

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Recurring revenues	\$ 538,060	\$ 515,566	\$ 482,826	\$ 2,049,962	\$ 1,797,068
Non-recurring revenues	26,617	27,518	23,233	102,804	90,308
Revenues	564,677	543,084	506,059	2,152,766	1,887,376
Cost of revenues	269,743	268,960	249,329	1,064,403	944,617
Gross profit	294,934	274,124	256,730	1,088,363	942,759
Operating expenses:					
Sales and marketing	67,250	61,619	55,690	246,623	202,914
General and administrative	98,466	96,874	86,536	374,790	328,266
Restructuring charges	-	-	-	(4,837)	-
Impairment charges	-	-	9,861	-	9,861
Acquisition costs	4,229	438	1,939	10,855	8,822
Total operating expenses	169,945	158,931	154,026	627,431	549,863
Income from operations	124,989	115,193	102,704	460,932	392,896
Interest and other income (expense):					
Interest income	794	929	758	3,387	3,466
Interest expense	(65,503)	(61,957)	(50,516)	(248,792)	(200,328)
Loss on debt extinguishment	(14,899)	-	-	(108,501)	(5,204)
Other income (expense)	1,959	985	(717)	5,253	(2,208)
Total interest and other, net	(77,649)	(60,043)	(50,475)	(348,653)	(204,274)
Income from continuing operations before income taxes	47,340	55,150	52,229	112,279	188,622
Income tax expense	(1,967)	(12,397)	(17,476)	(16,156)	(58,564)
Net income from continuing operations	45,373	42,753	34,753	96,123	130,058
Net income from discontinued operations, net of tax	-	-	6	-	1,234
Gain on sale of discontinued operations, net of tax	-	-	11,852	-	11,852
Net income	45,373	42,753	46,611	96,123	143,144
Net income attributable to redeemable non-controlling interests	(186)	(282)	(1,273)	(1,438)	(3,116)
Net income attributable to Equinix	\$ 45,187	\$ 42,471	\$ 45,338	\$ 94,685	\$ 140,028
Net income per share attributable to Equinix:					
Basic net income per share from continuing operations	\$ 0.91	\$ 0.86	\$ 0.69	\$ 1.92	\$ 2.65
Basic net income per share from discontinued operations	-	-	0.24	-	0.27
Basic net income per share (1)	<u>\$ 0.91</u>	<u>\$ 0.86</u>	<u>\$ 0.93</u>	<u>\$ 1.92</u>	<u>\$ 2.92</u>
Diluted net income per share from continuing operations	\$ 0.88	\$ 0.83	\$ 0.67	\$ 1.89	\$ 2.58
Diluted net income per share from discontinued operations	-	-	0.22	-	0.25
Diluted net income per share (2)	<u>\$ 0.88</u>	<u>\$ 0.83</u>	<u>\$ 0.89</u>	<u>\$ 1.89</u>	<u>\$ 2.83</u>
Shares used in computing basic net income per share	49,765	49,555	48,673	49,438	48,004
Shares used in computing diluted net income per share	53,499	53,581	52,917	50,116	51,816

(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	\$ 45,373	\$ 42,753	\$ 34,753	\$ 96,123	\$ 130,058
Net income attributable to non-controlling interests	(186)	(282)	(1,273)	(1,438)	(3,116)
Net income from continuing operations attributable to Equinix, basic	45,187	42,471	33,480	94,685	126,942
Net income from discontinued operations	-	-	11,858	-	13,086
Net income attributable to Equinix, basic	<u>\$ 45,187</u>	<u>\$ 42,471</u>	<u>\$ 45,338</u>	<u>\$ 94,685</u>	<u>\$ 140,028</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	\$ 45,187	\$ 42,471	\$ 33,480	\$ 94,685	\$ 126,942
Interest on convertible debt	1,847	1,865	1,707	-	6,789
Net income from continuing operations attributable to Equinix, diluted	47,034	44,336	35,187	94,685	133,731
Net income from discontinued operations	-	-	11,858	-	13,086
Net income attributable to Equinix, diluted	<u>\$ 47,034</u>	<u>\$ 44,336</u>	<u>\$ 47,045</u>	<u>\$ 94,685</u>	<u>\$ 146,817</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Net income	\$ 45,373	\$ 42,753	\$ 46,611	\$ 96,123	\$ 143,144
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	6,905	78,113	9,307	(18,203)	36,194
Unrealized gain (loss) on available for sale securities	(376)	438	(37)	(298)	(23)
Unrealized loss on cash flow hedges	(1,750)	-	-	(1,750)	-
Other comprehensive income (loss), net of tax:	4,779	78,551	9,270	(20,251)	36,171
Comprehensive income, net of tax	50,152	121,304	55,881	75,872	179,315
Net income attributable to redeemable non-controlling interests	(186)	(282)	(1,273)	(1,438)	(3,116)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	3,185	(200)	3,330	7,526	6,485
Comprehensive income attributable to Equinix, net of tax	\$ 53,151	\$ 120,822	\$ 57,938	\$ 81,960	\$ 182,684

