

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Recurring revenues	\$ 462,829	\$ 433,786	\$ 388,214	\$ 1,317,505	\$ 1,090,649
Non-recurring revenues	25,901	23,463	19,994	71,719	57,019
<b>Revenues</b>	<b>488,730</b>	<b>457,249</b>	<b>408,208</b>	<b>1,389,224</b>	<b>1,147,668</b>
Cost of revenues	251,487	225,289	219,724	693,874	612,580
<b>Gross profit</b>	<b>237,243</b>	<b>231,960</b>	<b>188,484</b>	<b>695,350</b>	<b>535,088</b>
Operating expenses:					
Sales and marketing	53,211	47,603	42,884	147,224	113,211
General and administrative	83,621	80,595	65,873	242,532	193,986
Restructuring charges	-	-	1,587	-	2,186
Acquisition costs	4,542	1,666	699	6,883	2,729
<b>Total operating expenses</b>	<b>141,374</b>	<b>129,864</b>	<b>111,043</b>	<b>396,639</b>	<b>312,112</b>
<b>Income from continuing operations</b>	<b>95,869</b>	<b>102,096</b>	<b>77,441</b>	<b>298,711</b>	<b>222,976</b>
Interest and other income (expense):					
Interest income	1,054	963	679	2,708	1,526
Interest expense	(50,207)	(46,787)	(51,114)	(149,812)	(126,152)
Other income (expense)	507	(1,844)	(1,694)	(1,491)	1,438
Loss on debt extinguishment	(5,204)	-	-	(5,204)	-
<b>Total interest and other, net</b>	<b>(53,850)</b>	<b>(47,668)</b>	<b>(52,129)</b>	<b>(153,799)</b>	<b>(123,188)</b>
<b>Income from continuing operations before income taxes</b>	<b>42,019</b>	<b>54,428</b>	<b>25,312</b>	<b>144,912</b>	<b>99,788</b>
Income tax expense	(13,498)	(17,138)	(5,137)	(44,489)	(24,090)
<b>Net income from continuing operations</b>	<b>28,521</b>	<b>37,290</b>	<b>20,175</b>	<b>100,423</b>	<b>75,698</b>
<b>Net income from discontinued operations</b>	<b>679</b>	<b>350</b>	<b>464</b>	<b>1,228</b>	<b>819</b>
<b>Net income</b>	<b>29,200</b>	<b>37,640</b>	<b>20,639</b>	<b>101,651</b>	<b>76,517</b>
Net income attributable to redeemable non-controlling interests	(362)	(1,193)	(320)	(1,843)	(323)
<b>Net income attributable to Equinix</b>	<b>\$ 28,838</b>	<b>\$ 36,447</b>	<b>\$ 20,319</b>	<b>\$ 99,808</b>	<b>\$ 76,194</b>
<b>Net income per share attributable to Equinix:</b>					
Basic net income per share from continuing operations	\$ 0.58	\$ 0.75	\$ 0.20	\$ 2.06	\$ 1.38
Basic net income per share from discontinued operations	0.02	0.01	0.01	0.03	0.02
Basic net income per share (1)	<u>0.60</u>	<u>0.76</u>	<u>0.21</u>	<u>2.09</u>	<u>1.40</u>
Diluted net income per share from continuing operations	\$ 0.57	\$ 0.72	\$ 0.19	\$ 2.01	\$ 1.36
Diluted net income per share from discontinued operations	0.01	0.01	0.01	0.02	0.01
Diluted net income per share (2)	<u>0.58</u>	<u>0.73</u>	<u>0.20</u>	<u>2.03</u>	<u>1.37</u>
Shares used in computing basic net income per share	48,361	48,016	47,202	47,779	46,861
Shares used in computing diluted net income per share	52,655	52,351	47,943	51,724	47,694

(1) The net income used in the computation of basic net income per share attributable to Equinix is presented below:

Net income from continuing operations	\$ 28,521	\$ 37,290	\$ 20,175	\$ 100,423	\$ 75,698
Net income attributable to non-controlling interests	(362)	(1,193)	(320)	(1,843)	(323)
Adjustments attributable to redemption value of non-controlling interests	-	-	(10,639)	-	(10,639)
Net income from continuing operations attributable to Equinix, basic	28,159	36,097	9,216	98,580	64,736
Net income from discontinued operations	679	350	464	1,228	819
Net income attributable to Equinix, basic	<u>28,838</u>	<u>36,447</u>	<u>9,680</u>	<u>99,808</u>	<u>65,555</u>

