

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Recurring revenues	\$ 605,492	\$ 588,437	\$ 538,060	\$ 2,317,790	\$ 2,049,962
Non-recurring revenues	32,629	32,004	26,617	125,986	102,804
Revenues	638,121	620,441	564,677	2,443,776	2,152,766
Cost of revenues	313,449	304,052	269,743	1,197,885	1,064,403
Gross profit	324,672	316,389	294,934	1,245,891	1,088,363
Operating expenses:					
Sales and marketing	81,236	72,185	67,250	296,103	246,623
General and administrative	113,684	109,354	98,466	438,016	374,790
Restructuring charges	-	-	-	-	(4,837)
Acquisition costs	1,926	(281)	4,229	2,506	10,855
Total operating expenses	196,846	181,258	169,945	736,625	627,431
Income from operations	127,826	135,131	124,989	509,266	460,932
Interest and other income (expense):					
Interest income	357	356	794	2,891	3,387
Interest expense	(71,103)	(63,756)	(65,503)	(270,553)	(248,792)
Loss on debt extinguishment	(105,807)	-	(14,899)	(156,990)	(108,501)
Other income (expense)	(3,051)	1,811	1,959	119	5,253
Total interest and other, net	(179,604)	(61,589)	(77,649)	(424,533)	(348,653)
Income (loss) before income taxes	(51,778)	73,542	47,340	84,733	112,279
Income tax expense	(303,325)	(30,581)	(1,967)	(345,459)	(16,156)
Net income (loss)	(355,103)	42,961	45,373	(260,726)	96,123
Net (income) loss attributable to redeemable non-controlling interests	-	(120)	(186)	1,179	(1,438)
Net income (loss) attributable to Equinix	\$ (355,103)	\$ 42,841	\$ 45,187	\$ (259,547)	\$ 94,685
Net income (loss) per share attributable to Equinix:					
Basic net income (loss) per share (1)	\$ (6.42)	\$ 0.81	\$ 0.91	\$ (4.96)	\$ 1.92
Diluted net income (loss) per share (1)	\$ (6.42)	\$ 0.79	\$ 0.88	\$ (4.96)	\$ 1.89
Shares used in computing basic net income (loss) per share	55,295	53,137	49,765	52,359	49,438
Shares used in computing diluted net income (loss) per share	55,295	55,238	53,499	52,359	50,116

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

Net income (loss)	\$ (355,103)	\$ 42,961	\$ 45,373	\$ (260,726)	\$ 96,123
Net (income) loss attributable to non-controlling interests	-	(120)	(186)	1,179	(1,438)
Net income (loss) attributable to Equinix, basic	(355,103)	42,841	45,187	(259,547)	94,685
Interest on convertible debt	-	885	1,847	-	-
Net income (loss) attributable to Equinix, diluted	\$ (355,103)	\$ 43,726	\$ 47,034	\$ (259,547)	\$ 94,685

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Net income (loss)	\$ (355,103)	\$ 42,961	\$ 45,373	\$ (260,726)	\$ 96,123
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	(97,123)	(144,993)	6,905	(204,065)	(18,203)
Unrealized loss on available for sale securities	135	(1,179)	(376)	(279)	(298)
Unrealized gain (loss) on cash flow hedges	4,026	4,510	(1,750)	8,790	(1,750)
Unrealized loss on defined benefit plans	(2,001)			(2,001)	
Other comprehensive income (loss), net of tax:	(94,963)	(141,662)	4,779	(197,555)	(20,251)
Comprehensive income (loss), net of tax	(450,066)	(98,701)	50,152	(458,281)	75,872
Net (income) loss attributable to redeemable non-controlling interests	-	(120)	(186)	1,179	(1,438)
Other comprehensive (income) loss attributable to redeemable non-controlling interests	-	(18,304)	3,185	(1,810)	7,526
Comprehensive income (loss) attributable to Equinix, net of tax	\$ (450,066)	\$ (117,125)	\$ 53,151	\$ (458,912)	\$ 81,960

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

Assets	December 31, 2014	December 31, 2013
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 610,917	\$ 261,894
Short-term investments	529,395	369,808
Accounts receivable, net	262,570	184,840
Other current assets	88,061	72,118
Total current assets	1,490,943	888,660
Long-term investments	439	398,390
Property, plant and equipment, net	4,998,270	4,591,650
Goodwill	1,002,129	1,042,153
Intangible assets, net	147,527	184,182
Other assets	178,125	387,324
Total assets	\$ 7,817,433	\$ 7,492,359
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 285,796	\$ 263,223
Accrued property and equipment	114,469	64,601
Current portion of capital lease and other financing obligations	21,362	17,214
Current portion of mortgage and loans payable	59,466	53,508
Other current liabilities	162,664	147,958
Total current liabilities	643,757	546,504
Capital lease and other financing obligations, less current portion	1,168,042	914,032
Mortgage and loans payable, less current portion	534,686	199,700
Senior notes	2,750,000	2,250,000
Convertible debt	145,853	724,202
Other liabilities	304,964	274,955
Total liabilities	5,547,302	4,909,393
Redeemable non-controlling interests	-	123,902
Common stock	57	50
Additional paid-in capital	3,334,305	2,693,887
Treasury stock	(11,411)	(84,663)
Accumulated dividends	(424,387)	-
Accumulated other comprehensive loss	(332,443)	(113,767)
Accumulated deficit	(295,990)	(36,443)
Total stockholders' equity	2,270,131	2,459,064
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,817,433	\$ 7,492,359

