit when outdoor temperatures are 6 degrees Fahrenheit ambient.

- B. Landlord shall provide heating, ventilating and air conditioning as normal seasonal changes may require during the hours of 8:00 a.m. to 6:00 p.m., Monday through Friday (legal holidays in all cases excepted) (the "**HVAC Hours**").

If Tenant shall require air conditioning (during the air conditioning season) or heating or ventilating during any other time period, Landlord shall use landlord's best efforts to furnish such services for the area or areas specified by written request of Tenant delivered to the Building Superintendent or the Landlord before 3:00 p.m. of the business day preceding the extra usage. Landlord shall charge Tenant for such extra-hours usage at reasonable rates customary for first-class office buildings in the East Cambridge/Kendall Square market, and Tenant shall pay Landlord, as Additional Rent, upon receipt of billing therefor.

III. ELECTRICAL SERVICES

- A. Landlord shall provide electric power for a combined load of 7.0 watts per square foot of usable area for lighting and for office machines through standard receptacles for the typical office space.

[Exhibit B]

- B. In the event that Tenant has special equipment (such as computers and reproduction equipment) that requires either 3-phase electric power or any voltage other than 120 volts, or for any other usage, Landlord may at its option require the installation of separate metering (Tenant being solely responsible for the costs of any such separate meter and the installation thereof) and direct billing to Tenant for the electric power required for any such special equipment.
- C. Landlord will furnish and install, at Tenant's expense, all replacement lighting tubes, lamps and ballasts required by Tenant. Landlord will clean lighting fixtures on a regularly scheduled basis at Tenant's expense.

IV. ELEVATORS

Provide passenger and freight elevator service.

V. WATER

Provide tempered water for lavatory purposes and cold water for drinking, lavatory and toilet purposes.

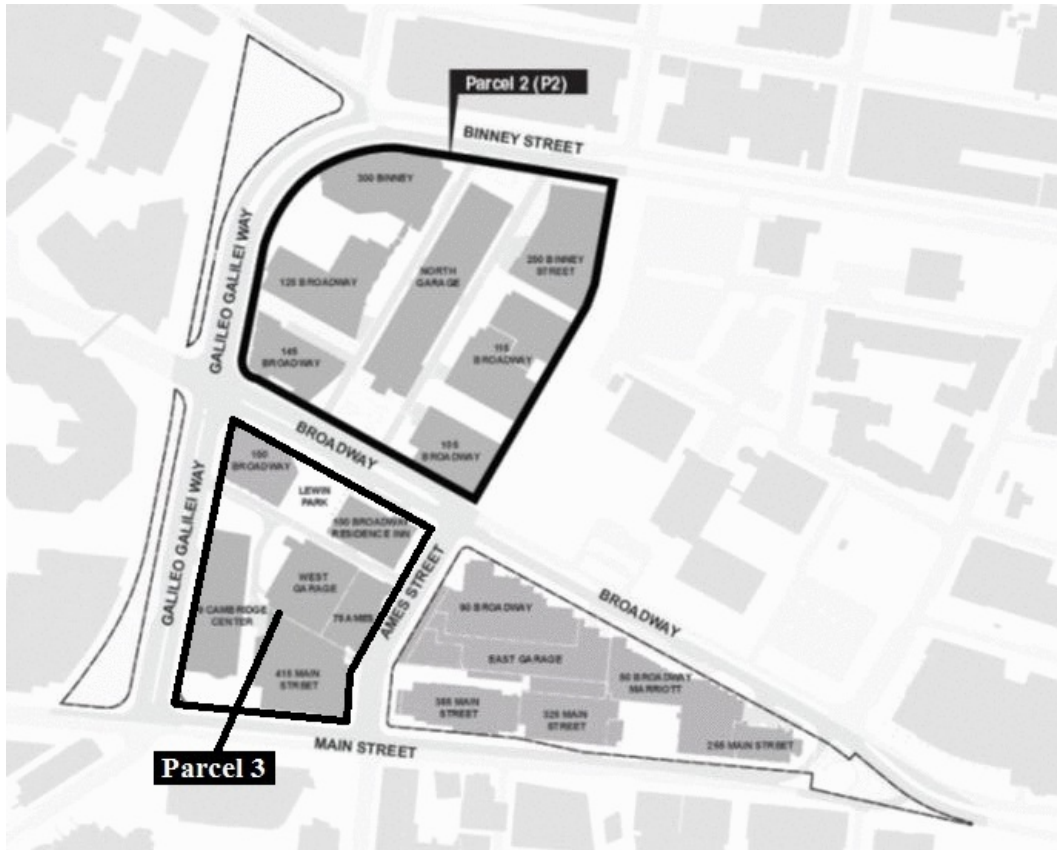
VI. CARD ACCESS SYSTEM

Landlord will provide a card access system at the two (2) existing locations at the ground floor entrances to the Building. If Landlord modifies or replaces such card access system, any such modified or replacement system must be compatible with Tenant's card access system.

[Exhibit B]

EXHIBIT C

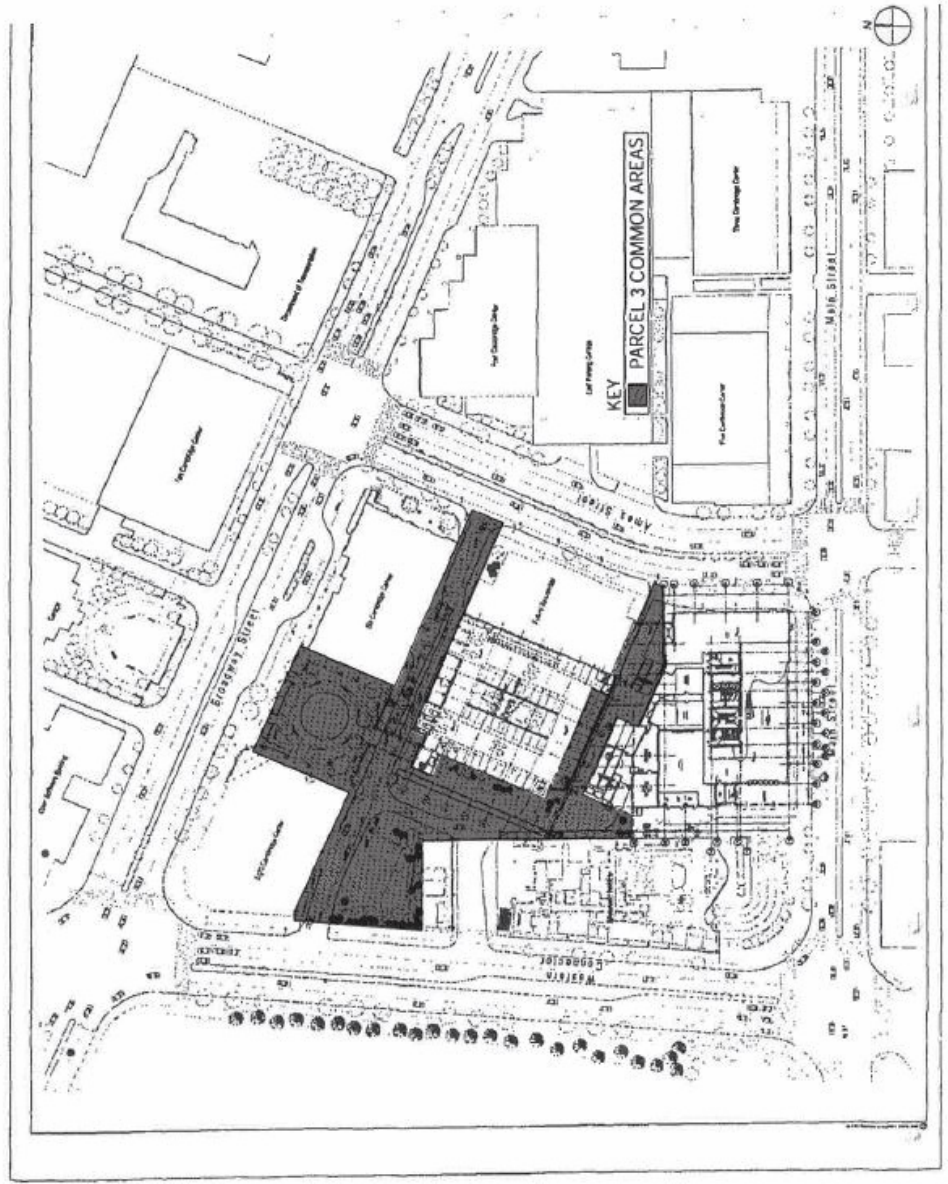
DEVELOPMENT AREA MAP



[Exhibit C]

EXHIBIT D-1

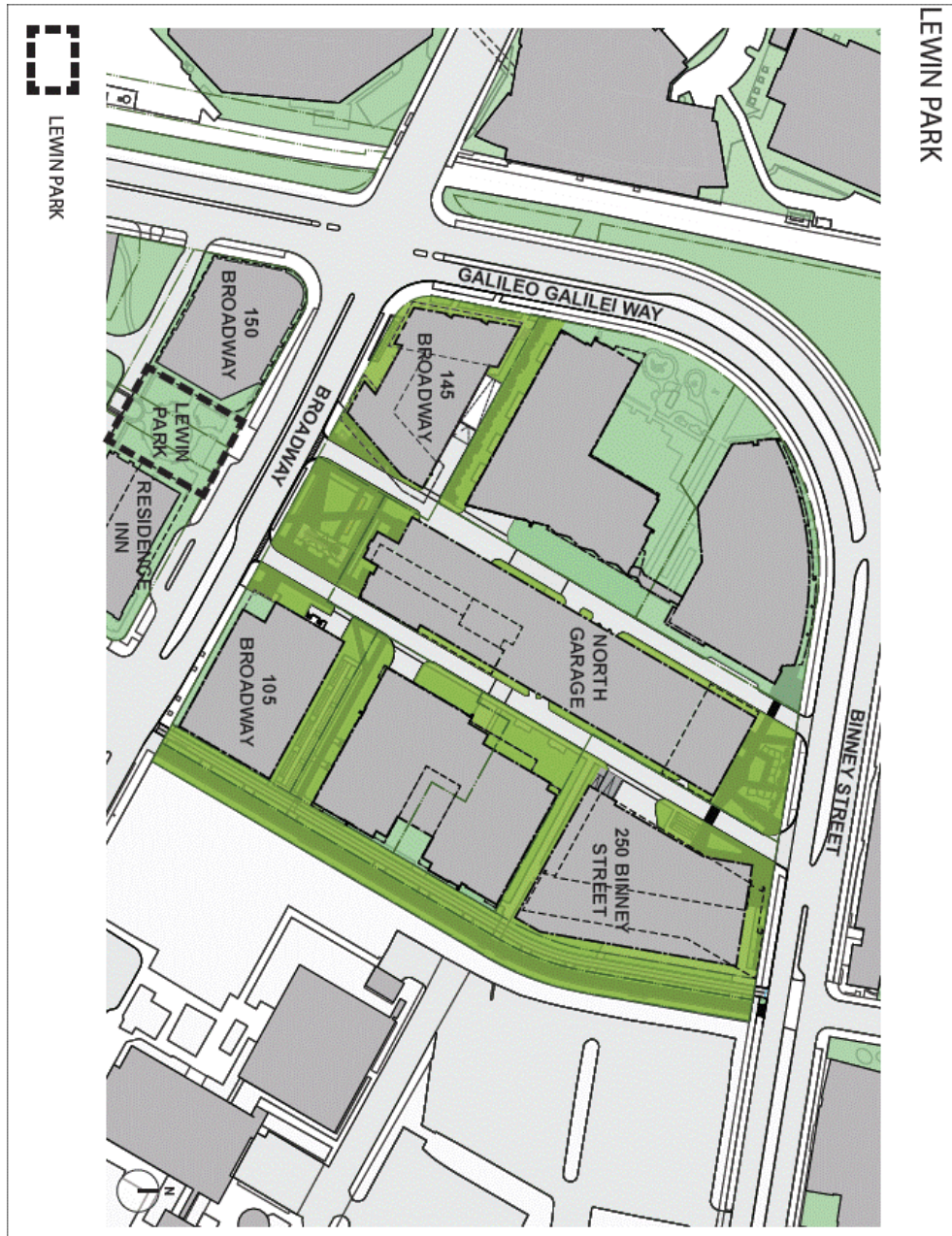
COMMON AREAS OF PARCEL 3 OF THE DEVELOPMENT AREA



[Exhibit D-1]

EXHIBIT D-2

LOCATION OF LEWIN PARK AS OF THE EXECUTION DATE OF THE LEASE



[Exhibit D-2]

EXHIBIT E

FORM OF COMMENCEMENT DATE AGREEMENT

THIS AGREEMENT (“**Agreement**”) made this ___ day of _____, 201___, by and between BOSTON PROPERTIES LIMITED PARTNERSHIP (hereinafter “**Landlord**”), and AKAMAI TECHNOLOGIES, INC. (hereinafter “**Tenant**”).

WITNESSETH THAT:

1. This Agreement is made pursuant to Section [3.1] of that certain Lease dated [date], between Landlord and Tenant (the “**Lease**”). Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth for them in the Lease.
2. It is hereby stipulated that the Lease Term commenced on [commencement date], (being the “**Commencement Date**” under the Lease), and shall end and expire on [expiration date], unless sooner terminated or extended, as provided for in the Lease.
3. Attached is the final Schedule 1, Annual Fixed Rent, reflecting the actual Lease Term.

WITNESS the execution hereof by persons hereunto duly authorized, the date first above written.