(2) The net income used in the computation of diluted net income per share attributable to Equinix is presented below:

Net income from continuing operations attributable to Equinix, basic	\$ 28,159	\$ 36,097	\$ 9,216	\$ 98,580	\$ 64,736
Interest on convertible debt	1,696	1,678	-	5,073	-
Net income from continuing operations attributable to Equinix, diluted	29,855	37,775	9,216	103,653	64,736
Net income from discontinued operations	679	350	464	1,228	819
Net income attributable to Equinix, diluted	<u>30,534</u>	<u>38,125</u>	<u>9,680</u>	<u>104,881</u>	<u>65,555</u>

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)  
(unaudited)

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>	
	<b>September 30, 2012</b>	<b>June 30, 2012</b>	<b>September 30, 2011</b>	<b>September 30, 2012</b>	<b>September 30, 2011</b>
Net income	\$ 29,200	\$ 37,640	\$ 20,639	\$ 101,651	\$ 76,517
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	41,782	(49,207)	(88,659)	26,887	(17,227)
Unrealized gain (loss) on available for sale securities	113	(177)	(241)	14	(267)
Other comprehensive income (loss), net of tax:	<u>41,895</u>	<u>(49,384)</u>	<u>(88,900)</u>	<u>26,901</u>	<u>(17,494)</u>
<b>Comprehensive income (loss), net of tax</b>	<b><u>71,095</u></b>	<b><u>(11,744)</u></b>	<b><u>(68,261)</u></b>	<b><u>128,552</u></b>	<b><u>59,023</u></b>
Net income attributable to redeemable non-controlling interests	(362)	(1,193)	(320)	(1,843)	(323)
Other comprehensive income attributable to redeemable non-controlling interests	240	3,974	10,163	3,155	9,096
<b>Comprehensive income (loss) attributable to Equinix, net of tax</b>	<b><u>\$ 70,973</u></b>	<b><u>\$ (8,963)</u></b>	<b><u>\$ (58,418)</u></b>	<b><u>\$ 129,864</u></b>	<b><u>\$ 67,796</u></b>

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(unaudited)

Assets	September 30, 2012	December 31, 2011
Cash and cash equivalents	\$ 239,687	\$ 278,823
Short-term investments	164,787	635,721
Accounts receivable, net	181,973	139,057
Assets held-for-sale	68,991	-
Other current assets	69,748	182,156
<b>Total current assets</b>	<b>725,186</b>	<b>1,235,757</b>
Long-term investments	115,362	161,801
Property, plant and equipment, net	3,791,063	3,225,912
Goodwill	1,043,284	866,495
Intangible assets, net	200,648	148,635
Other assets	115,427	146,724
<b>Total assets</b>	<b>\$ 5,990,970</b>	<b>\$ 5,785,324</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable and accrued expenses	\$ 244,712	\$ 229,043
Accrued property and equipment	141,025	93,224
Current portion of capital lease and other financing obligations	14,853	11,542
Current portion of loans payable	49,332	87,440
Current portion of convertible debt	-	246,315
Liabilities held-for-sale	22,745	-
Current portion of deferred tax liabilities	70,304	394
Other current liabilities	69,488	57,296
<b>Total current liabilities</b>	<b>612,459</b>	<b>725,254</b>
Capital lease and other financing obligations, less current portion	487,868	390,269
Loans payable, less current portion	199,349	168,795
Senior notes	1,500,000	1,500,000
Convertible debt	705,127	694,769
Other liabilities	174,327	286,424
<b>Total liabilities</b>	<b>3,679,130</b>	<b>3,765,511</b>
Redeemable non-controlling interests	78,191	67,601
Common stock	49	48
Additional paid-in capital	2,539,235	2,437,623
Treasury stock	(36,706)	(86,666)
Accumulated other comprehensive loss	(113,642)	(143,698)
Accumulated deficit	(155,287)	(255,095)
<b>Total stockholders' equity</b>	<b>2,233,649</b>	<b>1,952,212</b>
<b>Total liabilities, redeemable non-controlling interests and stockholders' equity</b>	<b>\$ 5,990,970</b>	<b>\$ 5,785,324</b>