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

Assets	December 31, 2013	December 31, 2012
	2013	2012
Cash and cash equivalents	\$ 261,894	\$ 252,213
Short-term investments	369,808	166,492
Accounts receivable, net	184,840	163,840
Other current assets	72,118	57,547
Total current assets	888,660	640,092
Long-term investments	398,390	127,819
Property, plant and equipment, net	4,591,650	3,915,738
Goodwill	1,042,153	1,042,564
Intangible assets, net	184,182	201,562
Other assets	387,324	208,022
Total assets	\$ 7,492,359	\$ 6,135,797
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 263,223	\$ 268,853
Accrued property and equipment	64,601	63,509
Current portion of capital lease and other financing obligations	17,214	15,206
Current portion of mortgage and loans payable	53,508	52,160
Other current liabilities	147,958	149,344
Total current liabilities	546,504	549,072
Capital lease and other financing obligations, less current portion	914,032	545,853
Mortgage and loans payable, less current portion	199,700	188,802
Senior notes	2,250,000	1,500,000
Convertible debt	724,202	708,726
Other liabilities	274,955	245,725
Total liabilities	4,909,393	3,738,178
Redeemable non-controlling interests	123,902	84,178
Common stock	50	49
Additional paid-in capital	2,693,887	2,582,238
Treasury stock	(84,663)	(36,676)
Accumulated other comprehensive loss	(113,767)	(101,042)
Accumulated deficit	(36,443)	(131,128)
Total stockholders' equity	2,459,064	2,313,441
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,492,359	\$ 6,135,797

Ending headcount by geographic region is as follows:

Americas headcount	1,984	1,821
EMEA headcount	899	811
Asia-Pacific headcount	617	521
Total headcount	3,500	3,153