LANDLORD:

BOSTON PROPERTIES LIMITED PARTNERSHIP

By: Boston Properties, Inc.,
Its general partner

By: _____

Name: _____

Title: _____

HEREUNTO DULY AUTHORIZED

TENANT:

ATTEST:

AKAMAI TECHNOLOGIES, INC.
A Delaware corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

HEREUNTO DULY AUTHORIZED

[Exhibit E]

EXHIBIT F

BROKER DETERMINATION OF PREVAILING MARKET RENT

Where in the Lease to which this Exhibit is attached provision is made for a Broker Determination of Prevailing Market Rent, the following procedures and requirements shall apply:

1. Tenant's Request. Tenant shall send a notice to Landlord in accordance with Section 3.2 of the Lease, requesting a Broker Determination of the Prevailing Market Rent, which notice to be effective must (i) make explicit reference to the Lease and to the specific section of the Lease pursuant to which said request is being made, (ii) include the name of a broker selected by Tenant ("**Tenant's Broker**") to act for Tenant, which broker shall be affiliated with a major metropolitan Boston commercial real estate brokerage firm selected by Tenant and which broker shall have at least ten (10) years' experience dealing in properties of a nature and type generally similar to the Building located in the Kendall Square market areas, and (iii) explicitly state that Landlord is required to notify Tenant within thirty (30) days of an additional broker selected by Landlord.
2. Landlord's Response. Within thirty (30) days after Landlord's receipt of Tenant's notice requesting the Broker Determination and stating the name of the broker selected by Tenant, Landlord shall give written notice to Tenant of Landlord's selection of a broker having at least the affiliation and experience referred to above ("**Landlord's Broker**").
3. Selection of Third Broker. Within ten (10) days thereafter the two (2) brokers so selected shall select a third such broker also having at least the affiliation and experience referred to above (the "**Third Broker**"), but such Third Broker shall not have represented Tenant, Landlord or any affiliate of either during the then prior ten (10) years.
4. Rental Value Determination. Within thirty (30) days after the selection of the Third Broker, each of Tenant's Broker and Landlord's Broker, shall independently make a determination of the annual fair market rental value of the Premises for the Extended Term and submit the same to the Third Broker. Such annual fair market rental value determination (x) may include provision for annual increases in rent during said Extended Term if so determined, (y) shall take into account all relevant factors, and (z) shall take account of, and be expressed in relation to, the payment in respect of taxes and operating costs and provisions for paying for so-called tenant electricity as contained in the Lease. Within ten (10) days after receipt by the Third Broker of such determinations by Tenant's Broker and Landlord's Broker, the Third Broker shall select the annual fair market rental value of the Premises determined by either Tenant's Broker or Landlord's Broker and shall not have the right to make any other determination of the annual fair market rental value of the Premises. The Third Broker shall advise Landlord and Tenant in writing by the expiration of said ten (10) day period of the annual fair market rental value which as so determined shall be referred to as the "Prevailing Market Rent."
5. Costs. Each party shall pay the costs and expenses of the broker selected by it and each shall pay one half (1/2) of the costs and expenses of the Third Broker.
7. Failure to Select Broker or Failure of Broker to Serve. If Tenant shall have requested a Broker Determination and Landlord shall not have designated Landlord's Broker within the time period provided therefor above and such failure shall continue for more than ten (10) days after notice thereof, then Tenant's Broker shall alone make the determination of the Prevailing Market Rent in

[Exhibit F]

writing to Landlord and Tenant within thirty (30) days after the expiration of Landlord's right to designate Landlord's Broker hereunder. If Tenant and Landlord have both designated brokers but the two brokers so designated do not, within a period of fifteen (15) days after the appointment of the second broker, agree upon and designate the Third Broker willing so to act, the Tenant, the Landlord or either broker previously designated may request the Boston Bar Association (or such organization as may succeed to the Boston Bar Association) to designate the Third Broker willing so to act and the Third Broker so appointed shall, for all purposes, have the same standing and powers as though he or she had been reasonably appointed by the brokers first appointed. In case of the inability or refusal to serve of any person designated as a broker, or in case any broker for any reason ceases to be such, a broker to fill such vacancy shall be appointed by Tenant, Landlord, the brokers first appointed or the Boston Bar Association, as the case may be, whichever made the original appointment, or if the person who made the original appointment fails to fill such vacancy, upon application of any broker who continues to act or by the Landlord or Tenant such vacancy may be filled by the said Boston Bar Association, and any broker so appointed to fill such vacancy shall have the same standing and powers as though originally appointed.

[Exhibit F]

EXHIBIT G

FORM OF CERTIFICATE OF INSURANCE

		CERTIFICATE OF LIABILITY INSURANCE		DATE (MMDD/YYYY)			
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.							
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).							
PRODUCER	CONTACT NAME: _____ PHONE (A/C, No, Ext): _____ FAX (A/C, No): _____ E-MAIL: _____ ADDRESS: _____ INSURER(S) AFFORDING COVERAGE: _____ NAIC #: _____ INSURER A: _____ INSURER B: _____ INSURER C: _____ INSURER D: _____ INSURER E: _____ INSURER F: _____						
INSURED							
COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:			
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MMDD/YYYY)	POLICY EXP (MMDD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (EA OCCURRENCE) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/PO/ AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (EA ACCIDENT) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED: _____ RETENTION \$: _____						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS \$ OTH-ER \$ E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)							
CERTIFICATE HOLDER				CANCELLATION			
				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE			

© 1988-2010 ACORD CORPORATION. All rights reserved.

ACORD 25 (2010/05)

The ACORD name and logo are registered marks of ACORD

[Exhibit G]



EVIDENCE OF PROPERTY INSURANCE

DATE (MMDD/YYYY)

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY	PHONE (A/C, No, Ext):	COMPANY	
FAX (A/C, No):	E-MAIL ADDRESS:		
CODE:	SUB CODE:		
AGENCY CUSTOMER ID #:	INSURED	LOAN NUMBER	POLICY NUMBER
Enter text: The named insured(s) as it/they will appear on the policy declarations page.		EFFECTIVE DATE	EXPIRATION DATE
		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
<input type="checkbox"/> REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE

REMARKS (Including Special Conditions)

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS	MORTGAGEE	ADDITIONAL INSURED
	LOSS PAYEE	
LOAN #		
AUTHORIZED REPRESENTATIVE		

ACORD 27 (2009/12)

© 1993-2009 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

[Exhibit G]

EXHIBIT H

RULES AND REGULATIONS

(Attached.)

Landlord will provide Tenant with reasonable advance notice of any amendment to the Rules and Regulations in accordance with Section 16.9 of the Lease.

The Rules and Regulations for the Building are currently as attached.

The Rules and Regulations for the Building and the 145 Building will be the same, but for items that are specific to one building but not the other (such as, for example, requirements of the permits and approvals for one building which do not apply to the other building).

[Note: The Rules and Regulations are also found at www.kendallcenter.com under Customer Handbook]

[Exhibit H]

Customer Handbook

Introduction

Welcome

On behalf of building ownership and our entire building staff, we extend a warm welcome to Kendall Center. We are delighted to have you as our customer and will do everything possible to make your tenancy enjoyable and rewarding.

This handbook is meant to provide you with a better understanding of Kendall Center and to facilitate your company's operations. There is a great deal of information contained within this handbook; take the time to familiarize yourself with this handbook and it will become a valuable resource for you and your company. Please note that the Kendall Center Management Office is available to help in any way possible. Your first call for any problem or question can always be directed to the Kendall Center Management Office at (617) 4910709 and we will assist you from there.

Every attempt has been made to provide current and accurate information in this handbook, but it is possible that some items will change over time. The Kendall Center Management Office will promptly notify you of any such changes. Please feel free to contact the Kendall Center Management Office with any questions you may have. We are here to serve you.

About Kendall Center

Kendall Center is a 2.7 million square foot urban center situated in the heart of Kendall Square. Kendall Center offers flexible office space with quality design, with sweeping views of Downtown Boston and the Charles River. The Center combines first class office, research lab, retail and hotel uses with public gathering spaces creating an ideal

environment for today's innovative and creative business. Kendall Center is home to world innovation and technology leaders such as Google, Akamai Technologies, MIT, Novartis, Broad Institute, Biogen Idec, and the Whitehead Institute.

Kendall Center is owned and managed by [Boston Properties](#), a real estate investment trust (REIT) that is one of the largest owners, managers, and developers of firstclass office properties in the United States, with a significant

presence in four core markets: Boston, Washington, D.C., Midtown Manhattan and San Francisco.

The Company was founded in 1970 by Mortimer B. Zuckerman and Edward H. Linde in Boston, where it maintains its headquarters. Boston Properties became a public company in June 1997.

Building Operations

Building Management

[Exhibit H]

Boston Properties is the exclusive management agent for Kendall Center. The Kendall Center Management Office is located on the 2nd floor of 90 Broadway.

Business hours are 8:30 am to 5:30 pm Monday through Friday. The office can be reached at (617) 4910709 or by

fax at (617) 4940578.

For emergency assistance on weekends, holidays, and evenings, please contact The Boston Properties Control Center at (617) 2363114.

Holidays

The following is a list of holidays that is observed by the management office of the Kendall Center:

New Year's Day

Martin Luther King Jr.'s Birthday

Washington's Birthday (President's Day)

Patriot's Day

Memorial Day

Independence Day

Labor Day

Columbus Day

Veteran's Day

Thanksgiving Day

Christmas Day

If you require cleaning, heating or cooling on these days, please enter a request via bptenantservices.com.

Leasing

Please contact a Boston Properties leasing representative at (617) 2363300

for information on leasing a space or

additional space in Kendall Center. For information on your existing lease please contact Kendall Center Property Management at (617) 4910709.

Rent Payment

In accordance with your lease, please note that rent payments are due in advance and payable by mail on or before the first day of each month. **Boston Properties does not send monthly invoices for rent**.

The Boston Properties corporate office sends monthly statements that detail your monthly rent. You will receive individual invoices for other services provided.

For address and electronic payment instructions, please call the Management Office at 6174910709.

Policies & Procedures

Deliveries

All deliveries should be made directly to your office space. No deliveries may be left at the loading dock or lobby security desk. Security will not accept or sign for any deliveries.

Boston Properties Management is not responsible for any courier packages left in the elevator lobbies, this practice is discouraged. Other nonbusiness

hours and onetime

deliveries, such as bicycle couriers or food deliveries, require

[Exhibit H]

the tenant to meet the courier/delivery person at the lobby security desk to receive the delivery. When making these arrangements, the tenant should be sure to provide a telephone number so the courier/delivery person can call from the lobby security desk upon arrival.

Deliveries must be made via the loading dock.

All tenants share the freight elevator during normal business hours. Tenant delivery needs are on a first come, first serve basis. All deliveries requiring extended time (more than thirty minutes of delivery truck parking on the loading dock) or exclusive use of the freight elevator must be scheduled via special reservations during nonbusiness hours.

Mailing Address:

255 Main Street:

Tenant Name

255 Main Street

Floor

Cambridge, MA 02142

325 Main Street:

Tenant Name

325 Main Street

Floor

Cambridge, MA 02142

90 Broadway:

Tenant Name

90 Broadway

Floor

Cambridge, MA 02142

355 Main Street:

Tenant Name

355 Main Street

Floor

Cambridge, MA 02142

150 Broadway:

Tenant Name

150 Broadway

Floor

Cambridge, MA 02142

145 Broadway:

Tenant Name

145 Broadway

Floor

Cambridge, MA 02142

Freight Elevators

Reservations For Exclusive Freight Elevator

Reservations for exclusive service elevator use can be made by submitting the request, including date, times, purpose, and any other special needs, at least twentyfour

[Exhibit H]

(24) hours in advance. All requests should be submitted by the Tenant Representative via bptenantservices.com . If access is not available, call the Management Office at (617) 4910709.

Extended loading dock time is only available during nonbusiness hours: MondayFriday, and all day

Saturday and Sunday.

Freight elevators are available for exclusive use Monday through Friday after 6:00 PM, and 24 hours/day on weekends.

Exclusive use of elevators is subject to availability and the tenant will be charged an hourly fee.

Elevator hatches are not permitted to be opened for any reason during operation of the elevator. Oversized furniture and equipment may require an elevator mechanic's involvement, which must be arranged through the Kendall Center Management Office at least seventytwo

(72) hours in advance.

Boston Properties will coordinate for a security officer to assist with any facility, elevator, and security concerns and to supervise the use of the loading dock, building entrances, lobbies, as required for your building. There is a fourhour minimum for each security detail.

All movers must be Union; a preferred vendor list is available from the Management Office upon request.

Evidence of insurance must be provided prior to the start of any work.

Temporary staging of furniture and/or equipment in public areas is not permitted. Arrange with your mover to bring only furniture that can be put in place at the time of the movein.

Only rubber wheeled trucks and dollies may be used. These vehicles are not allowed on the passenger elevators.

All routes on finished floors or carpeting must be protected with plywood or masonite that is to be removed at the end of each workday.

Reasonable care must be exercised at all times to prevent personal injuries and property damages. Freight or furniture must not be hauled on passenger elevators without permission from Management Office.

All packing crates must be removed at the end of the day. Trash shall not be staged in common areas

All areas are to be broom cleaned at the end of each workday. Caution must be exercised so debris does not drop in the elevator shaft ways.

The Janitorial Company utilizes the freight elevator from 6:00 PM – 10:00 PM, Monday through Friday.

The service elevator dimensions are as follows:

Freight Elevator Dimensions

255 Main Street

The Freight elevator serves floors: Basement – 12. The inside dimensions of the freight elevator are 5' 5" x 3' 6" x 7'. Maximum weight capacity is 4,500 pounds.