Ending headcount by geographic region is as follows:

Americas headcount	1,841	1,763
EMEA headcount	789	570
Asia-Pacific headcount	506	376
<b>Total headcount</b>	<b>3,136</b>	<b>2,709</b>

**EQUINIX, INC.**  
**SUMMARY OF DEBT OUTSTANDING**  
(in thousands)  
(unaudited)

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Capital lease and other financing obligations	\$ 502,721	\$ 401,811
U.S. term loan	190,000	-
ALOG financing	49,349	-
Paris 4 IBX financing	6,132	52,104
ALOG loans payable	-	10,288
Asia Tone loans payable	3,200	-
Asia-Pacific financing	-	193,843
Total loans payable	<u>248,681</u>	<u>256,235</u>
Senior notes	<u>1,500,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	705,127	941,084
Plus debt discount	64,589	78,652
Total convertible debt principal	<u>769,716</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 3,021,118</u>	<u>\$ 3,177,782</u>

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Cash flows from operating activities:</b>					
Net income	\$ 29,200	\$ 37,640	\$ 20,639	\$ 101,651	\$ 76,517
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	107,623	96,944	92,019	298,489	257,970
Stock-based compensation	22,582	20,549	19,207	62,234	53,060
Debt issuance costs and debt discount	5,048	4,902	8,207	18,057	23,816
Loss on debt extinguishment and interest rate swaps	5,204	-	-	5,204	-
Restructuring charges	-	-	1,587	-	2,186
Excess tax benefits from employee equity awards	(53,174)	-	-	(53,174)	-
Other reconciling items	2,205	984	711	6,046	5,348
Changes in operating assets and liabilities:					
Accounts receivable	(12,359)	(14,864)	(9,989)	(46,900)	(26,299)
Deferred tax assets, net	(1,656)	9,531	1,760	13,245	4,893
Accounts payable and accrued expenses	17,500	35,544	32	19,307	(9,492)
Other assets and liabilities	(20,021)	3,552	7,697	(1,232)	11,989
<b>Net cash provided by operating activities</b>	<b>102,152</b>	<b>194,782</b>	<b>141,870</b>	<b>422,927</b>	<b>399,988</b>
<b>Cash flows from investing activities:</b>					
Purchases, sales and maturities of investments, net	(111,574)	279,621	(677,229)	514,413	(648,435)
Purchase of Asia Tone, less cash acquired	(188,798)	-	-	(188,798)	-
Purchase of ancotel, less cash acquired	(84,236)	-	-	(84,236)	-
Purchase of ALOG, less cash acquired	-	-	-	-	(41,954)
Purchases of real estate	-	-	-	-	(23,993)
Purchases of other property, plant and equipment	(212,118)	(196,484)	(131,525)	(554,092)	(495,515)
Other investing activities	(133)	10,743	61	79,167	(94,922)
<b>Net cash provided by (used in) investing activities</b>	<b>(596,859)</b>	<b>93,880</b>	<b>(808,693)</b>	<b>(233,546)</b>	<b>(1,304,819)</b>
<b>Cash flows from financing activities:</b>					
Purchases of treasury stock	-	-	-	(13,364)	-
Proceeds from employee equity awards	13,666	6,013	11,107	50,139	35,704
Proceeds from loans payable	249,633	-	12,718	258,542	90,635
Proceeds from senior notes	-	-	750,000	-	750,000
Repayment of capital lease and other financing obligations	(3,049)	(3,032)	(3,081)	(8,907)	(7,404)
Repayment of mortgage and loans payable	(238,480)	(10,170)	(11,171)	(315,779)	(21,273)
Repayment of convertible debt	-	(250,007)	-	(250,007)	-
Excess tax benefits from employee equity awards	53,174	-	-	53,174	-
Other financing activities	(1,247)	(7,520)	(15,426)	(8,767)	(15,551)
<b>Net cash provided by (used in) financing activities</b>	<b>73,697</b>	<b>(264,716)</b>	<b>744,147</b>	<b>(234,969)</b>	<b>832,111</b>
Effect of foreign currency exchange rates on cash and cash equivalents	6,601	(2,794)	(4,673)	6,452	402
Net increase (decrease) in cash and cash equivalents	(414,409)	21,152	72,651	(39,136)	(72,318)
Cash and cash equivalents at beginning of period	654,096	632,944	297,872	278,823	442,841
<b>Cash and cash equivalents at end of period</b>	<b>\$ 239,687</b>	<b>\$ 654,096</b>	<b>\$ 370,523</b>	<b>\$ 239,687</b>	<b>\$ 370,523</b>
<b>Supplemental cash flow information:</b>					
Cash paid for taxes	\$ 12,813	\$ 5,031	\$ 347	\$ 19,578	\$ 7,172
Cash paid for interest	\$ 65,616	\$ 28,965	\$ 39,821	\$ 157,917	\$ 100,283
<b>Free cash flow (1)</b>	<b>\$ (383,133)</b>	<b>\$ 9,041</b>	<b>\$ 10,406</b>	<b>\$ (325,032)</b>	<b>\$ (256,396)</b>
<b>Adjusted free cash flow (2)</b>	<b>\$ (56,925)</b>	<b>\$ 9,041</b>	<b>\$ 10,406</b>	<b>\$ 1,176</b>	<b>\$ (190,449)</b>
<b>Ongoing capital expenditures (3)</b>	<b>\$ 37,593</b>	<b>\$ 37,537</b>	<b>\$ 26,556</b>	<b>\$ 113,592</b>	<b>\$ 83,451</b>
<b>Discretionary free cash flow (4)</b>	<b>\$ 64,559</b>	<b>\$ 157,245</b>	<b>\$ 115,314</b>	<b>\$ 309,335</b>	<b>\$ 316,537</b>
<b>Adjusted discretionary free cash flow (5)</b>	<b>\$ 117,733</b>	<b>\$ 157,245</b>	<b>\$ 115,314</b>	<b>\$ 362,509</b>	<b>\$ 316,537</b>
<hr/>					
(1) We define free cash flow as net cash provided by operating activities plus net cash provided by (used in) investing activities (excluding the net purchases, sales and maturities of investments) as presented below:					
Net cash provided by operating activities as presented above	\$ 102,152	\$ 194,782	\$ 141,870	\$ 422,927	\$ 399,988
Net cash provided by (used in) investing activities as presented above	(596,859)	93,880	(808,693)	(233,546)	(1,304,819)
Purchases, sales and maturities of investments, net	111,574	(279,621)	677,229	(514,413)	648,435
Free cash flow (negative free cash flow)	<u>\$ (383,133)</u>	<u>\$ 9,041</u>	<u>\$ 10,406</u>	<u>\$ (325,032)</u>	<u>\$ (256,396)</u>