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Capital lease and other financing obligations	<u>\$ 931,246</u>	<u>\$ 561,059</u>
U.S. term loan	140,000	180,000
ALOG financing	67,882	48,807
Mortgage payable	43,497	-
Paris 4 IBX financing	122	8,071
Other loans payable	1,707	4,084
Total loans payable	<u>253,208</u>	<u>240,962</u>
Senior notes	<u>2,250,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	724,202	708,726
Plus debt discount	45,508	60,990
Total convertible debt principal	<u>769,710</u>	<u>769,716</u>
Total debt outstanding	<u><u>\$ 4,204,164</u></u>	<u><u>\$ 3,071,737</u></u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Cash flows from operating activities:					
Net income	\$ 45,373	\$ 42,753	\$ 46,611	\$ 96,123	\$ 143,144
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	106,682	105,534	102,627	431,008	402,234
Stock-based compensation	27,630	27,280	21,593	102,940	83,025
Debt issuance costs and debt discount	6,266	5,965	5,308	23,868	23,365
Loss on debt extinguishment	14,899	-	-	108,501	5,204
Restructuring charges	-	-	-	(4,837)	-
Impairment charges	-	-	9,861	-	9,861
Gain on sale of discontinued operations	-	-	(11,852)	-	(11,852)
Excess tax benefits from employee equity awards	42	(4,951)	(19,457)	(27,330)	(72,631)
Other reconciling items	7,196	4,595	1,486	18,825	7,532
Changes in operating assets and liabilities:					
Accounts receivable	12,336	3,469	20,299	(27,956)	(26,601)
Income taxes, net	(36,622)	3,989	2,893	(108,189)	24,089
Accounts payable and accrued expenses	(10,157)	17,003	26,203	7,242	33,538
Other assets and liabilities	(6,939)	925	(1,880)	(15,587)	11,118
Net cash provided by operating activities	166,706	206,562	203,692	604,608	632,026
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	18,641	(89,219)	(15,162)	(479,136)	499,251
Purchase of Frankfurt Kleyer 90 Carrier Hotel	(48,739)	(1,353)	-	(50,092)	-
Purchase of New York IBX data center	-	(70,481)	-	(73,441)	-
Purchase of Dubai IBX data center	-	-	(22,918)	-	(22,918)
Purchase of Asia Tone, less cash acquired	-	862	(8,133)	755	(202,338)
Purchase of ancotel, less cash acquired	-	-	-	-	(84,236)
Purchases of real estate	-	(891)	(24,656)	(891)	(24,656)
Purchases of other property, plant and equipment	(202,841)	(171,035)	(210,408)	(572,406)	(764,500)
Proceeds from sale of discontinued operations	-	-	76,458	-	76,458
Other investing activities	(423)	1,159	899	5,898	80,066
Net cash used in investing activities	(233,362)	(330,958)	(203,920)	(1,169,313)	(442,873)
Cash flows from financing activities:					
Purchases of treasury stock	(48,799)	-	-	(48,799)	(13,364)
Proceeds from employee equity awards	3,810	12,202	5,998	31,892	56,137
Proceeds from loans payable	26,304	1,734	4,049	28,038	262,591
Proceeds from senior notes	-	-	-	1,500,000	-
Repayment of capital lease and other financing obligations	(27,907)	(4,553)	(3,471)	(40,133)	(12,378)
Repayment of mortgage and loans payable	(10,196)	(10,113)	(13,332)	(52,500)	(329,111)
Repayment of senior notes	-	-	-	(750,000)	-
Repayment of convertible debt	-	-	-	-	(250,007)
Debt extinguishment costs	(13,189)	(3,750)	-	(97,864)	-
Excess tax benefits from employee equity awards	(42)	4,951	19,457	27,330	72,631
Other financing activities	(622)	(1,649)	(453)	(23,057)	(9,220)
Net cash provided by (used in) financing activities	(70,641)	(1,178)	12,248	574,907	(222,721)
Effect of foreign currency exchange rates on cash and cash equivalents	(551)	7,820	506	(521)	6,958
Net increase (decrease) in cash and cash equivalents	(137,848)	(117,754)	12,526	9,681	(26,610)
Cash and cash equivalents at beginning of period	399,742	517,496	239,687	252,213	278,823
Cash and cash equivalents at end of period	\$ 261,894	\$ 399,742	\$ 252,213	\$ 261,894	\$ 252,213
Supplemental cash flow information:					
Cash paid for taxes	\$ 36,954	\$ 9,882	\$ 17,133	\$ 123,690	\$ 36,711
Cash paid for interest	\$ 74,671	\$ 38,319	\$ 27,404	\$ 210,629	\$ 185,321
Free cash flow (1)	\$ (85,297)	\$ (35,177)	\$ 14,934	\$ (85,569)	\$ (310,098)
Adjusted free cash flow (2)	\$ 236	\$ 50,855	\$ 22,387	\$ 174,548	\$ 28,970
Ongoing capital expenditures (3)	\$ 68,059	\$ 41,064	\$ 43,497	\$ 183,330	\$ 157,089
Discretionary free cash flow (4)	\$ 98,647	\$ 165,498	\$ 160,195	\$ 421,278	\$ 474,937
Adjusted discretionary free cash flow (5)	\$ 135,441	\$ 179,667	\$ 188,399	\$ 557,726	\$ 556,315

(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	\$ 166,706	\$ 206,562	\$ 203,692	\$ 604,608	\$ 632,026
Net cash used in investing activities as presented above	(233,362)	(330,958)	(203,920)	(1,169,313)	(442,873)
Purchases, sales and maturities of investments, net	(18,641)	89,219	15,162	479,136	(499,251)
Free cash flow (negative free cash flow)	<u>\$ (85,297)</u>	<u>\$ (35,177)</u>	<u>\$ 14,934</u>	<u>\$ (85,569)</u>	<u>\$ (310,098)</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012

- (2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases of real estate, acquisitions, sales of discontinued operations, any excess tax benefits from employee equity awards, cash paid for taxes associated with reclassifying our assets for tax purposes triggered by our planned conversion into a real estate investment trust ("REIT") and costs related to the planned REIT conversion, as presented below:

Free cash flow (as defined above)	\$ (85,297)	\$ (35,177)	\$ 14,934	\$ (85,569)	\$ (310,098)
Less purchase of Frankfurt Kleyer 90 Carrier Hotel	48,739	1,353	-	50,092	-
Less purchase of New York IBX data center	-	70,481	-	73,441	-
Less purchase of Dubai IBX data center	-	-	22,918	-	22,918
Less purchase of Asia Tone, less cash acquired	-	(862)	8,133	(755)	202,338
Less purchase of ancotel, less cash acquired	-	-	-	-	84,236
Less purchases of real estate	-	891	24,656	891	24,656
Less sale of discontinued operations	-	-	(76,458)	-	(76,458)
Less excess tax benefits from employee equity awards	(42)	4,951	19,457	27,330	72,631
Less cash paid for taxes resulting from the planned REIT conversion	30,040	805	5,116	88,149	5,116
Less costs related to the planned REIT conversion	6,796	8,413	3,631	20,969	3,631
Adjusted free cash flow	<u>\$ 236</u>	<u>\$ 50,855</u>	<u>\$ 22,387</u>	<u>\$ 174,548</u>	<u>\$ 28,970</u>

We categorize our cash paid for taxes into cash paid for taxes resulting from the planned REIT conversion (as defined above) and other cash taxes paid.

Cash paid for taxes resulting from the planned REIT conversion	\$ 30,040	\$ 805	\$ 5,116	\$ 88,149	\$ 5,116
Other cash taxes paid	6,914	9,077	12,017	35,541	31,595
Total cash paid for taxes	<u>\$ 36,954</u>	<u>\$ 9,882</u>	<u>\$ 17,133</u>	<u>\$ 123,690</u>	<u>\$ 36,711</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	\$ 68,059	\$ 41,064	\$ 43,497	\$ 183,330	\$ 157,089
Expansion capital expenditures	134,782	129,971	166,911	389,076	607,411
Total capital expenditures	<u>\$ 202,841</u>	<u>\$ 171,035</u>	<u>\$ 210,408</u>	<u>\$ 572,406</u>	<u>\$ 764,500</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	\$ 166,706	\$ 206,562	\$ 203,692	\$ 604,608	\$ 632,026
Less ongoing capital expenditures	(68,059)	(41,064)	(43,497)	(183,330)	(157,089)
Discretionary free cash flow	<u>\$ 98,647</u>	<u>\$ 165,498</u>	<u>\$ 160,195</u>	<u>\$ 421,278</u>	<u>\$ 474,937</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, cash paid for taxes associated with reclassifying our assets for tax purposes triggered by our planned REIT conversion and costs related to the planned REIT conversion, as presented below:

Discretionary free cash flow (as defined above)	\$ 98,647	\$ 165,498	\$ 160,195	\$ 421,278	\$ 474,937
Excess tax benefits from employee equity awards	(42)	4,951	19,457	27,330	72,631
Cash paid for taxes resulting from the planned REIT conversion	30,040	805	5,116	88,149	5,116
Costs related to the planned REIT conversion	6,796	8,413	3,631	20,969	3,631
Adjusted discretionary free cash flow	<u>\$ 135,441</u>	<u>\$ 179,667</u>	<u>\$ 188,399</u>	<u>\$ 557,726</u>	<u>\$ 556,315</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Recurring revenues	\$ 538,060	\$ 515,566	\$ 482,826	\$ 2,049,962	\$ 1,797,068
Non-recurring revenues	26,617	27,518	23,233	102,804	90,308
Revenues (1)	564,677	543,084	506,059	2,152,766	1,887,376
Cash cost of revenues (2)	174,284	174,111	158,086	678,826	594,792
Cash gross profit (3)	390,393	368,973	347,973	1,473,940	1,292,584
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	54,235	48,172	43,996	195,117	162,924
Cash general and administrative expenses (6)	72,628	72,356	64,291	277,925	241,803
Total cash operating expenses (7)	126,863	120,528	108,287	473,042	404,727
Adjusted EBITDA (8)	\$ 263,530	\$ 248,445	\$ 239,686	\$ 1,000,898	\$ 887,857
Cash gross margins (9)	69%	68%	69%	68%	68%
Adjusted EBITDA margins (10)	47%	46%	47%	46%	47%
Adjusted EBITDA flow-through rate (11)	70%	3%	69%	43%	52%

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

Americas Revenues:

Colocation	\$ 236,931	\$ 230,583	\$ 218,126	\$ 917,089	\$ 844,169
Interconnection	62,306	61,984	56,426	242,296	216,156
Managed infrastructure	12,811	12,905	11,981	52,430	49,587
Rental	763	818	490	2,486	1,843
Recurring revenues	312,811	306,290	287,023	1,214,301	1,111,755
Non-recurring revenues	13,290	13,123	10,023	50,473	40,162
Revenues	326,101	319,413	297,046	1,264,774	1,151,917