325 Main Street

[Exhibit H]

The Freight elevator serves floors: Basement – 4. The Freight elevator is accessible from the loading dock located on Broadway. The inside dimensions of the freight elevator are 5' 5" x 3' 6" x 7'. Maximum weight capacity is 3,500 pounds

90 Broadway

The Freight elevator serves basement to 12. The Freight elevator is accessible from the loading dock located on Ames Street. The inside dimensions of the freight elevator are 7'9 x 10'. Maximum weight capacity is 4,000

355 Main Street

The Freight elevator serves ground floor to mezzanine to 13. The Freight elevator is accessible from the loading dock located on Ames Street. The inside dimensions of the freight elevator are 6' x 9'6. Maximum weight capacity 5,500.

150 Broadway

The Freight elevator serves the ground floor to 9. The Freight elevator is accessible from the loading dock located on Ames Place. The inside dimensions of the freight elevator are 5' x 5' x 7'. Maximum weight capacity is 4,000.

145 Broadway

The Freight elevator serves ground level to 4. The Freight elevator is accessible from the loading dock located on West Road beside the North Garage. The inside dimensions of the freight elevator are 5'5"

x3'6"

x7'0".

Maximum

weight capacity is 3,500.

Miscellaneous Policies

Animals

No animals are allowed in the building, with the exception of animals in the company of, and trained to assist, physically challenged persons.

Bicycles, Skateboards, InLine

Skates, Scooters

Bicycling, skating, or skateboarding is prohibited in Kendall Center. Bicycle racks are provided for convenience at various locations around the Center. Kendall Center is not responsible for theft or damage of bicycles or other personal property left at these bicycle racks. Storage of bicycles in any common area lobby, service area, stairwell, or corridor is prohibited. Bicycles, skateboards and gas powered scooters are strictly prohibited from being brought into Kendall Center.

Common Areas

All common area lobbies, passenger elevator cars, stairwells, and corridors must remain clear and free of debris at all times. Storage of furniture, boxes, or equipment in these areas is strictly prohibited.

[Exhibit H]

Use of Stairwells

Use of the building core stairwells is strictly limited to emergency egress only. The stairwell doors are locked from the inside; therefore, once in the stairwell, an exit can only be made at the lobby level. In the event of a fire alarm, however, all the doors unlock automatically, permitting reentry at any floor.

Photography, Video Filming

All activities in the common areas involving photography, videotaping, or filming requires the approval of Management. Please contact the management office at (617) 491.0709 in advance to obtain approval.

Space Heaters

Use of space heaters is prohibited at Kendall Center. Exceptions to this policy require express approval from Kendall Center Property Management.

Holiday Décor

All decorations must be made from artificial flame resistant materials. Decorations of a natural evergreen variety or other natural decoration (i.e. laurel, holly, wreaths, etc.) are prohibited. Decorations may be used in open areas only and are prohibited in elevators, stairwells, and confined areas.

Temporary Signage

All temporary signage for special events (e.g. welcome signs for clients, directional signs for meetings) that tenants would like displayed in the main lobby or in a shared corridor must be preapproved by the Boston Properties' management office. A digital file or picture of the sign as well as the dates the sign will be in place will need to be provided before approval can be granted. All signs must be professionally created. Please contact the management office at (617) 491.0709 at least 24 hours in advance to obtain approval.

Moving Procedures

Tenants are requested to plan for a specific move in time and date as soon as possible after receiving notification of when the space will be ready for occupancy. At a minimum, a notice of 48 business hours is required prior to the arrival of the moving van/truck. To avoid the disruptions to tenants, moveins will be permitted only after 6:00 PM, Monday through Friday, and anytime on Saturday, Sunday and holidays.

The Freight elevator must be utilized for deliveries requiring equipment with wheels (i.e., hand trucks, towheelers, etc.) and must be accessed from the loading dock. Wheeled delivery equipment is prohibited in the office building's main lobby level and passenger elevators. The only exception is catered food deliveries from restaurants and retailers. In this case, the delivery will be allowed through the main lobby, but must still use the freight elevator. Small packages and "by hand" mail deliveries are allowed in the passenger elevators during business hours. All

[Exhibit H]

courier pickup

and delivery is recommended to be arranged for business hours.

The time limit for trucks on the loading dock during business hours is thirty (30) minutes. For deliveries expected to take longer than thirty (30) minutes, special reservations are required.

Smoking

Pursuant to the 1987 City of Cambridge Smoking Ordinance, Kendall Center is a smokefree environment. The

smoking of cigarettes, cigars and/or pipes is strictly forbidden within the Kendall Center complex including, but not limited to, all common areas including the rest rooms, elevators, lobbies, stairwells, service corridors, loading docks, and the garages. Smoking is permitted outdoors in specially designated areas. However, smoking is prohibited within 25 feet of any pedestrian entrance, or any building air intake. The tenant is responsible for ensuring that its employees, agents, contractors and invitees comply with the forgoing requirements. Please note that security staff is directed to remind building occupants and visitors of the smoking ordinance as necessary.

Tenant Alterations

For renovations of your leased premises, a Boston Properties construction representative will be assigned to your project as a contact for building services coordination. Pursuant to your lease, all renovation plans must be approved by Boston Properties in advance. In addition, your contractor will be issued, and is required to sign for, a copy of the Building Rules and Regulations. By signing, the contractor is acknowledging receipt of and compliance with all listed regulations, terms, and conditions.

Additional Construction and Engineering Services

Boston Properties' Management may provide space planning and architectural and engineering drawings for the construction of your tenant space. Additional construction and engineering services may also be provided for space expansion and renovations at the tenant's expense.

Please call the management office at (617) 4910709 for more information.

Building Security

After Hours Access

A card access system is in place at all exterior entrances to enhance building security and to provide an automated sign-in process during nonbusiness hours.

- Tenant employees accessing their floors during nonbusiness hours are required to use their access cards

to access the building and their own keys or card access to the office area. Security does not have the ability to unlock tenant offices.

[Exhibit H]

- Nonbusiness

hours guests and visitors are required to be signed in by a tenant employee with a building access card and escorted from the lobby security desk.

- Any tenant employee who does not possess a building access card will be treated as a guest or visitor and will be required to follow the above procedure.
- Any tenant wishing contractors or other individuals to be allowed unescorted access during nonbusiness hours is required to provide written notification from an authorized tenant representative stating the names of individuals, their company name, area or floor allowed to enter, date and time of arrival, and approximate time of departure.

Building Access

Building Access Cards

Each tenant assigns an Access Control Coordinator to be a liaison with Boston Properties' Management and who has the following responsibilities:

- Provide an employee listing to the management office to obtain building access cards prior to move in.
- Educate new employees in the use of their access card including proper use of the card readers and procedures for nonbusiness hours' access.
- Administer their employee cardholder database.
- Notify management office of lost access cards and employee terminations.

Occasionally, access cards malfunction. If an employee is experiencing a problem, the Access Control Coordinator should first ensure the employee is using the card properly. If the problem persists, the Access Control Coordinator should contact the Management Office for assistance.

Upon termination of an employee, the employee's access card must be surrendered to the Access Control Coordinator on or before the last day of employment. The employee's information should be reported immediately to the management office so that the card can be deactivated.

Procedures For Issuing and Deactivating Building Access Cards

Tenant Access Control Coordinator submits a request via bptenantervices.com. The names of the individuals for which IDs are being requested must be listed as well as the reason for a replacement ID (lost, defective, photo faded, name change, etc.) in the Description section.

The employee is issued an access card within twentyfour (24) hours.

Replacement access cards require the same procedure as above, except a replacement fee will be charged.

Access Control Coordinators Should Inform Their Employees That:

- Access cards should remain with the employee and not be left in the office.
- Access cards should be displayed to a uniformed Boston Properties' security officer, if requested to do so.
- Access cards should not be borrowed or shared by employees, and must never be given to nonemployees.
- Lost or stolen access cards should be reported immediately to the Access Control Coordinator who will report to the Management Office so that the card's access authorization can be deactivated.

[Exhibit H]

- Access cards are the property of Boston Properties' and must be surrendered upon termination of employment and at expiration of lease.

Employee Awareness Brochure

The primary component to maintaining a safe and secure environment at Kendall Center is awareness and prevention. Kendall Center Management has developed a tenant employee brochure detailing specific information regarding Kendall Center's Life Safety and Security Programs. Tenant management should provide copies of this brochure to each employee. Copies of the brochure can be obtained by contacting the management office at (617) 4910709.

Listed below is a summary of the information contained in the brochure:

Life Safety Security

- Life Safety Systems
- Floor Evacuation Teams
- Evacuation Drills
- Fire Alarm Evacuation Sequence
- What to Do When the Fire Alarm System Activates
- What to Do When the Evacuation Signal Sounds
- Evacuation Beyond the Relocation Floor
- Prepare for an Emergency Before it Happens
- What to Do in a Fire and Smoke Situation
- Security Systems
- Security Staff
- Emergency Assistance
- Incident Reporting
- Security Escorts
- Access Control
- ID Badges
- Security Awareness
- Miscellaneous Policies

Keys & Locks

Control over office building keys issued is an integral part of our overall security system. In the event you are locked out of your suite during normal business hours, you may obtain access to your suite by contacting the Management Office. We will require valid identification before permitting access.

For each lockset installed, two keys are issued. If additional keys are required, they may be obtained at an additional cost by submitting a request via bptenantsservices.com . All door hardware installed must be building standard hardware. Tenants are not permitted to change, modify, or install any other type of hardware unless approved by the management office.

If a tenant forgets their key to the suite or is locked out afterhours, the management office will be unable to assist

[Exhibit H]

you. The security officer located at the main lobby desk does not have key access to tenant suites. You will be required to contact someone from your firm or have Boston Properties' building personnel come to the building at the billable overtime rates.

Lost and Found

Any item found may be turned into the Kendall Center Security Office located in 90 Broadway. You may also contact the Kendall Center management office at (617) 491.0709 to claim items you may have lost.

Solicitation and Distribution

Solicitation or distribution of any kind is prohibited in all common areas of Kendall Center.

Please note the following definitions and guidelines:

Common Area is any location within the building that is not specifically leased and under the control of a tenant. It includes, but is not limited to, elevators and lobbies, service areas, retail, the garage, and exterior grounds.

Solicitation is asking, encouraging or recommending that employees, customers, or visitors contribute money to, submit signatures for, or become members of any organization. Solicitation also includes the selling of goods, services, merchandise, or tickets.

Distribution is delivering or dispensing nonwork related literature, merchandise, or other materials.

Emergency Procedures

Emergency and Incident Reporting

In the event of an emergency, immediately call the Boston Properties Command Center at 18772974411, or notify

the appropriate emergency agency directly by dialing 911.

If the emergency agency is contacted directly, also notify Boston Properties Command Center at 18772974411.

Response to the specific location of the emergency will be timelier if Kendall Center Security is prepared and can direct the emergency agency upon its arrival.

If any of the following incidents occur, they should be reported immediately to the Boston Properties Command Center at 18772974411:

- Fire or smoke.
- Thefts or other criminal activity.
- Strangers or suspicious individuals.
- Solicitors on the property.
- Threats or harassment.
- Bomb threats or suspicious packages.
- Safety hazards.
- Flooding.
- Lost or found property.

The above list does not include all possible incidents or emergencies that should be reported. The important factor to remember is: "If in doubt...call!"

Because many emergencies may potentially impact other tenants, such as a bomb threat, it is required that each

[Exhibit H]

tenant notify the Boston Properties Command Center at 18772974411

of any emergency impacting their area.

After an initial impact assessment, Kendall Center Management will forward information to other tenants as appropriate.

AED Program

[Click here to download AED Tenant Notice](#)

[Click here to download AED Tenant FAQ](#)

Emergency Management Program

The success of any emergency plan relies heavily on the personnel assigned to coordinate the movement of occupants. Flexibility is a cornerstone of any emergency plan and can best be accomplished by having highly skilled and welltrained

evacuation teams that will command respect and have the authority to make decisions.

Each floor should have one or more evacuation teams. The number of wardens on each evacuation team may vary according to the layout and population of the floor as well as scheduled work shifts. Personnel designated as wardens may perform multiple warden tasks. Alternate wardens are appointed to provide direction in the absence of primary wardens.

Emergency Management Team

Boston Properties' utilizes a management team approach to ensure that emergency situations are handled in a wellordered

manner. Depending on specific circumstances, an emergency management team will be assembled under the direction of the Boston Properties' Emergency Coordinator. In most incidents, the Emergency Coordinator is the Boston Properties' Property Manager.

The Emergency Management Team works very closely with tenant management, the Cambridge Fire Department, Cambridge Police and Emergency Medical Services during an emergency situation. When the emergency has been mitigated and the danger to life safety has subsided, the Emergency Management Team shifts its focus to recovery and clean up operations to enable the affected area to be reoccupied and restored to normal conditions

Evacuation Teams

Tenant Management should select employees in each of their areas to comprise an Evacuation Team. Each team includes a Floor Evacuation Director, Search Wardens, Exit Wardens, Elevator Wardens and Aides to the Disabled. Each warden is assigned specific duties to direct, guide and assist people in an orderly evacuation

The following describes the responsibilities for each evacuation team member

Floor Evacuation Directors

- Appoint floor Evacuation Team members and ensure that the floor emergency evacuation team roster is continuously updated.