- (2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases or sales of real estate and acquisitions, as well as any excess tax benefits from employee equity awards, as presented below:

Free cash flow (as defined above)	\$ (383,133)	\$ 9,041	\$ 10,406	\$ (325,032)	\$ (256,396)
Less purchase of Asia Tone, less cash acquired	188,798	-	-	188,798	-
Less purchase of ancotel, less cash acquired	84,236	-	-	84,236	-
Less purchase of ALOG, less cash acquired	-	-	-	-	41,954
Less purchases of real estate	-	-	-	-	23,993
Less excess tax benefits from employee equity awards	53,174	-	-	53,174	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ (56,925)</u>	<u>\$ 9,041</u>	<u>\$ 10,406</u>	<u>\$ 1,176</u>	<u>\$ (190,449)</u>

- (3) We refer to our purchases of other property, plant and equipment as our capital expenditures (or capex). We categorize our capital expenditures into expansion and ongoing capex. Expansion capex is capex spent to build out our new data centers and data center expansions. Our ongoing capex represents all of our other capex spending.

Ongoing capital expenditures	\$ 37,593	\$ 37,537	\$ 26,556	\$ 113,592	\$ 83,451
Expansion capital expenditures	174,525	158,947	104,969	440,500	412,064
Total capital expenditures	<u>\$ 212,118</u>	<u>\$ 196,484</u>	<u>\$ 131,525</u>	<u>\$ 554,092</u>	<u>\$ 495,515</u>

- (4) We define discretionary free cash flow as net cash provided by operating activities less ongoing capital expenditures (as described above), as presented below:

Net cash provided by operating activities as presented above	\$ 102,152	\$ 194,782	\$ 141,870	\$ 422,927	\$ 399,988
Less ongoing capital expenditures	(37,593)	(37,537)	(26,556)	(113,592)	(83,451)
Discretionary free cash flow	<u>\$ 64,559</u>	<u>\$ 157,245</u>	<u>\$ 115,314</u>	<u>\$ 309,335</u>	<u>\$ 316,537</u>

- (5) We define adjusted discretionary free cash flow as discretionary free cash flow (as defined above) excluding any excess tax benefits from employee equity awards as presented below:

Discretionary free cash flow	\$ 64,559	\$ 157,245	\$ 115,314	\$ 309,335	\$ 316,537
Excess tax benefits from employee equity awards	53,174	-	-	53,174	-
Adjusted discretionary free cash flow	<u>\$ 117,733</u>	<u>\$ 157,245</u>	<u>\$ 115,314</u>	<u>\$ 362,509</u>	<u>\$ 316,537</u>

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FROM CONTINUING OPERATIONS- NON-GAAP PRESENTATION**  
(in thousands)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Recurring revenues	\$ 462,829	\$ 433,786	\$ 388,214	\$ 1,317,505	\$ 1,090,649
Non-recurring revenues	25,901	23,463	19,994	71,719	57,019
<b>Revenues (1)</b>	<b>488,730</b>	<b>457,249</b>	<b>408,208</b>	<b>1,389,224</b>	<b>1,147,668</b>
Cash cost of revenues (2)	158,038	142,011	139,968	436,410	390,561
<b>Cash gross profit (3)</b>	<b>330,692</b>	<b>315,238</b>	<b>268,240</b>	<b>952,814</b>	<b>757,107</b>
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	42,120	38,689	34,412	118,928	90,593
Cash general and administrative expenses (6)	60,274	59,069	46,806	177,512	139,408
<b>Total cash operating expenses (7)</b>	<b>102,394</b>	<b>97,758</b>	<b>81,218</b>	<b>296,440</b>	<b>230,001</b>
<b>Adjusted EBITDA (8)</b>	<b>\$ 228,298</b>	<b>\$ 217,480</b>	<b>\$ 187,022</b>	<b>\$ 656,374</b>	<b>\$ 527,106</b>
<b>Cash gross margins (9)</b>	<b>68%</b>	<b>69%</b>	<b>66%</b>	<b>69%</b>	<b>66%</b>
<b>Adjusted EBITDA margins (10)</b>	<b>47%</b>	<b>48%</b>	<b>46%</b>	<b>47%</b>	<b>46%</b>
<b>Adjusted EBITDA flow-through rate (11)</b>	<b>34%</b>	<b>49%</b>	<b>42%</b>	<b>57%</b>	<b>56%</b>

(1) The geographic split of our revenues on a services basis is presented below:

*Americas Revenues:*

Colocation	\$ 213,011	\$ 209,756	\$ 186,438	\$ 626,685	\$ 536,403
Interconnection	54,943	53,048	47,208	159,730	137,440
Managed infrastructure	12,424	12,564	15,932	38,924	25,328
Rental	469	445	550	1,353	1,543
Recurring revenues	280,847	275,813	250,128	826,692	700,714
Non-recurring revenues	13,034	12,308	9,333	34,439	26,694
<b>Revenues</b>	<b>293,881</b>	<b>288,121</b>	<b>259,461</b>	<b>861,131</b>	<b>727,408</b>

*EMEA Revenues:*

Colocation	91,512	87,820	77,709	263,283	220,554
Interconnection	7,188	4,192	3,446	15,204	9,461
Managed infrastructure	5,112	3,262	3,691	11,788	10,370
Rental	314	336	262	994	557
Recurring revenues	104,126	95,610	85,108	291,269	240,942
Non-recurring revenues	7,832	7,087	7,216	24,722	22,032
<b>Revenues</b>	<b>111,958</b>	<b>102,697</b>	<b>92,324</b>	<b>315,991</b>	<b>262,974</b>

*Asia-Pacific Revenues:*

Colocation	63,204	49,651	41,874	159,972	117,314
Interconnection	8,550	7,794	6,378	23,664	17,537
Managed infrastructure	6,102	4,918	4,726	15,908	14,142
Recurring revenues	77,856	62,363	52,978	199,544	148,993
Non-recurring revenues	5,035	4,068	3,445	12,558	8,293
<b>Revenues</b>	<b>82,891</b>	<b>66,431</b>	<b>56,423</b>	<b>212,102</b>	<b>157,286</b>