EMEA Revenues:

Colocation	117,003	108,906	95,823	430,357	359,106
Interconnection	10,473	9,233	7,989	36,941	23,193
Managed infrastructure	6,831	6,215	4,596	23,029	16,384
Rental	1,660	116	325	2,034	1,319
Recurring revenues	135,967	124,470	108,733	492,361	400,002
Non-recurring revenues	8,819	8,784	8,593	32,657	32,918
Revenues	144,786	133,254	117,326	525,018	432,920

Asia-Pacific Revenues:

Colocation	72,758	69,080	71,750	280,733	230,419
Interconnection	11,090	10,433	9,090	40,626	32,754
Managed infrastructure	5,434	5,293	6,230	21,941	22,138
Recurring revenues	89,282	84,806	87,070	343,300	285,311
Non-recurring revenues	4,508	5,611	4,617	19,674	17,228
Revenues	93,790	90,417	91,687	362,974	302,539

Worldwide Revenues:

Colocation	426,692	408,569	385,699	1,628,179	1,433,694
Interconnection	83,869	81,650	73,505	319,863	272,103
Managed infrastructure	25,076	24,413	22,807	97,400	88,109
Rental	2,423	934	815	4,520	3,162
Recurring revenues	538,060	515,566	482,826	2,049,962	1,797,068
Non-recurring revenues	26,617	27,518	23,233	102,804	90,308
Revenues	\$ 564,677	\$ 543,084	\$ 506,059	\$ 2,152,766	\$ 1,887,376

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
(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	\$ 269,743	\$ 268,960	\$ 249,329	\$ 1,064,403	\$ 944,617
Depreciation, amortization and accretion expense	(93,270)	(92,579)	(89,602)	(377,722)	(343,607)
Stock-based compensation expense	(2,189)	(2,270)	(1,641)	(7,855)	(6,218)
Cash cost of revenues	<u>\$ 174,284</u>	<u>\$ 174,111</u>	<u>\$ 158,086</u>	<u>\$ 678,826</u>	<u>\$ 594,792</u>

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

Americas cash cost of revenues	\$ 87,794	\$ 92,882	\$ 82,665	\$ 358,290	\$ 328,892
EMEA cash cost of revenues	52,363	47,924	43,888	191,220	159,248
Asia-Pacific cash cost of revenues	34,127	33,305	31,533	129,316	106,652
Cash cost of revenues	<u>\$ 174,284</u>	<u>\$ 174,111</u>	<u>\$ 158,086</u>	<u>\$ 678,826</u>	<u>\$ 594,792</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	\$ 67,250	\$ 61,619	\$ 55,690	\$ 246,623	\$ 202,914
Depreciation and amortization expense	(6,273)	(6,197)	(6,469)	(24,968)	(21,260)
Stock-based compensation expense	(6,742)	(7,250)	(5,225)	(26,538)	(18,730)
Cash sales and marketing expenses	<u>\$ 54,235</u>	<u>\$ 48,172</u>	<u>\$ 43,996</u>	<u>\$ 195,117</u>	<u>\$ 162,924</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	\$ 98,466	\$ 96,874	\$ 86,536	\$ 374,790	\$ 328,266
Depreciation and amortization expense	(7,139)	(6,758)	(7,480)	(28,318)	(28,676)
Stock-based compensation expense	(18,699)	(17,760)	(14,765)	(68,547)	(57,787)
Cash general and administrative expenses	<u>\$ 72,628</u>	<u>\$ 72,356</u>	<u>\$ 64,291</u>	<u>\$ 277,925</u>	<u>\$ 241,803</u>

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

Cash sales and marketing expenses	\$ 54,235	\$ 48,172	\$ 43,996	\$ 195,117	\$ 162,924
Cash general and administrative expenses	72,628	72,356	64,291	277,925	241,803
Cash SG&A	<u>\$ 126,863</u>	<u>\$ 120,528</u>	<u>\$ 108,287</u>	<u>\$ 473,042</u>	<u>\$ 404,727</u>

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

Americas cash SG&A	\$ 78,701	\$ 76,227	\$ 65,466	\$ 297,766	\$ 265,225
EMEA cash SG&A	32,794	28,191	28,043	117,612	90,060
Asia-Pacific cash SG&A	15,368	16,110	14,778	57,664	49,442
Cash SG&A	<u>\$ 126,863</u>	<u>\$ 120,528</u>	<u>\$ 108,287</u>	<u>\$ 473,042</u>	<u>\$ 404,727</u>