[Exhibit H]

- Ensure that Exit Wardens, Search Wardens, Elevator Wardens and Aides to the Disabled are aware of their responsibilities.
- Be familiar with the floor layout, including the location of all exits, manual fire alarm pull stations and fire extinguishers.
- Notify Boston Properties management office at (617) 4910709 during business hours. On weekends and afterhours notify the Boston Properties twentyfour hour security Control Center at 18772974411.
- Remain in control at all times to prevent panic when directing personnel

Search Wardens

- Search the assigned area and alert all people of the emergency situation on the floor. This includes areas such as conference and meeting rooms, private offices, file rooms, computer rooms and restrooms. (It is recommended that one male and one female be assigned these responsibilities.)
- In areas that cannot be entered, Search Wardens should knock on the door and make it known to potential occupants that an emergency situation is occurring.
- Be aware of both emergency stairwells on the floor and give direction as needed.
- After completing all tasks, report to the Floor Evacuation Director for further instructions.
- The Search Warden and Floor Evacuation Director should be the last people to evacuate the floor

Exit Wardens

- Be familiar with the assigned stairwell location and designated relocation floor.
- If an evacuation is necessary, hold open the stairway door and direct personnel to use the handrail and keep to right in order to allow passage on their left for the Cambridge Fire Department.
- Ensure an orderly exit flow is maintained to preclude pushing or overcrowding of people. After all people have been evacuated, close the stairwell door and proceed to the relocation floor.
- Unless otherwise instructed, ensure all people are accounted for and have reached the designated relocation floor. If any person is missing, report this to the Floor Evacuation Director.
- Ensure that all people remain at the designated relocation area until the “All Clear” announcement is given as directed by the Boston Fire Department

Elevator Wardens

- Be familiar with the location of all stairwells.
- Stand in the elevator lobby and direct people not to use the passenger elevators during a fire alarm emergency.
- Direct passengers exiting the elevators to the nearest emergency stairwell.
- Be available to assist the Floor Evacuation Director and Boston Fire Department as needed.

Aides to the Disabled

- Two aides, in good physical condition who are each able to be contacted immediately during an emergency should be assigned to each disabled person.
- During an evacuation, the aides should assist the disabled person by summoning evacuation assistance from the Cambridge Fire Department. The emergency stairwell landing on each floor serves as the designated waiting area for disabled personnel and their aides who should wait for assistance from

[Exhibit H]

responding firefighters. While on the landing, mobility impaired personnel and their aides should wait off to the side so as to not block others who may be using the stairwell. Firefighters will use the stairwells to respond to the emergency and will provide evacuation assistance for mobility impaired occupants and their aides.

For all emergencies notify Boston Properties Management Office at (617) 4910709 during business hours. On weekends and afterhours notify the Boston Properties twentyfour hour security Control Center at 18772974411.

[Click here to download a Tenant Team Roster Form](#)

Fire

Tenant Awareness

Tenants are required to comply with national, state and local building and fire codes. Additionally, Tenant management should conduct periodic training sessions and inform all their employees of the life safety policies and emergency procedures of the building.

Life Safety Systems

Voice communication systems, where installed, enables Kendall Center Security, Property Management and the Cambridge Fire Department to provide direction and instructions to all building occupants during an emergency.

Sprinkler Systems

This is a fully sprinkled building; sprinkler heads are located throughout the building. Activation of a sprinkler will activate an audible alarm throughout the building, an alarm condition at Fire Alarm Panels and at the Cambridge City Box. The sprinkler system is integrated with the fire alarm system in order to activate the fire alarm sequence of operation and notify the Cambridge Fire Department if water is discharged from a sprinkler. While the system automatically summons the Fire Department, you should still notify the Cambridge Fire Department by dialing 911.

Manual Fire Alarm Pull Stations

Pull stations are located on each floor near stairwells. To operate – Pull Down. When a pull station is activated, the fire alarm emits a bell tone and sounds throughout the building. It also activates an alarm at the Fire Alarm Panels and at the Cambridge City Box. You should be familiar with the location of these devices on your floor.

Smoke Detectors

Smoke detectors are located on every floor and in each elevator lobby. Activation of any detector will sound the audible alarm throughout the building and activate an alarm condition at the Fire Alarm Panel and at the Cambridge City Box. Activation of an elevator lobby smoke detector will recall the elevators to the Lobby Level.

Stairwell Doors

Fire rated stairwell doors provide protection from smoke and fire for building occupants during an evacuation.

[Exhibit H]

Stairwell doors are normally locked from the stairwell side to prevent unauthorized access to a floor. However, occupants can always enter a stairwell from occupied space. In office buildings, fire rated stairwells provide temporary safe refuge for occupants during an evacuation. They are also designed to be used by firefighters for fire suppression and rescue operations. Fire stairwells should NEVER be used for storage of materials and the routes to them should always be free and clear of obstructions.

Fire Prevention Safeguards

- Report all fire and safety hazards to the management office.
- Report any suspicion of fire to the Management Office, including unusual odor or smoke.
- Store flammable materials in approved containers and in approved locations.
- Check and regularly maintain the proper operation of all doors and exit signs.
- Keep exits, aisles, and corridors free of obstructions.
- Keep electric cords out from under carpets.
- Do not overload electrical outlets and circuits.
- Check for frayed wiring.
- Do not store anything in electrical or telephone closets.
- Make certain electrically operated equipment is properly grounded and regularly maintained.
- Turn off electrically operated office equipment when leaving the office at the end of the day.
- Practice good housekeeping and properly dispose of all unused flammable materials or obsolete fixtures, displays, etc.
- Restrict smoking to designated smoking areas.
- Do not hang anything from the sprinklers or store anything within 18 inches of the sprinkler.

Things to Think About **BEFORE** an Emergency Occurs:

- Become familiar with the location of exits, the layout of your floor, and the building evacuation procedures.
- Learn the locations of, and how to use, the fire alarm pull stations.
- Know the members of your Floor Evacuation Team and their duties.
- Know the telephone number of the management office (617) 4910709

and how to contact the Fire

Department 911.

- Know the telephone number of the weekend and afterhour

Boston Properties Control Center

18772974411.

Hazardous Chemicals Or Materials

Tenants are required to furnish the Management Office with an inventory of all hazardous chemicals and materials

used or stored within the Tenant space, as well as current copies of Material Safety Data Sheets (MSDS). This inventory should contain the name, type, quantity, specific location, and purpose of the chemical/material, and should be updated on a regular basis.

According to OSHA regulations, it is the responsibility of an employer (Tenant) to provide its employees with training and essential safety information relative to hazardous chemicals or materials in their work areas at the time of their

[Exhibit H]

initial employment and/or whenever a new hazard is introduced into the work place.

Tenants shall comply with all federal, state and local safety regulations regarding the use and/or storage of hazardous chemicals and materials

Tenants shall also ensure compliance with the following building operating procedures:

- Hazardous chemical containers are not to be stored directly on the floor/ground. Secondary containers or baffled trays are to be used to ensure containment of spills.
 - Flammable chemicals are to be stored in approved, fire-rated, flammable liquid cabinets inside the building.
 - All chemical containers utilized by a Tenant shall be labeled in accordance with state and federal regulations.
 - Tenant shall report the location of any/all observed unmarked (unlabeled) chemicals/materials to Management Office.
 - Chemicals of any type are not to be discharged or released into any sewer drain, placed in trash containers, or emptied onto the ground.
 - All unused chemicals and/or original and used chemical containers and related waste products are to be removed by the Tenant and disposed of in accordance with applicable local, state, and federal regulations.
- Tenant shall notify the Management Office at (617) 4910709 during business hours in the event of any chemical spill or leak in order to initiate required emergency responses, proper notifications and cleanup procedures. Chemically

contaminated debris resulting or arising from actions of Tenant are the responsibility of Tenant and are not to be disposed of without notification to management office.

Tenants are required to furnish the Management Office with an inventory of all hazardous chemicals and materials

used or stored within the Tenant space, as well as current copies of Material Safety Data Sheets (MSDS). This inventory should contain the name, type, quantity, specific location, and purpose of the chemical/material, and should be updated on a regular basis.

According to OSHA regulations, it is the responsibility of an employer (Tenant) to provide its employees with training and essential safety information relative to hazardous chemicals or materials in their work areas at the time of their initial employment and/or whenever a new hazard is introduced into the work place.

Tenants shall comply with all federal, state and local safety regulations regarding the use and/or storage of hazardous chemicals and materials

Tenants shall also ensure compliance with the following building operating procedures:

- Hazardous chemical containers are not to be stored directly on the floor/ground. Secondary containers or baffled trays are to be used to ensure containment of spills.
- Flammable chemicals are to be stored in approved, fire-rated, flammable liquid cabinets inside the building.
- All chemical containers utilized by a Tenant shall be labeled in accordance with state and federal regulations.
- Tenant shall report the location of any/all observed unmarked (unlabeled) chemicals/materials to Management Office.

[Exhibit H]

- Chemicals of any type are not to be discharged or released into any sewer drain, placed in trash containers, or emptied onto the ground.
- All unused chemicals and/or original and used chemical containers and related waste products are to be removed by the Tenant and disposed of in accordance with applicable local, state, and federal regulations. Tenant shall notify the Management Office at (617) 4910709 during business hours in the event of any chemical spill or leak in order to initiate required emergency responses, proper notifications and cleanup procedures. Chemically contaminated debris resulting or arising from actions of Tenant are the responsibility of Tenant and are not to be disposed of without notification to management office.

Emergency Preparedness

Boston Properties recommends that each customer have an emergency action plan in place to help their employees prepare for a regional emergency. Click on the links below to access a variety of resources that aid in preparing for a regional emergency.

City of Cambridge

<http://www.cambridgema.gov/emergencymanagement.aspx>

Massachusetts Emergency Management Agency

<http://www.mass.gov/eopss/agencies/mema/>

Department of Homeland Security

<http://www.dhs.gov/>

Federal Emergency Management Association

<http://fema.gov/>

American Red Cross

<http://www.redcross.org/>

Center for Diseases Control and Prevention Emergency Preparedness and Response

<http://www.bt.cdc.gov/>

Life Safety Systems

- Alarm initiation devices such as smoke detectors, heat detectors and manual fire alarm pull stations automatically alert the Cambridge Fire Department when fire or smoke is detected. Sprinkler systems discharge water to contain a fire while simultaneously activating an alarm to summon the Cambridge Fire Department.
- Stairwell doors automatically unlock when an alarm is activated to permit access onto any floor.
- A voice communication system enables Security and the Cambridge Fire Department to communicate information throughout the building.
- Backup power for emergency lighting and life safety system components, if needed, is provided by a generator and batteries.

Building Services

Tenant Contact Communication

Annually, all tenants will be provided with a Tenant Informational and Emergency Contact form requesting the names of individuals to be contacted in the event of an afterhours emergency, individuals authorized to place service requests, and human resource contacts. Information should be updated as needed in the bptenantservices.com

[Exhibit H]

system as needed by the Tenant Administrator.

Building Signage and Directory

Permanent Signage

Kendall Center presents office tenants with a number of signage opportunities under its uniform signage program, including lobby directories and signage on a tenant's floor. All requests for directory changes, additions, or deletions should be submitted via bptenantservices.com.

Temporary Signage

All temporary signage for special events (e.g. welcome signs for clients, directional signs for meetings) that tenants would like displayed in the main lobby or in a shared corridor must be preapproved by the Boston Properties' management office. A digital file or picture of the sign as well as the dates the sign will be in place will need to be provided before approval can be granted. All signs must be professionally created. Please contact the management office at (617) 491.0709 at least 24 hours in advance to obtain approval.

Mail Service

The Central Square Post Office, located at 770 Massachusetts Avenue, Cambridge MA 02139, is the central distribution point for Cambridge Center. The service hours are Monday through Friday, 7:30 AM 6:

45 PM;

Saturdays, 7:30 AM 2:

00 PM.

- There is also a US Postal retail store, located in Kendall Square, for the purchases of postage stamps and mailing services. Their hours are Monday through Friday, 7:30 AM – 5:00 PM.

- Central Square Postal Office:

Telephone: (617) 575.8700

US Post Office :

Telephone: 1.800.275.8777

- For further information on the structure of mail delivery services for your building, please contact the Management Office at (617) 4910709.

Mailing Address:

255 Main Street:

Tenant Name

255 Main Street

Floor

Cambridge, MA 02142

325 Main Street:

Tenant Name

325 Main Street

Floor

Cambridge, MA 02142

90 Broadway:

Tenant Name

90 Broadway

Floor

[Exhibit H]

Cambridge, MA 02142

355 Main Street:

Tenant Name

355 Main Street

Floor

Cambridge, MA 02142

150 Broadway:

Tenant Name

150 Broadway

Floor

Cambridge, MA 02142

145 Broadway:

Tenant Name

145 Broadway

Floor

Cambridge, MA 02142

Mail Box Locations

- Mail boxes for 255 Main Street are located in the basement of the building.
- Mail boxes for 325 Main Street are located in the basement of the building.
- Mail boxes for 90 Broadway are located on the first floor, in the back hallway, which leads to the loading dock area.
- Mail boxes for 355 Main Street are located on the first floor, in the back receiving area behind the elevator bank.
- Mail boxes for 145 Broadway are located on the first floor, in the receiving area of the loading dock.

HVAC

Heating, ventilation and airconditioning

(HVAC) services are provided from 8:00 am to 6:00 pm, Monday through

Friday (except holidays), and from 8:00 am to 1:00 pm on Saturdays upon request ONLY.

If you require HVAC outside the times indicated above, an authorized administrator from your office will be required to make a request via bptenantsservices.com . Overtime HVAC requests must be made within twentyfour (24) hours of

the actual date and time required. Weekend requests must be submitted by Friday at noon. If the management office is closed in observance of a holiday, the request needs to be submitted by noon on the last business day prior to the holiday.