*Worldwide Revenues:*

Colocation	367,727	347,227	306,021	1,049,940	874,271
Interconnection	70,681	65,034	57,032	198,598	164,438
Managed infrastructure	23,638	20,744	24,349	66,620	49,840
Rental	783	781	812	2,347	2,100
Recurring revenues	462,829	433,786	388,214	1,317,505	1,090,649
Non-recurring revenues	25,901	23,463	19,994	71,719	57,019
<b>Revenues</b>	<b>\$ 488,730</b>	<b>\$ 457,249</b>	<b>\$ 408,208</b>	<b>\$ 1,389,224</b>	<b>\$ 1,147,668</b>

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
(2) We define cash cost of revenues as cost of revenues less depreciation, amortization, accretion and stock-based compensation as presented below:					
Cost of revenues	\$ 251,487	\$ 225,289	\$ 219,724	\$ 693,874	\$ 612,580
Depreciation, amortization and accretion expense	(91,723)	(81,744)	(78,288)	(252,887)	(217,900)
Stock-based compensation expense	(1,726)	(1,534)	(1,468)	(4,577)	(4,119)
Cash cost of revenues	<u>\$ 158,038</u>	<u>\$ 142,011</u>	<u>\$ 139,968</u>	<u>\$ 436,410</u>	<u>\$ 390,561</u>

The geographic split of our cash cost of revenues is presented below:

Americas cash cost of revenues	\$ 85,384	\$ 81,465	\$ 81,911	\$ 245,931	\$ 224,411
EMEA cash cost of revenues	42,615	37,392	36,930	115,360	107,638
Asia-Pacific cash cost of revenues	30,039	23,154	21,127	75,119	58,512
Cash cost of revenues	<u>\$ 158,038</u>	<u>\$ 142,011</u>	<u>\$ 139,968</u>	<u>\$ 436,410</u>	<u>\$ 390,561</u>

(3) We define cash gross profit as revenues less cash cost of revenues (as defined above).

(4) We define cash operating expenses as operating expenses less depreciation, amortization, stock-based compensation, restructuring charges and acquisition costs. We also refer to cash operating expenses as cash selling, general and administrative expenses or "cash SG&A".

(5) We define cash sales and marketing expenses as sales and marketing expenses less depreciation, amortization and stock-based compensation as presented below:

Sales and marketing expenses	\$ 53,211	\$ 47,603	\$ 42,884	\$ 147,224	\$ 113,211
Depreciation and amortization expense	(6,296)	(4,239)	(4,319)	(14,791)	(11,989)
Stock-based compensation expense	(4,795)	(4,675)	(4,153)	(13,505)	(10,629)
Cash sales and marketing expenses	<u>\$ 42,120</u>	<u>\$ 38,689</u>	<u>\$ 34,412</u>	<u>\$ 118,928</u>	<u>\$ 90,593</u>

(6) We define cash general and administrative expenses as general and administrative expenses less depreciation, amortization and stock-based compensation as presented below:

General and administrative expenses	\$ 83,621	\$ 80,595	\$ 65,873	\$ 242,532	\$ 193,986
Depreciation and amortization expense	(7,431)	(7,291)	(5,586)	(21,196)	(16,564)
Stock-based compensation expense	(15,916)	(14,235)	(13,481)	(43,824)	(38,014)
Cash general and administrative expenses	<u>\$ 60,274</u>	<u>\$ 59,069</u>	<u>\$ 46,806</u>	<u>\$ 177,512</u>	<u>\$ 139,408</u>

(7) Our cash operating expenses, or cash SG&A, as defined above, is presented below:

Cash sales and marketing expenses	\$ 42,120	\$ 38,689	\$ 34,412	\$ 118,928	\$ 90,593
Cash general and administrative expenses	60,274	59,069	46,806	177,512	139,408
Cash SG&A	<u>\$ 102,394</u>	<u>\$ 97,758</u>	<u>\$ 81,218</u>	<u>\$ 296,440</u>	<u>\$ 230,001</u>

The geographic split of our cash operating expenses, or cash SG&A, is presented below:

Americas cash SG&A	\$ 67,136	\$ 65,774	\$ 54,643	\$ 199,759	\$ 152,601
EMEA cash SG&A	22,818	20,100	17,427	62,017	51,908
Asia-Pacific cash SG&A	12,440	11,884	9,148	34,664	25,492
Cash SG&A	<u>\$ 102,394</u>	<u>\$ 97,758</u>	<u>\$ 81,218</u>	<u>\$ 296,440</u>	<u>\$ 230,001</u>

(8) We define adjusted EBITDA as income from continuing operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and acquisition costs as presented below:

Income from continuing operations	\$ 95,869	\$ 102,096	\$ 77,441	\$ 298,711	\$ 222,976
Depreciation, amortization and accretion expense	105,450	93,274	88,193	288,874	246,453
Stock-based compensation expense	22,437	20,444	19,102	61,906	52,762
Restructuring charges	-	-	1,587	-	2,186
Acquisition costs	4,542	1,666	699	6,883	2,729
Adjusted EBITDA	<u>\$ 228,298</u>	<u>\$ 217,480</u>	<u>\$ 187,022</u>	<u>\$ 656,374</u>	<u>\$ 527,106</u>



	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
The geographic split of our adjusted EBITDA is presented below:					
Americas income from continuing operations	\$ 63,740	\$ 66,672	\$ 50,984	\$ 191,978	\$ 146,739
Americas depreciation, amortization and accretion expense	60,322	58,659	54,588	175,630	157,625
Americas stock-based compensation expense	17,299	15,552	15,071	47,924	41,247
Americas restructuring charges	-	-	1,587	-	2,186
Americas acquisition costs	-	(1)	677	(91)	2,599
Americas adjusted EBITDA	<u>141,361</u>	<u>140,882</u>	<u>122,907</u>	<u>415,441</u>	<u>350,396</u>
EMEA income from continuing operations	20,565	22,962	16,305	70,806	41,954
EMEA depreciation, amortization and accretion expense	22,054	18,329	19,354	57,695	54,710
EMEA stock-based compensation expense	2,900	2,673	2,308	7,737	6,750
EMEA acquisition costs	1,006	1,241	-	2,376	14
EMEA adjusted EBITDA	<u>46,525</u>	<u>45,205</u>	<u>37,967</u>	<u>138,614</u>	<u>103,428</u>
Asia-Pacific income from continuing operations	11,564	12,462	10,152	35,927	34,283
Asia-Pacific depreciation, amortization and accretion expense	23,074	16,286	14,251	55,549	34,118
Asia-Pacific stock-based compensation expense	2,238	2,219	1,723	6,245	4,765
Asia-Pacific acquisition costs	3,536	426	22	4,598	116
Asia-Pacific adjusted EBITDA	<u>40,412</u>	<u>31,393</u>	<u>26,148</u>	<u>102,319</u>	<u>73,282</u>
Adjusted EBITDA	<u>\$ 228,298</u>	<u>\$ 217,480</u>	<u>\$ 187,022</u>	<u>\$ 656,374</u>	<u>\$ 527,106</u>

(9) We define cash gross margins as cash gross profit divided by revenues.

Our cash gross margins by geographic region is presented below:

Americas cash gross margins	<u>71%</u>	<u>72%</u>	<u>68%</u>	<u>71%</u>	<u>69%</u>
EMEA cash gross margins	<u>62%</u>	<u>64%</u>	<u>60%</u>	<u>63%</u>	<u>59%</u>
Asia-Pacific cash gross margins	<u>64%</u>	<u>65%</u>	<u>63%</u>	<u>65%</u>	<u>63%</u>

(10) We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.

Americas adjusted EBITDA margins	<u>48%</u>	<u>49%</u>	<u>47%</u>	<u>48%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>42%</u>	<u>44%</u>	<u>41%</u>	<u>44%</u>	<u>39%</u>
Asia-Pacific adjusted EBITDA margins	<u>49%</u>	<u>47%</u>	<u>46%</u>	<u>48%</u>	<u>47%</u>

(11) We define adjusted EBITDA flow-through rate as incremental adjusted EBITDA growth divided by incremental revenue growth as follows:

Adjusted EBITDA - current period	\$ 228,298	\$ 217,480	\$ 187,022	\$ 656,374	\$ 527,106
Less adjusted EBITDA - prior period	(217,480)	(210,596)	(177,581)	(558,044)	(415,998)
Adjusted EBITDA growth	<u>\$ 10,818</u>	<u>\$ 6,884</u>	<u>\$ 9,441</u>	<u>\$ 98,330</u>	<u>\$ 111,108</u>
Revenues - current period	\$ 488,730	\$ 457,249	\$ 408,208	\$ 1,389,224	\$ 1,147,668
Less revenues - prior period	(457,249)	(443,245)	(385,511)	(1,215,835)	(947,565)
Revenue growth	<u>\$ 31,481</u>	<u>\$ 14,004</u>	<u>\$ 22,697</u>	<u>\$ 173,389</u>	<u>\$ 200,103</u>
Adjusted EBITDA flow-through rate	<u>34%</u>	<u>49%</u>	<u>42%</u>	<u>57%</u>	<u>56%</u>

**EQUINIX, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - DISCONTINUED OPERATIONS (1)**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Recurring revenues	\$ 8,618	\$ 8,790	\$ 9,137	\$ 26,139	\$ 27,139
Non-recurring revenues	208	225	256	657	723
<b>Revenues</b>	<b>8,826</b>	<b>9,015</b>	<b>9,393</b>	<b>26,796</b>	<b>27,862</b>
Cost of revenues	6,585	7,903	8,429	22,469	25,721
<b>Gross profit</b>	<b>2,241</b>	<b>1,112</b>	<b>964</b>	<b>4,327</b>	<b>2,141</b>
Operating expenses:					
Sales and marketing	197	161	186	519	558
General and administrative	61	128	103	298	272
Acquisition costs	655	253	-	1,260	-
<b>Total operating expenses</b>	<b>913</b>	<b>542</b>	<b>289</b>	<b>2,077</b>	<b>830</b>
<b>Income from discontinued operations before income taxes</b>	<b>1,328</b>	<b>570</b>	<b>675</b>	<b>2,250</b>	<b>1,311</b>
Income tax expense	(649)	(220)	(211)	(1,022)	(492)
<b>Net income from discontinued operations</b>	<b>\$ 679</b>	<b>\$ 350</b>	<b>\$ 464</b>	<b>\$ 1,228</b>	<b>\$ 819</b>
<b>Adjusted EBITDA (2)</b>	<b>\$ 4,301</b>	<b>\$ 4,598</b>	<b>\$ 4,606</b>	<b>\$ 13,453</b>	<b>\$ 13,126</b>
<b>Gross margins</b>	<b>25%</b>	<b>12%</b>	<b>10%</b>	<b>16%</b>	<b>8%</b>
<b>Cash gross margins (3)</b>	<b>51%</b>	<b>53%</b>	<b>51%</b>	<b>52%</b>	<b>49%</b>

(1) The condensed consolidated statements of operations and non-GAAP financial information includes the financial results of the 16 IBX data centers located throughout The United States that the Company entered into in agreement to sell during the three months ended September 30, 2012.

(2) We define adjusted EBITDA as income from discontinued operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and acquisition costs as presented below:

Income from discontinued operations	\$ 1,328	\$ 570	\$ 675	\$ 2,250	\$ 1,311
Depreciation, amortization and accretion expense	2,173	3,670	3,826	9,615	11,517
Stock-based compensation expense	145	105	105	328	298
Acquisition costs	655	253	-	1,260	-
<b>Adjusted EBITDA</b>	<b>\$ 4,301</b>	<b>\$ 4,598</b>	<b>\$ 4,606</b>	<b>\$ 13,453</b>	<b>\$ 13,126</b>

(3) We define cash gross margins as cash gross profit divided by revenues.

Revenues	\$ 8,826	\$ 9,015	\$ 9,393	\$ 26,796	\$ 27,862
Cost of revenues	6,585	7,903	8,429	22,469	25,721
Depreciation, amortization and accretion expense	(2,110)	(3,576)	(3,732)	(9,364)	(11,235)
Stock-based compensation expense	(145)	(105)	(105)	(328)	(298)
Cash cost of revenues	4,330	4,222	4,592	12,777	14,188
<b>Cash gross profit</b>	<b>\$ 4,496</b>	<b>\$ 4,793</b>	<b>\$ 4,801</b>	<b>\$ 14,019</b>	<b>\$ 13,674</b>