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

Income from continuing operations	\$ 124,989	\$ 115,193	\$ 102,704	\$ 460,932	\$ 392,896
Depreciation, amortization and accretion expense	106,682	105,534	103,551	431,008	393,543
Stock-based compensation expense	27,630	27,280	21,631	102,940	82,735
Restructuring charges	-	-	-	(4,837)	-
Impairment charges	-	-	9,861	-	9,861
Acquisition costs	4,229	438	1,939	10,855	8,822
Adjusted EBITDA	<u>\$ 263,530</u>	<u>\$ 248,445</u>	<u>\$ 239,686</u>	<u>\$ 1,000,898</u>	<u>\$ 887,857</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012
The geographic split of our adjusted EBITDA is presented below:					
Americas income from continuing operations	\$ 76,042	\$ 70,691	\$ 65,468	\$ 279,785	\$ 250,574
Americas depreciation, amortization and accretion expense	62,623	58,939	59,833	250,007	236,581
Americas stock-based compensation expense	20,926	20,591	16,641	78,129	63,763
Americas restructuring charges	-	-	-	(4,837)	-
Americas impairment charges	-	-	6,972	-	6,972
Americas acquisition costs	15	83	1	5,634	(90)
Americas adjusted EBITDA	<u>159,606</u>	<u>150,304</u>	<u>148,915</u>	<u>608,718</u>	<u>557,800</u>
EMEA income from continuing operations	31,187	28,685	18,605	106,221	89,014
EMEA depreciation, amortization and accretion expense	20,612	24,503	22,554	91,610	80,249
EMEA stock-based compensation expense	3,616	3,596	2,633	13,315	10,370
EMEA acquisition costs	4,214	355	1,603	5,040	3,979
EMEA adjusted EBITDA	<u>59,629</u>	<u>57,139</u>	<u>45,395</u>	<u>216,186</u>	<u>183,612</u>
Asia-Pacific income from continuing operations	17,760	15,817	18,631	74,926	53,308
Asia-Pacific depreciation, amortization and accretion expense	23,447	22,092	21,164	89,391	76,713
Asia-Pacific stock-based compensation expense	3,088	3,093	2,357	11,496	8,602
Asia-Pacific impairment charges	-	-	2,889	-	2,889
Asia-Pacific acquisition costs	-	-	335	181	4,933
Asia-Pacific adjusted EBITDA	<u>44,295</u>	<u>41,002</u>	<u>45,376</u>	<u>175,994</u>	<u>146,445</u>
Adjusted EBITDA	<u>\$ 263,530</u>	<u>\$ 248,445</u>	<u>\$ 239,686</u>	<u>\$ 1,000,898</u>	<u>\$ 887,857</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>73%</u>	<u>71%</u>	<u>72%</u>	<u>72%</u>	<u>71%</u>
EMEA cash gross margins	<u>64%</u>	<u>64%</u>	<u>63%</u>	<u>64%</u>	<u>63%</u>
Asia-Pacific cash gross margins	<u>64%</u>	<u>63%</u>	<u>66%</u>	<u>64%</u>	<u>65%</u>

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

Americas adjusted EBITDA margins	<u>49%</u>	<u>47%</u>	<u>50%</u>	<u>48%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>41%</u>	<u>43%</u>	<u>39%</u>	<u>41%</u>	<u>42%</u>
Asia-Pacific adjusted EBITDA margins	<u>47%</u>	<u>45%</u>	<u>49%</u>	<u>48%</u>	<u>48%</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	\$ 263,530	\$ 248,445	\$ 239,686	\$ 1,000,898	\$ 887,857
Less adjusted EBITDA - prior period	(248,445)	(248,035)	(225,016)	(887,857)	(721,504)
Adjusted EBITDA growth	<u>\$ 15,085</u>	<u>\$ 410</u>	<u>\$ 14,670</u>	<u>\$ 113,041</u>	<u>\$ 166,353</u>
Revenues - current period	\$ 564,677	\$ 543,084	\$ 506,059	\$ 2,152,766	\$ 1,887,376
Less revenues - prior period	(543,084)	(528,871)	(484,835)	(1,887,376)	(1,565,625)
Revenue growth	<u>\$ 21,593</u>	<u>\$ 14,213</u>	<u>\$ 21,224</u>	<u>\$ 265,390</u>	<u>\$ 321,751</u>
Adjusted EBITDA flow-through rate	<u>70%</u>	<u>3%</u>	<u>69%</u>	<u>43%</u>	<u>52%</u>