- Should you experience any problems with the HVAC system, notify the management office immediately.
- If you would like a space temperature adjustment, please call the Management Office during normal business hours.

Prices vary by office building due to the mechanical systems and varying floor plates, please contact the management office for rates.

Janitorial Services

Professional janitorial services are performed within the building's common areas throughout the business day, as

[Exhibit H]

well as within your office space from 6:00 pm – 11:00 pm Monday through Friday (except holidays). Daily janitorial services provided for in your lease include emptying wastebaskets, vacuuming, and cleaning bathrooms. The office area, including furniture, tops of files, and windowsills, are dusted weekly. Please note that desk side recycling bins are provided by the management office but trash wastebaskets must be provided by the tenant. Other services, available at an additional charge, include upholstery and leather cleaning, carpet cleaning, floor refinishing, and cleaning of appliances such as refrigerators and microwaves, delivery and removal of large waste hampers. Please refer to our Tenant Solutions section for a list of wide variety of additional cleaning service available upon request.

Quality Control:

To ensure the highest quality cleaning services, please feel free to rate your janitorial services by completing a Janitorial Quality Control Report Form below.

[Click here to download Janitorial Quality Control Form](#)

Maintenance Requests

Authorized tenant contacts can easily submit service requests to the Kendall Center management office using bptenantervices.com , a service request database. In addition to providing our tenant contacts with the convenience of initiating service requests from their workstation, tenants can also track the status of their work request and its completion. Although this enhanced service is technology based, we assure our users that our tenant services team is directly on the other end of the system, receiving all requests and dispatching them to our contractors with accuracy and efficiency.

Please refer to our Tenant Solutions section for a list of wide variety of additional services available upon request.

Please contact Tenant Services for a proposal.

For building emergencies, please contact the Kendall Center management office at (617) 491.0709 between 8:30 AM and 5:30 PM Monday through Fridays. Afterhours,

on weekends and holidays, please call the Boston Properties

Control Center at 1.877.297.4411.

Provide the following information:

- Tenant name.
- Tenant suite number and/or room number.
- Name of individual requesting the service.
- Nature of the request or problem (water leak, blown fuse, etc.).

The dispatcher will notify the proper personnel to service the request. Response time to the request will vary, but the request can usually be categorized in the following manner:

- Emergency (water leak, blown fuse, etc.) – Immediate response.
- Comfort call (suite temperature) – 30 minutes.

[Exhibit H]

- Special cleaning requests – Taken care of that evening by the night cleaning crew or, if critical, within 30 minutes by our day cleaning staff.
- Special service (hang pictures, assemble shelves, move furniture, etc.) – Variable time of response depending upon availability of maintenance personnel or cleaning staff (typically the same day). If the problem reoccurs, or you are not satisfied with the service, call the management office or Assistant Property Manager, who will record and investigate the problem. We pride ourselves on quality assurance and we want all of your employees to be truly satisfied by our service.

Forms

For your convenience, we have included downloadable and printable PDF document forms that will expedite various building management service requests. Hard copies of all forms are available from the Property Management Office as well. To view and print PDF files, you need the Adobe Acrobat Reader software. If not already installed on your computer, it can be obtained for free at www.adobe.com.

[Click here to download a Tenant Informational and Emergency Contact Form](#)

[Click here to download a Guide to OnSite](#)

Services

[Click here to download a Team Roster Form](#)

[Click here to download AED Tenant Notice](#)

[Click here to download AED Tenant FAQ](#)

[Click here to download a Guide to Single Stream Recycling](#)

[Click here to download a Guide to Conserving Energy Flyer](#)

[Click here to download a Cleaning Report Card](#)

Parking

Garages

There are three fully automated parking garages located at Kendall Center. All of the garages operate 24hours a

day, seven days a week, including holidays. The management company is VPNE Parking Solutions and can be reached at (617) 6217618.

Parking privileges will be allocated in accordance with your lease. If additional parking is required, please contact the management office at (617) 4910709

or VPNE Parking Solutions at (617) 6217618.

Garage access cards and

parking control forms will be issued upon the lease commencement date.

If a garage access card is lost or broken, the garage management office shall issue a replacement card to you at the direction of Boston Properties' management office. A fee is charged for replacement garage access cards

Entrances

EAST GARAGE

Entrances on Broadway and Ames Street

Five Parking Levels

NORTH GARAGE

[Exhibit H]

Entrances on Broadway and Binney Street
Six and half Parking Levels

WEST GARAGE

Entrance on Ames Place
Nine Parking levels

Rates

Parking rates are established each year. The current rates can be found by calling the Kendall Center Garage Office at (617) 6217818.

Monthly Parking Program

A monthly parking program is available. For more information, call the Kendall Center Garage Office at (617) 6217818.

Map

[Click here to view a map of Kendall Center](#)

Contractor Parking

Contractors seeking access to the loading dock area during regular business hours (7:00 am to 5:30 pm, Monday through Friday) will be permitted to park company vehicles for a period not to exceed thirty (30) minutes for the purpose of loading or unloading tools, equipment, and materials essential to their contract services.

After thirty (30) minutes, or upon completion of unloading or loading (whichever occurs first), the contractor must relocate the company vehicle to one of the Kendall Center Parking Garages if it is not an oversized vehicle. Specific oversized vehicle parking areas have been made available and are designated for contractor/service vehicles.

Tenant Solutions

Overview

Boston Properties offers a full range of tenant services in an effort to assist you in managing the operational needs of your business.

Benefits to you include:

- Boston Properties project management
- Competitive pricing
- Quality control
- Single point of contact
- Streamlined coordination of services
- Direct billing through Boston Properties
- Staff building expertise

To coordinate an additional service, obtain a quotation or find out more information, please contact your Property Management Coordinator or visit bptenantservices.com.

We look forward to assisting you with your upcoming business needs.

Green Services

Recycling Services

- Collection and transfer of recycling materials; wood, metal, paper, cardboard, etc.
- Recycling bins
- Computer and office equipment

[Exhibit H]

- Furniture disposal
- Bottle and can recycling
- Fluorescent lamps

Energy Conservation Retrofits

- Lighting
- Occupancy sensors
- Water saving devices; faucets, toilets, etc.

Cleaning

- Dry method carpet cleaning and maintenance
- Upholstery cleaning

Cleaning Services

Floor Cleaning

- Carpet shampooing
- Wooden flooring buffing
- Vinyl tile stripping, scrubbing and waxing
- Computer room floor cleaning
- Marble and stone floor maintenance
- Antistatic carpet spraying

Furniture Cleaning

- Chairs
- Desktops
- Metal, wood, and fabric partitions

Glass Cleaning

- Interior glass: windows, panels, doors
- Exterior glass: windows, panels, doors
- Side lights

General Cleaning

- Ceiling
- Computer room
- Drapery and blinds
- Upholstery
- Leather care
- Holiday services

Porter Services

- Function setup
- Table and chair rentals and setup
- Conference room and table cleaning before and after meetings
- Delivery services
- Boxes and furniture relocating
- Light bulb changes

Recycling and Waste Services

- Recycling, collection and disposal of waste
- Recycling bins
- Computer and office equipment recycling
- Furniture disposal

Repairs and Maintenance

Carpentry

[Exhibit H]

- Furniture and office system assembly and repair
- Wall surface repairs
- Installation of door kick plates
- Installation of white boards, cork boards, pictures and artwork
- Signs and directory manufacturing, installation and maintenance
- Caulking replacement
- Installation, repair and maintenance of doors, windows, counter tops, and drywall partitions
- Installation, repair and maintenance of ceiling tiles, moldings and trim
- Furniture restoration

Electrical

- Emergency light/exit sign repair
- Light bulb change and relamping
- Circuit tracing and identification
- Energy saving recommendations
- Weekly test operation of tenant emergency generators
- Annual tenant generator service
- Infrared scanning
- Electrical transformer maintenance
- Installation, repair and relocation of light fixtures, switches, receptacles, and circuit breakers
- Disconnect switches and check meters

Floor Covering

- Tile installation and repair
- Carpet installation and repair
- Vinyl, wood, and base material replacement and installation

General

- Building Holiday Services – cleaning and/or HVAC
- Extended HVAC services
- Other miscellaneous installations (i.e. keyboard trays, etc.)
- Touch up painting services

Pest Control

- Integrated pest management

Heating, Ventilation and Air Conditioning

- Preventive maintenance programs for retail equipment
- Preventive maintenance for supplemental/ computer room units
- Supply and exhaust fan maintenance and repair
- Indoor air quality testing
- Maintenance of air filters
- Air and water balancing
- Eddy current testing
- Installation and relocation of thermostats

Plumbing

- Drain cleaning
- Drain and grease trap maintenance
- Faucet repair or replacement, i.e., hands free/automatic bathroom systems
- Supply lines for coffee or ice makers
- Water filter replacement for water purification systems (drinking water, coffee, and ice makers)
- Fixture and appliance replacement
- Installation, repair and maintenance of hot water heaters, dish washers, and garbage disposals
- Drinking and decorative fountain repair

[Exhibit H]

- Backflow prevention, testing and repair
- Installation and replacement of check meters

Security and Life Safety

Building Access

- Replacement or additional access cards

Locksmith Services

- Lock outs
- Key duplication
- Rekeying
- Complete lock and key service

Fire and Life Safety

- Fire extinguisher installation and inspection within tenant suites
- Quarterly and annual inspection and testing of specialized systems

Additional Services

We can provide a list of preferred vendors and contractors for the following services within tenant suites:

- Fire suppression system installation and inspection for specialuse areas
- CCTV surveillance, recording and monitoring systems
- Security officer details
- Electronic access control

Space Improvements

Air Conditioning

- Supplemental air conditioning unit design and installation

Carpentry

- Furniture and office system assembly and repair
- Wall surface repairs
- Installation of door kick plates
- Installation of white boards, cork boards, pictures and artwork
- Signs and directory manufacturing, installation and maintenance
- Caulking replacement
- Installation, repair and maintenance of doors, windows, counter tops, and drywall partitions
- Installation, repair and maintenance of ceiling tiles, moldings and trim
- Furniture restoration

Construction Services

- Office build outs
- Complete floor renovations and remodeling
- Construction management services
- Project management for redesign and rebuild of office suites

Floor Covering

- Tile installation and repair
- Carpet installation and repair
- Vinyl, wood, and base material replacement and installation

Interior Landscaping

- Plant installation and maintenance
- Floral arrangements

Moving Services

- Small relocation projects
- Coordination of move services with preferred vendors
- Box and furniture relocation

[Exhibit H]

Painting

- Full and/or touchup painting
- Refinishing of walls, trim, and doors
- Wall papering and Polymix painting

Green Operations

Mission Statement

In keeping with the Boston Properties corporate strategy of long term ownership has been a philosophy to design and operate our building in the most thoughtful, efficient, and costconscious manner.

Therefore, it shall be the goal of the Boston Region Property Management Department to conserve energy and natural resources while properly maintaining the integrity of its assets and maximizing their competitiveness in the marketplace.

Through these efforts we continue to improve our natural resource efficiency and demonstrate that the operation of commercial real estate can be conducted with a conscious regard for the environment while mutually benefitting our customers and shareholders.

Recycling

Single Stream Recycling

Boston Properties is proud to provide desk side single stream recycling program to all tenant employees in Kendall Center. This comprehensive recycling program is part of our standard building services. In addition to paper and cardboard, all metal or plastic items with the recycling symbol 17 can be placed in the blue recycling bins beside each desk.

Acceptable materials include:

- paper of any color
- all glossy paper
- newspaper, magazines
- envelopes, including those with windows and/or labels
- all folders, including those with metal hangers and/or hooks
- computer paper, NCR (carbonless) forms and checks
- Paper that has been paper clipped, stapled, and/or taped
- Notebooks or folders that have plastic tabs or are bound together with plastic or wire spirals
- cardboard
- glass or aluminum bottles and cans
- ANY empty plastic item with the recycling symbol 17 on it

Unacceptable materials include:

- overnight mail packaging
- paper towels, facial tissue
- plastic, Styrofoam, or waxed cups
- waxed paper
- rubber

[Exhibit H]

- wood
- items that have to be dismantled into separate materials (staplers, pens, etc.)

Each night, our cleaners collect the trash in one bin and the recycling in another. Sometimes there are separate porters for trash and recycling while at other times, they will bring the bins together. Trash and recycling are placed in separate compactors on the loading dock. The trash is then removed and disposed of while the recycling is picked up and brought to a sorting facility to separate and recycle the various elements.

As plastic liners are not recyclable, blue recycle bins are not lined. It is the responsibility of the tenant to make sure these bins remain clean. If you are interested in having plastic liners placed in these bins, please contact tenant services for a proposal as this is a billable expense.

All paper leaves the property weekly in locked compactors and is bailed at the recycling company's warehouse.

Although confidentiality is reasonably preserved through this process, tenants may choose to shred particularly sensitive documents before placing them in the recycling receptacles

By fully utilizing the blue desk side recycle bin, your occupants can :

- contribute to the environment by recycling more waste
- reduces operating expenses at Kendall Center

Additional Recycling

Additional Recycling

In addition to mixed paper, bottles, cans, and plastics, Kendall Center offers recycling and proper disposal services for the following:

- Ewaste
(computers, monitors, printers, copiers, etc.)
- Batteries & UPS equipment
- Lamps and bulbs
- Metal furniture
- Wood furniture

All of the above items can be recycled by entering a request into bptenantervices.com or by calling Tenant Services.

Lamps and Bulbs

Whenever possible energy saving and low mercury content lamps and bulbs are utilized at the site. All lamps and bulbs removed from the site are disposed of properly.

Bike Racks

Bicycle racks are provided for convenience at various locations around Kendall Center. However, Kendall Center is not responsible for theft or damage of bicycles or other personal property left at these bicycle racks. Storage of bicycles in any common area lobby, service area, stairwell, or corridor is prohibited. Bicycles, skateboards, and gas powered scooters are strictly prohibited from being brought into a Kendall Center building.

Green Services

[Exhibit H]

Recycling Services

- Collection and transfer of recycling materials; wood, metal, paper, cardboard, etc.
- Recycling bins
- Computer and office equipment
- Furniture disposal
- Bottle and can recycling
- Fluorescent lamps

Energy Conservation Retrofits

- Lighting
- Occupancy sensors
- Water saving devices; faucets, toilets, etc.

Cleaning

- Dry method carpet cleaning
- Upholstery cleaning

Transportation Management

Boston Properties is a charter member of Charles River Transportation Management Association, a nonprofit comprised of Cambridge property owners, employers and institutions. The association was created to improve commuting options to Cambridge, as a way to address air quality and congestion, as well as improve recruitment and retention of employees. Boston Properties works to create and implement programs to enhance commuting options for Kendall Center tenants. Please call your Property Management Coordinator at (617) 4910709

during normal

business hours for additional information or visit <http://www.charlesrivertma.org> regarding preferred parking spaces in area garages for carpoolers who participate in ridesharing are available.

[MassBike](#) Massachusetts

[Bicycle Coalition](#)

[MassRIDES](#) Carpool
and Vanpool matching

[PlanetTran](#) Hybrid
livery car service

[VPSI, Inc.](#) Everything
about vanpooling

[WalkBoston](#) Pedestrian
advocacy group

[ZipCar](#) Car
sharing service

[GoLoco](#) Online
carpool matching

[Green Streets Initiatives](#) Cambridge
& Somerville

[Liveable Streets Alliance](#) Rethinking
Urban Transportation

Employee Materials

Boston Properties Guide to Conserving Energy

Single Stream Recycling Flyer

[Exhibit H]

If you would like hard copies of any of these materials so that they may be posted, please contact your property management coordinator at (617) 491.0709.

Farmer's Market

Boston Properties host a weekly Farmers Market along Main Street every Wednesday, 11:00 a.m. – 6:00 p.m., beginning in April and ending in late October. The market offers fresh and locally grown fruits and vegetables, unique breads, and other organic marketfresh goods.

Vendors include :

Aiden's Meats
Dick's Market Garden
Flats Mentor
Herb Lyceum
Kenny Farm
Samira's Homemade
When Pigs Fly
Sage Jewelry
Springdell Farm
Stow Greenhouses
Sugar Shack
Swiss Baker
Warner Farm

Green News

Green Newsletter Boston Properties is committed to improving its natural resource efficiency and demonstrating that operation and development of commercial real estate can be conducted with a conscious regard for the environment. To support this commitment, Boston Properties distributes a biannual newsletter

to share Boston portfolio building, program, and "Big Three" updates (Energy, Water, and Recycling). Please click below for Working Green newsletters for the latest information on Boston Properties green initiatives.

[Spring 2011 Newsletter](#)

[Winter 2012 Center Scene](#)

Building Amenities

ATMs

- Boston Private Bank ATM is located in Kendall Center Marriott at 50 Broadway
- Sovereign Bank ATM is located in the food court at 325 Main Street
- Bank of America ATM is located across the street from 255 Main Street

Kendall Center Area Amenities Brochure

[Click here to view a Kendall Center Area Amenities Brochure](#)

Gardens and Parks

Those working in and visiting Kendall Center can enjoy the benefit of relaxing in one of the five landscaped gardens on the site.

The Plaza is located between 255 Main Street and 325 Main Street and features ample bench seating for relaxing.

[Exhibit H]

The Plaza features the Entrepreneur Walk of Fame, similar to Hollywood stars; the names of seven of the brightest minds in the history of American business are immortalized with a sidewalk star in the Plaza sidewalks.

The South Park Perennial Garden is located on Broadway between 105 Broadway and 145 Broadway. Designed to provide interest throughout the seasons, it consists of a variety of colors and textures as well as carefully graduated plant heights in its beds. The garden can be enjoyed from one of its teak garden benches and is accessible year round.

The West Park Perennial Garden is adjacent to 150 Broadway. The landscaped areas incorporate a variety of colors and textures to provide the visitor with interest throughout the year. The garden is divided into four quadrants around a central grassy knoll. Teak garden benches in each of the quadrants provide a comfortable spot from which to enjoy the seasonal changes in the surrounding landscape.

Galaxy Park, also known as Point Park, is located at the site's easternmost border, is designed for yearround

enjoyment. The fountain is the focal point of the park and consists of a global sphere that operates as a traditional water fountain during the months of April through October and as a steam fountain from November through March.

The Roof Garden, a beautifully landscaped botanical garden, is situated on top of the East Garage. The garden is equipped with benches making for a perfect outdoor retreat where you can relax and rejuvenate on a three season calendar.

Hotels

Charles Hotel 617.864.1200

Kendall Center Marriott 617.494.6600

Kendall Hotel 617.577.1300

Hyatt Regency 617.492.1234

Residence Inn by Marriott 617.577.2500

Royal Sonesta Hotel 617.491.3600

Property Amenities

We offer our tenants and visitors the following amenities and services.

MIT Book Store (617) 253.5249

The MIT Coop Bookstore offers a variety of retail books and magazines as well as school supplies, greeting cards, house wares, snacks, beverages, clothing and other gift items. The bookstore also features a variety of Massachusetts Institute of Technology retail products and textbooks.

The Coop Food Court

Attention: The Coop Food Court is currently closed for renovations. Other area eateries are listed below.

Au Bon Pain

Bailey and Sage

Champions Restaurant and Bar

Clover

[Exhibit H]

Cosi
Legal Sea Foods
Meadhall
Rebecca's Caf é
Sebastians
Starbuck's Coffee

Summer Concert Series

Boston Properties is pleased to sponsor a Lunchtime Summer Concert Series every year from Memorial Day to Labor Day. A variety of artists display their talents between the hour of 12:00 PM and 1:00 PM. Performances are held on the Plaza located on Main Street in front of the Marriott Hotel. You can obtain a copy of the summer line up series by contacting the management office at (617) 4910709.

Farmers Market

Boston Properties host a weekly Farmers Market along Main Street every Wednesday, 11:00 a.m. – 6:00 p.m., beginning in April and ending in late October. The market offers fresh and locally grown fruits and vegetables, unique breads, and other organic marketfresh goods.

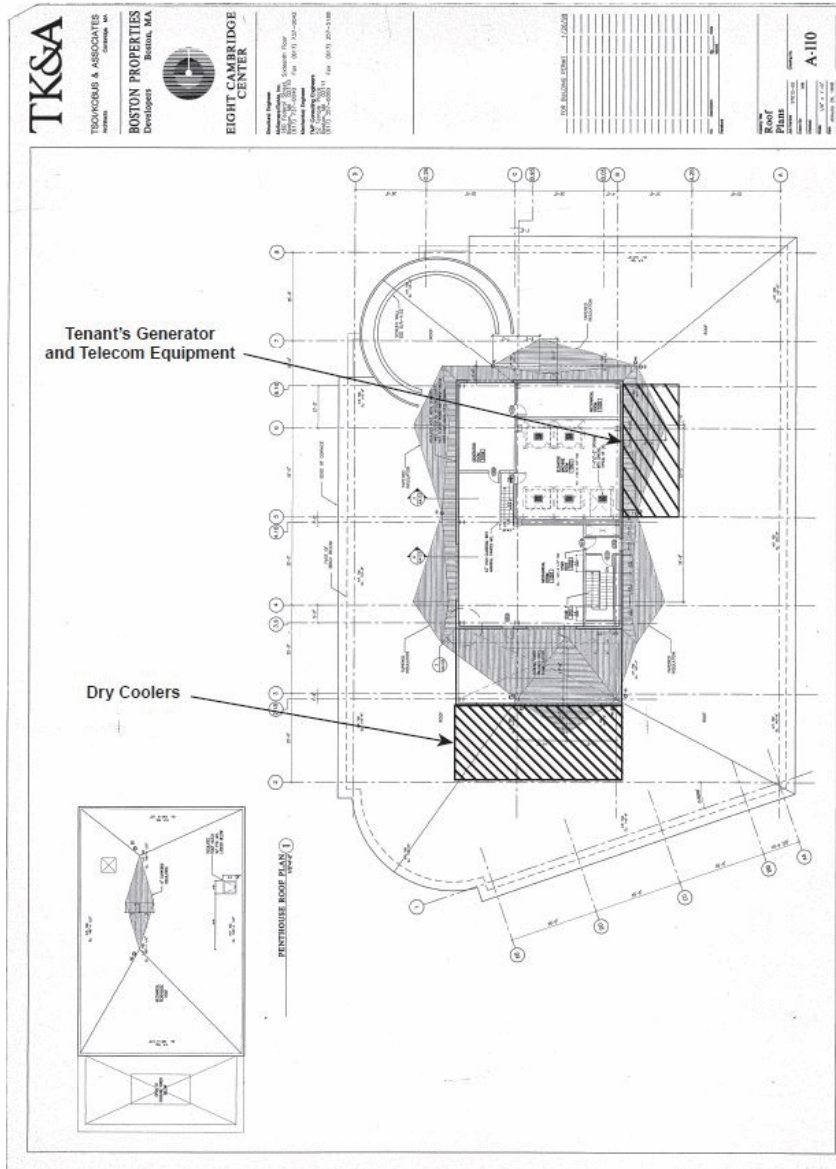
Vendors include :

Aiden's Meats
Dick's Market Garden
Flats Mentor
Herb Lyceum
Kenny Farm
Samira's Homemade
When Pigs Fly
Sage Jewelry
Springdell Farm
Stow Greenhouses
Sugar Shack
Swiss Baker
Warner Farm

[Exhibit H]

EXHIBIT I - 1

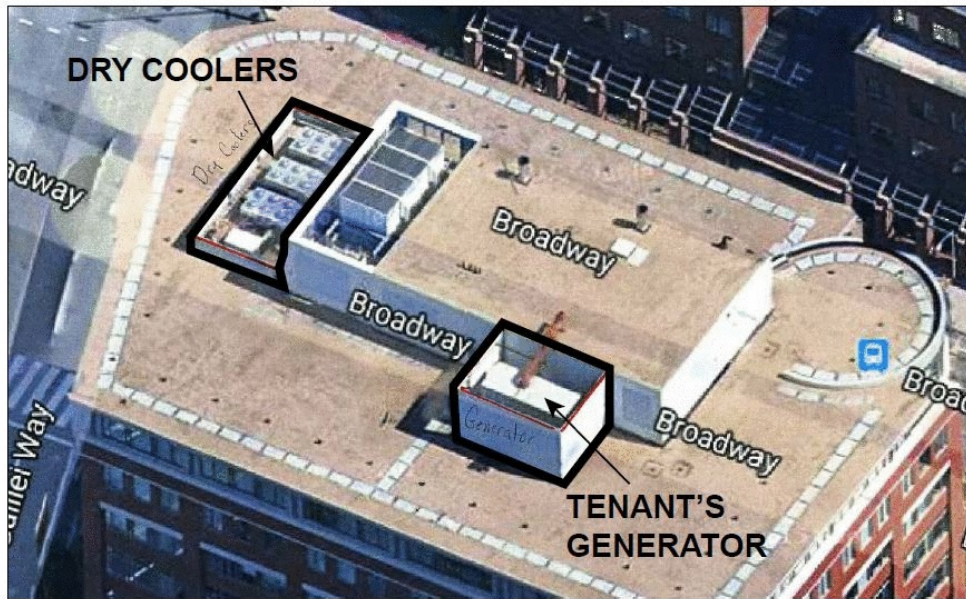
PERMITTED ROOFTOP AREA



[Exhibit I]

EXHIBIT I - 2

EXISTING ROOFTOP AREA



[Exhibit I]

EXHIBIT J

FORM OF LIEN WAIVERS

CONTRACTOR'S PARTIAL WAIVER AND SUBORDINATION OF LIEN

STATE OF _____ Date: _____
_____ COUNTY Application for Payment No.: _____

OWNER: _____

CONTRATOR: _____

LENDER / MORTGAGEE: None

- 1. Original Contract Amount: \$ _____
- 2. Approved Change Orders: \$ _____
- 3. Adjusted Contract Amount: \$ _____
(line 1 plus line 2)
- 4. Completed to Date: \$ _____
- 5. Less Retainage: \$ _____
- 6. Total Payable to Date: \$ _____
(line 4 less line 5)
- 7. Less Previous Payments: \$ _____
- 8. Current Amount Due: \$ _____
(line 6 less line 7)
- 9. Pending Change Orders: \$ _____
- 10. Disputed Claims: \$ _____

The undersigned who has a contract with _____ for furnishing labor or materials or both labor and materials or rental equipment, appliances or tools for the erection, alteration, repair or removal of a building or structure or other improvement of real property known and identified as located in _____ (city or town), _____ County, _____ and owned by _____, upon receipt of _____ (\$ _____) in payment of an invoice/requisition/application for payment dated _____ does hereby:

[Exhibit J]

- (a) waive any and all liens and right of lien on such real property for labor or materials, or both labor and materials, or rental equipment, appliances or tools, performed or furnished through the following date _____ (payment period), except for retainage, unpaid agreed or pending change orders, and disputed claims as stated above;
- (b) subordinate any and all liens and right of lien to secure payment for such unpaid, agreed or pending change orders and disputed claims, and such further labor or materials, or both labor and materials, or rental equipment, appliances or tools, except for retainage, performed or furnished at any time through the twenty-fifth day after the end of the above payment period, to the extent of the amount actually advanced by the above lender/mortgagee through such twenty-fifth day.

Signed under the penalties of perjury this _____ day of _____, 20__.

WITNESS:

CONTRACTOR:

Name: _____
Title: _____

Name: _____
Title: _____

[Exhibit J]

SUBCONTRACTOR'S LIEN WAIVER

General Contractor: _____

Subcontractor: _____

Owner: _____

Project: _____

Total Amount Previously Paid: \$ _____

Amount Paid This Date: \$ _____

Retainage (Including This Payment) Held to Date: \$ _____

In consideration of the receipt of the amount of payment set forth above and any and all past payments received from the Contractor in connection with the Project, the undersigned acknowledges and agrees that it has been paid all sums due for all labor, materials and/or equipment furnished by the undersigned to or in connection with the Project and the undersigned hereby releases, discharges, relinquishes and waives any and all claims, suits, liens and rights under any Notice of Identification, Notice of Contract or statement of account with respect to the Owner, the Project and/or against the Contractor on account of any labor, materials and/or equipment furnished through the date hereof.

The undersigned individual represents and warrants that he is the duly authorized representative of the undersigned, empowered and authorized to execute and deliver this document on behalf of the undersigned and that this document binds the undersigned to the extent that the payment referred to herein is received.

The undersigned represents and warrants that it has paid in full each and every sub-subcontractor, laborer and labor and/or material supplier with whom undersigned has dealt in connection with the Project and the undersigned agrees at its sole cost and expense to defend, indemnify and hold harmless the Contractor against any claims, demands, suits, disputes, damages, costs, expenses (including attorneys' fees), liens and/or claims of lien made by such sub-subcontractors, laborers and labor and/or material suppliers arising out of or in any way related to the Project.

If any party of this lien waiver is declared unenforceable or invalid, the remainder will continue to be valid and enforceable.

[Exhibit J]

Signed under the penalties of perjury as of this _____ day of _____, 20__.

SUBCONTRACTOR:

Signature and Printed Name of Individual Signing this Lien Waiver

WITNESS:

Name: _____

Title: _____

Date: _____

[Exhibit J]

disclosed or undisclosed (collectively "Releasees") from and against any and all claims, losses, damages, actions and causes of action (collectively "Claims") which the undersigned and anyone claiming by, through or under the undersigned has or may have against the Releasees, including, without limitation, any claims arising in connection with the Contract and the work performed thereunder.

Notwithstanding anything to the contrary herein, payment to the undersigned of the Final Payment Due sum as set forth above, shall not constitute a waiver by the Owner of any of its rights under the contract including by way of illustration but not by way of limitation guarantees and/or warranties. Payment will not be made until a signed waiver is returned to Owner.

The undersigned individual represents and warrants that he/she is the duly authorized representative of the undersigned, empowered and authorized to execute and deliver this document on behalf of the undersigned.

Signed under the penalties of perjury as of this ___ day of _____, _____.

_____ Corporation

[Exhibit J]

By: _____
Name: _____
Title: _____
Hereunto duly authorized

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK

On this ___ day of _____, 20 ___, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it as _____ for _____, a corporation/partnership voluntarily for its stated purpose.

NOTARY PUBLIC
My Commission Expires:

[Exhibit J]

EXHIBIT K

SAMPLE OPERATING EXPENSE BUDGET

2018 BA Budget 2018 PSF

CCA08 - 150 Broadway

CLEANING

CLEANING - CONTRACT SERVICE

6050 - Cleaning Service	233,414	1.32
6055 - Cleaning Reimbursement	(1,200)	(0.01)
6060 - Cleaning - Windows	10,090	0.06
6065 - Cleaning - Unclassified	89,952	0.51
6075 - Cleaning Repair Services	0	0.00
CLEANING - CONTRACT SERVICE TOTAL:	332,256	1.87

CLEANING - SUPPLIES & MATERIAL

6085 - Cleaning Supplies	21,300	0.12
CLEANING - SUPPLIES & MATERIAL TOTAL:	21,300	0.12

CLEANING - TRASH REMOVAL

6095 - Rubbish Removal	7,176	0.04
6096 - Recycling / Organics	180	0.00
CLEANING - TRASH REMOVAL TOTAL:	7,356	0.04
CLEANING TOTAL:	360,912	2.04

UTILITIES

ELECTRICITY

6110 - Electricity	0	0.00
ELECTRICITY TOTAL:	0	0.00

GAS

6145 - HVAC - Fuel Heat	50,850	0.29
GAS TOTAL:	50,850	0.29

FUEL OIL

6156 - Fuel Oil	500	0.00
FUEL OIL TOTAL:	500	0.00

WATER & SEWER

6185 - Sewerage	19,252	0.11
6190 - City Water	12,837	0.07
WATER & SEWER TOTAL:	32,089	0.18
UTILITIES TOTAL:	83,439	0.47

REPAIRS & MAINTENANCE

MAINTENANCE PAYROLL

6215 - Maintenance Wages	178,467	1.01
6215.01 - Maintenance Wages - Eng	110,448	0.62

[Exhibit K]

6215.03 - OT Wages	13,452	0.08
6220 - Work Order Wage Reimbursement	(3,324)	(0.02)
6230.10 - Wages O/S Contract Wages	0	0.00
MAINTENANCE PAYROLL TOTAL:	299,043	1.69
ELEVATOR MAINTENANCE		
6250 - Elevator Contract	25,718	0.15
6252 - Elevator Permits	9,768	0.06
6265 - Elevator Repair Services	1,000	0.01
ELEVATOR MAINTENANCE TOTAL:	36,486	0.21
HVAC MAINTENANCE		
6275 - HVAC Water Treatment	5,936	0.03
6285 - HVAC Supplies	5,448	0.03
6290 - HVAC License & Fees	2,090	0.01
6298 - HVAC Air Quality	4,515	0.03
6300 - Energy Management	2,440	0.01
6315 - HVAC Repair Materials	11,000	0.06
6320 - HVAC Repair Services	19,700	0.11
HVAC MAINTENANCE TOTAL:	51,129	0.29
ELECTRICAL MAINTENANCE		
6335 - Bulbs & Ballast	2,496	0.01
6340 - Electrical Supplies Reimburesem	(3,900)	(0.02)
6355 - Electrical Repair Materials	600	0.00
6360 - Electrical Repair Services	9,601	0.05
ELECTRICAL MAINTENANCE TOTAL:	8,797	0.05
STRUCTURAL / ROOF MAINTENANCE		
6375 - Roof Repair	5,400	0.03
STRUCTURAL / ROOF MAINTENANCE TOTAL:	5,400	0.03
PLUMBING MAINTENANCE		
6385 - Plumbing Repairs Materials & S	6,048	0.03
6390 - Plumbing Repair Services	16,853	0.10
PLUMBING MAINTENANCE TOTAL:	22,901	0.13
FIRE / LIFE / SAFETY		
6410 - Fire & Crime Prevention	56,435	0.32
FIRE / LIFE / SAFETY TOTAL:	56,435	0.32
OTHER MAINTENANCE & SUPPLIES		
6425 - Staff Uniforms	1,152	0.01
6430 - Common Area Exp Allocation	312	0.00

[Exhibit K]

6435 - Lobby Green - Plant Care	2,069	0.01
6440 - General Supplies	3,900	0.02
6445 - General Supplies Reimbursement	(96)	(0.00)
6450 - Hand Tools & Equipment	2,400	0.01
6455 - Tenant Directory & Signage	0	0.00
6460 - Miscellaneous	0	0.00
6465 - Pest Control	960	0.01
6495 - Painting Service- Common Areas	8,000	0.05
6500 - General Building Repair Materi	0	0.00
6505 - General Building Repair Servic	11,019	0.06
OTHER MAINTENANCE & SUPPLIES TOTAL:	29,716	0.17
REPAIRS & MAINTENANCE TOTAL:	509,907	2.88
ROADS/GROUNDS/SECURITY		
LANDSCAPE/SNOW CONTRACT SERVIC		
6615 - Landscaping Service	12,664	0.07
6620 - Snow Removal	35,030	0.20
LANDSCAPE/SNOW CONTRACT SERVIC TOTAL:	47,694	0.27
SECURITY		
6655 - Security	141,919	0.80
6655.30 - Security - Guard uniforms	0	0.00
6665 - Building Security	8,664	0.05
6670 - Security System	0	0.00
SECURITY TOTAL:	150,583	0.85
ROADS/GROUNDS/SECURITY TOTAL:	198,277	1.12
ADMINISTRATIVE		
MANAGEMENT FEES		
6720 - Management Fees - BXP	258,456	1.46
MANAGEMENT FEES TOTAL:	258,456	1.46
PROFESSIONAL FEES		
6747 - Property Tax Consulting	1,000	0.01
6748 - Other Consulting	3,248	0.02
PROFESSIONAL FEES TOTAL:	4,248	0.02
GENERAL OFFICE - OTHER		
6760 - Travel Expense - Escalatable	408	0.00
6765 - Meals Expense - Escalatable	1,440	0.01
6770 - Licenses & Fees	360	0.00
6774 - 501(c)(6) Non Tax Deductable (3,153	0.02

[Exhibit K]

EXHIBIT L

BUILDING MANAGEMENT SYSTEM

PART 1 - AUTOMATIC TEMPERATURE CONTROL SYSTEM

1.1 GENERAL

A. The project entail replacing the existing legacy Building Management Control System with a complete Struxureware Building Management Control System as described below. The building is a 9-story office building at 150 Broadway in Cambridge, MA.

B. Furnish and install, as hereinafter specified, the StruxureWare Building Management System (BMS) as manufactured by Schneider Electric Company. The installation of the control system shall be performed under the direct supervision of BCM Controls, Inc. with the shop drawings, flow diagrams, bill of materials, component designation or identification number and sequence of operation all bearing the name of the manufacturer. The installing BMS contractor shall certify in writing, that the shop drawings have been prepared by the BMS contractor and that the equipment BMS contractor has supervised their installation. In addition, the BMS contractor shall certify, in writing, that the shop drawings were prepared by their company and that all temperature control equipment was installed under their direct supervision.

C. BMS shall report critical alarm to the Boston Properties Control Center (BPCC) at the Prudential Center in Boston.

1.2 NETWORK

A. Automation Servers and b3 Infinity controllers will make up the new automation system. There will be multiple controllers added to the Ethernet network for the control of the new systems including BACnet interface controllers for communicate with the equipment.

B. All IP network drops will be provided by Boston Properties

1.3 GRAPHICS

A. A graphic will be setup for each piece of equipment controlled by the BAS. All points in the system will be able to be viewed and/or controlled from the appropriate equipment graphic. The operator will be able to navigate the graphics through a point and click interface. This will not only allow navigation to each graphic but will allow each trend and schedule to be selected for the related system.

1.4 TRENDS

A. Standard for all Automation Server IO modules and b3 Infinite controllers only: All inputs, outputs and variables such as set points will be trended in one hour intervals for a minimum of 168 hours (seven days)

[Exhibit L]

and will be available through an appropriate graphic. Each trend will pull up in a list format to allow the user to select the desired points and range of data to view before initiating the data retrieval.

1.5 SCHEDULES

A. Individual schedules will be setup as determined by meetings with the owner. There will be one "Base Building" schedule. Each area scheduled will follow a single zone schedule as determined by Boston Properties. Each zone will have the capability of being scheduled individually for occupied/unoccupied control.

B. All equipment in each scheduled zone will follow the designated schedule. All schedule times are adjustable through the workstation scheduling package.

1.6 POWER FAILURE

A. During equipment loss of local power, the BAS will only recognize a status failure if the equipment status is monitored. It will alarm only as a status failure if programmed to.

B. During building loss of normal power, the BAS will only recognize and alarm a return to normal power. The same holds true when a BAS controller is on Emergency Power; there is a short interruption of power during the changeover.

1.7 ALARM MANAGEMENT

A. Alarms will be divided into three categories: informational, warning and critical.

B. Informational refers to operator induced changes, such as points disabled or overridden.

C. Warning alarms refer to general alarms that, when activated, will annunciate at the workstation and display on the system graphic panel.

D. Critical alarms, when activated, will annunciate at the workstation and display on the equipment graphic. Critical alarms will be intentionally setup to be triggered by events that would cause disruption to a major building system or indicate that mechanical damage may be eminent.

E. Critical and non-critical alarms will be indicated by red colored text on the equipment graphic or floor plan.

F. The BAS will continuously monitor itself for system integrity. If any controller fails to communicate, a critical alarm will be sent to indicate the specific controller(s) that have lost communication. This will be a critical alarm.

[Exhibit L]

G. Specific alarms will be identified under each system sequence. Critical alarms will be identified in bold face.

H. The BMS shall report critical alarm back to BPCC in Boston.

1.8 PACKAGED EQUIPMENT

A. Mammoth Air Handling Unit Controller: The BMS contractor will remove and replace the existing Mammoth unit controller(s) with Struxureware controllers fully integrated within the new BMS.

B. Hot Water Boiler Controls- Staging: The BMS contractor will remove and replace the existing Hydrotherm boiler staging controller(s) with Struxureware controllers fully integrated within the new BMS.

C. Hot Water Boiler Controls- Firing and Safeties: The individual boiler controllers will remain which control the firing rates to maintain hot water supply temperature and safety shut downs and alarms.

1.9 SCOPE OF WORK

A. The BMS contractor shall furnish and install all equipment, accessories, wiring, and instrument piping required for a complete and functioning system.

B. The control system shall consist of, but not limited to all temperature controls as specified herein including all PC's, Servers, BSC's, FEC's, printers, sensors, software, thermostats, temperature transmitters, receiver controllers, valves, dampers, damper operators, switches, gradual switches, relays, control panels, and other accessory equipment and appurtenances, including electrical wiring, to fulfill the intent of the specifications and provide for a complete and operable system.

C. Provide one new work station configured with Windows 7. Provide with 21 inch wide screen monitor.

D. Existing actuators, valves, dampers, sensors, etc. will be re-used and incorporated into the new BMS, unless specifically called out for replacement. The BMS contractor will document the devices that are not in working order and provide an added cost proposal for replacement.

E. All materials and equipment used shall be standard components, regularly manufactured for this type of work, and shall not be custom designed especially for this project. All components shall have been thoroughly tested and proven in actual use.

F. The BMS contractor shall furnish and install or re-use all required control and interlock wiring.

1.10 ELECTRICAL WIRING

[Exhibit L]

A. Electrical work will be in accordance with NFPA 70 and ANSI C2. Electrical wiring, terminal blocks, and other high voltage contacts will be fully enclosed and marked to prevent accidental injury.

B. All wiring associated with the installation will be the responsibility of the BMS contractor. The term "wiring" is construed to include furnishing of wire, conduit, miscellaneous material and labor as required to install a total working system.

C. All wiring above ceilings and within walls shall be plenum rated and can be run soft. Wiring within machine rooms and exposed areas shall be in EMT. Existing EMT will be re-used as appropriate.

1.11 QUALITY ASSURANCE

A. The BMS system shall be designed and installed, commissioned and serviced by manufacturer employed, factory trained personnel. Manufacturer shall have an in-place support facility within 50 miles of the site with technical staff, spare parts inventory and necessary test and diagnostic equipment. Distributors or Licensed Installing Contractors are not acceptable.

1. The Bidder shall be regularly engaged in the manufacturing, installation and maintenance of BMS systems and shall have a minimum of 10 years of demonstrated technical expertise and experience in the manufacture, installation and maintenance of BMS systems similar in size and complexity to this project, a maintained service organization consisting of at least 10 competent servicemen for a period of not less than 10 years and the provide a list of 10 projects, similar in size and scope to this project, completed within the last five years.

B. Materials and equipment shall be the catalogued products of manufacturers regularly engaged in production and installation of automatic temperature control systems and shall be manufacturer's latest standard design that complies with the specification requirements.

C. All BMS peer-to-peer network controllers, central system controllers and local user displays shall be UL Listed under Standard UL 916, category PAZX; Standard ULC C100, category UUKL7; and under Standard UL 864, categories UUKL, UDTZ, and QVAX, and be so Listed at the time of bid. All floor level controllers shall comply, at a minimum, with UL Standard UL 91 category PAZX; Standard UL 864, categories UDTZ, and QVAX, and be so listed at the time of Bid.

D. All electronic equipment shall conform to the requirements of FCC Regulation, Part 15, Governing Radio Frequency Electromagnetic Interference and be so labeled.

E. The manufacturer of the building automation system shall provide documentation supporting compliance with ISO-9002 (Model for Quality Assurance in Production, Installation, and Servicing) and ISO-140001 (The application of well-accepted business management principles to the environment). The intent of

[Exhibit L]

this specification requirement is to ensure that the products from the manufacturer are delivered through a Quality System and Framework that will assure consistency in the products delivered for this project.

F. This system shall have a documented history of compatibility by design for a minimum of 15 years. Future compatibility shall be supported for no less than 10 years. Compatibility shall be defined as the ability to upgrade existing field panels to current level of technology, and extend new field panels on a previously installed network.

1. Compatibility shall be defined as the ability for any existing field panel microprocessor to be connected and directly communicate with new field panels without bridges, routers, or protocol converters.

1.15 Equipment

A. Network, Workstation, and Training

1. The BMS contractor will install a new Struxureware workstation and printer at a location determined by Boston Properties

2. The BMS contractor will install a new network riser from the basement to the penthouse using existing network infrastructure piping.

3. The BMS contractor will install a new automation server in the 1st floor engineering office to support the (9) core unit controllers and the controllers for the boiler plant and condenser water plant.

4. The BMS contractor may re-use existing enclosures, conduit, sensors, devices and wiring unless specifically called out for replacement.

5. The BMS contractor will provide (8) hours of training.

B. Outside Air Sensors:

1. The BMS contractor will replace the existing outside air dry bulb temperature sensor which will be used as a global input to the BMS.

2. The BMS contractor will install a new outside air relative humidity sensor which will be used as a global input to the BMS.

C. Cooling Towers (CT-1 & 2):

1. The BMS contractor will develop and implement the control sequence for complete control of cooling towers to maintain proper condenser water supply temperature.

2. Each cooling tower has a 2-speed fan.

[Exhibit L]

3. The BMS contractor will replace the existing condenser water supply temperature sensor.
4. The BMS will monitor the status of the cooling tower make-up water valve.
5. The BMS will control the existing cooling tower bypass valve to maintain minimum condenser water supply temperature.

D. Cooling Tower Loop and Pumps (P1&2)

1. The BMS contractor will develop and implement the control sequence for complete control and monitoring of the cooling tower pumps to maintain proper cooling tower water flow to the heat exchanger.
2. The BMS contractor will replace the cooling tower supply temperature sensor as described in the cooling tower section.
3. The BMS will stage and alternate the single speed cooling tower pumps.
4. The BMS will monitor the status of the pumps with existing devices and provide for failure alarm.

E. Condenser Water Loop and Pumps (P3&4)

1. The BMS contractor will develop and implement the control sequence for complete control and monitoring of the condenser water pumps to maintain proper condenser water flow to the system.
2. The BMS contractor will replace the condenser water supply temperature sensor and condenser water return temperature sensor.
3. The BMS contractor will index the condenser water cooling supply temperature setpoint to the outside air wet-bulb temperature within the operating parameters of the connected equipment.
4. The BMS contractor will reset the cooling tower supply temperature setpoint and cooling tower pump operation to maintain condenser water supply temperature setpoint.
5. The BMS will monitor the existing Condenser water DP sensor and control the existing DP Bypass valve accordingly.
6. The BMS will stage the single speed pumps to maintain condenser water differential pressure setpoint.
7. The BMS will monitor the status of the pumps with existing devices and provide for failure alarm.

F. Hot Water Loop and Pumps (P5&6)

[Exhibit L]

1. The BMS contractor will develop and implement the control sequence for complete control and monitoring of the hot water pumps to maintain proper hot water flow to the system.
2. The BMS contractor will replace the hot water supply temperature sensor and hot water return temperature sensor.
3. The BMS will monitor the existing hot water DP sensor and control the existing DP Bypass valve accordingly.
4. The BMS will stage and alternate the single speed pumps to maintain hot water differential pressure setpoint.
5. The BMS will monitor the status of the pumps with existing devices and provide for failure alarm.

G. Hot Water Boilers

1. The BMS contractor will develop and implement the control sequence for staging of the boilers to maintain hot water supply temperature setpoint.
2. The BMS contractor will replace the boiler staging controller. The new controller will be completely incorporated into the BMS.
3. The BMS contractor will replace the hot water supply temperature sensor and hot water return temperature sensor.
4. The BMS will write the hot water supply temperature setpoints via hard-wired connection to each boiler.
5. The existing boiler controls will remain which provides boiler firing rate and safety functions of each boiler.
6. The BMS will read boiler alarms from the existing boiler controllers.

H. Mammoth Air Handling Units (Each of 9)

1. The BMS contractor will develop and implement the control sequence for the Mammoth air-handling units to control each piece of equipment in the unit.
2. The BMS contractor will replace the existing air-handling unit controller. The new controller will be completely incorporated into the BMS.
3. Each Mammoth AHU consists of the following major pieces of equipment;
 - a. Two Stage DX compressors
 - b. Condenser water valve

[Exhibit L]

c. Variable Speed Supply Fan with VFD.

1) Include start/stop, status, and speed.

4. The BMS contractor will replace the return, supply, and mixed air temperature sensors.
5. The BMS contractor will re-use the existing SP sensor and wiring to control fan speed.
6. The existing make-up ventilation air fan will not be controlled by the BMS as part of this project.
7. The BMS contractor will utilize existing wiring and devices except where noted.

I. Variable Air Volume (VAV) Boxes (Fan-Powered and straight VAV)

1. The VAV boxes are currently controlled pneumatically.
2. All VAV boxes within the tenant space shall remain and are not part of this scope.
3. The VAV boxes will remain pneumatically controlled. There will be no changes to their operation or control as part of this project.

END OF SECTION

[Exhibit L]

SUBSIDIARIES OF THE REGISTRANT

AKAMAI TECHNOLOGIES LTD.	Incorporated in the United Kingdom
AKAMAI TECHNOLOGIES GMBH	Incorporated in Germany
AKAMAI TECHNOLOGIES SARL	Incorporated in France
AKAMAI TECHNOLOGIES NETHERLANDS BV	Incorporated in the Netherlands
AKAMAI INTERNATIONAL BV	Incorporated in the Netherlands
AKAMAI TECHNOLOGIES SECURITIES CORPORATION	Incorporated in Massachusetts
K STREAMING LLC	Organized in Delaware
AKAMAI SALES LLC	Organized in Delaware
AKAMAI JAPAN G.K.	Incorporated in Japan
AKAMAI TECHNOLOGIES INDIA PRIVATE LTD.	Incorporated in India
AKAMAI TECHNOLOGIES SPAIN SL	Incorporated in Spain
AKAMAI TECHNOLOGIES SINGAPORE PVT. LTD.	Incorporated in Singapore
AJ TECHNOLOGIES LTD	Incorporated in the Cayman Islands
AKAMAI (BEIJING) TECHNOLOGIES, CO. LTD.	Incorporated in the People's Republic of China
AKAMAI TECHNOLOGIES AB	Incorporated in Sweden
AKAMAI TECHNOLOGIES SOLUTIONS (INDIA) PRIVATE LTD.	Incorporated in India
AKAMAI INDIA NETWORKS PRIVATE LTD.	Incorporated in India
AKAMAI TECHNOLOGIES YUHAN HOESA	Incorporated in South Korea
AKAMAI TECHNOLOGIES S.R.I.	Incorporated in Italy
AKAMAI TECHNOLOGIES INTERNATIONAL AG	Incorporated in Switzerland
AKAMAI TECHNOLOGIES HONG KONG LIMITED	Incorporated in Hong Kong
AKAMAI TECHNOLOGIES POLAND SP. Z.O.O.	Incorporated in Poland
AKAMAI TECHNOLOGIES S.R.O.	Incorporated in the Czech Republic
AKAMAI TECHNOLOGIES E SERVICOS DO BRASIL LTDA.	Incorporated in Brazil
AKAMAI TECHNOLOGIES APJ PTE LTD.	Incorporated in Singapore
AKAMAI TECHNOLOGIES ISRAEL LIMITED	Incorporated in Israel
AKAMAI TECHNOLOGIES CANADA	Incorporated in Canada
AKAMAI TECHNOLOGIES COSTA RICA SRL	Incorporated in Costa Rica
AKAMI TEKNOLOGI HIZMETLERI LIMITED SIKRETI	Incorporated in Turkey
AKAMAI NETWORKS B.V.	Incorporated in the Netherlands
AKAMAI TECHNOLOGIES LIMITED	Incorporated in Taiwan
AKAMAI TECHNOLOGIES MALAYSIA SDN BHD	Incorporated in Malaysia
AKAMAI TECHNOLOGIES BELGIUM SPRL	Incorporated in Belgium
PROLEXIC TECHNOLOGIES HONG KONG LTD.	Incorporated in Hong Kong
AKAMAI TECHNOLOGIES LLC	Organized in Russia
AKAMAI TECHNOLOGIES DENMARK APS	Incorporated in Denmark
AKAMAI TECHNOLOGIES LUXEMBOURGH SARL	Incorporated in Luxembourg
CODEMATE APS	Incorporated in Denmark
OCTOSHAPES APS	Incorporated in Denmark
SOHA SYSTEMS INDIA PRIVATE LTD.	Incorporated in India
NOMINUM, INC.	Incorporated in Delaware
NOMINUM JAPAN KK	Incorporated in Japan
NOMINUM LTD.	Incorporated in the United Kingdom
NOMINUM GMBH	Incorporated in Germany
AKAMAI TECHNOLOGIES MEXICO	Incorporated in Mexico

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-89887, 333-89889, 333-37810, 333-62072, 333-83502, 333-91558, 333-116452, 333-139255, 333-155423, 333-159340, 333-174577, 333-179789, 333-180088, 333-188989, 333-194278, 333-204208 and 333-218537) of Akamai Technologies, Inc. of our report dated March 1, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 1, 2018

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, F. Thomson Leighton, certify that:

1. I have reviewed this Annual Report on Form 10-K of Akamai Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2018

/s/ F. Thomson Leighton

F. Thomson Leighton, Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, James Benson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Akamai Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2018

/s/ James Benson

James Benson, Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Akamai Technologies, Inc. (the "Company") for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, F. Thomson Leighton, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date March 1, 2018

/s/ F. Thomson Leighton

F. Thomson Leighton, Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Akamai Technologies, Inc. and will be retained by Akamai Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Akamai Technologies, Inc. (the "Company") for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, James Benson, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2018

/s/ James Benson

James Benson

A signed original of this written statement required by Section 906 has been provided to Akamai Technologies, Inc. and will be retained by Akamai Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