Ending headcount by geographic region is as follows:

Americas headcount	2,122	1,984
EMEA headcount	1,023	899
Asia-Pacific headcount	721	617
Total headcount	3,866	3,500

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

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
Capital lease and other financing obligations	\$ 1,189,404	\$ 931,246
Term loans, net of debt discount	498,400	140,000
ALOG financings	56,863	69,524
Mortgage payable and other loans payable	38,889	43,684
Plus: debt discount	1,600	-
Total mortgage and loans payable	<u>595,752</u>	<u>253,208</u>
Senior notes	<u>2,750,000</u>	<u>2,250,000</u>
Convertible debt, net of debt discount	145,853	724,202
Plus: debt discount	12,032	45,508
Total convertible debt principal	<u>157,885</u>	<u>769,710</u>
Total debt outstanding	<u>\$ 4,693,041</u>	<u>\$ 4,204,164</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Cash flows from operating activities:					
Net income (loss)	\$ (355,103)	\$ 42,961	\$ 45,373	\$ (260,726)	\$ 96,123
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	133,096	121,349	106,682	484,129	431,008
Stock-based compensation	31,517	27,662	27,630	117,990	102,940
Debt issuance costs and debt discount	3,827	3,714	6,266	18,667	23,868
Loss on debt extinguishment	105,807	-	14,899	156,990	108,501
Restructuring charges	-	-	-	-	(4,837)
Excess tax benefits from employee equity awards	(2,125)	(5,825)	42	(19,582)	(27,330)
Other reconciling items	5,863	5,957	7,196	24,567	18,825
Changes in operating assets and liabilities:					
Accounts receivable	2,428	(50,889)	12,336	(101,966)	(27,956)
Income taxes, net	295,947	23,340	(36,622)	226,774	(108,189)
Accounts payable and accrued expenses	(16,429)	34,778	(10,157)	4,177	7,242
Other assets and liabilities	(2,531)	13,394	(6,939)	38,400	(15,587)
Net cash provided by operating activities	202,297	216,441	166,706	689,420	604,608
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(381,629)	148,789	18,641	239,551	(479,136)
Business acquisitions, net of cash acquired	-	-	(48,739)	-	(49,337)
Purchases of real estate	-	-	-	(16,791)	(74,332)
Purchases of other property, plant and equipment	(238,477)	(156,003)	(202,841)	(660,203)	(572,406)
Other investing activities	195	898	(423)	1,604	5,898
Net cash used in investing activities	(619,911)	(6,316)	(233,362)	(435,839)	(1,169,313)
Cash flows from financing activities:					
Purchases of treasury stock	-	(42,575)	(48,799)	(297,958)	(48,799)
Proceeds from employee equity awards	1,137	12,362	3,810	29,320	31,892
Payment of special distribution	(83,266)	-	-	(83,266)	-
Proceeds from loans payable	500,000	-	26,304	500,000	28,038
Purchase of redeemable non-controlling interests	-	(226,276)	-	(226,276)	-
Proceeds from senior notes	1,250,000	-	-	1,250,000	1,500,000
Repayment of capital lease and other financing obligations	(4,890)	(3,857)	(27,907)	(18,030)	(40,133)
Repayment of mortgage and loans payable	(5,963)	(10,416)	(10,196)	(43,473)	(52,500)
Repayment of senior notes	(750,000)	-	-	(750,000)	(750,000)
Repayment of term loan	(110,000)	-	-	(110,000)	-
Repayment of convertible debt	(34)	-	-	(29,513)	-
Debt extinguishment costs	(93,965)	-	(13,189)	(116,517)	(97,864)
Debt issuance costs	(25,294)	-	(42)	(25,294)	-
Excess tax benefits from employee equity awards	2,125	5,825	(622)	19,582	27,330
Other financing activities	-	8,698	-	8,826	(23,057)
Net cash provided by (used in) financing activities	679,850	(256,239)	(70,641)	107,401	574,907
Effect of foreign currency exchange rates on cash and cash equivalents	(5,500)	(8,039)	(551)	(11,959)	(521)
Net increase (decrease) in cash and cash equivalents	256,736	(54,153)	(137,848)	349,023	9,681
Cash and cash equivalents at beginning of period	354,181	408,334	399,742	261,894	252,213
Cash and cash equivalents at end of period	\$ 610,917	\$ 354,181	\$ 261,894	\$ 610,917	\$ 261,894
Supplemental cash flow information:					
Cash paid for taxes	\$ 6,407	\$ 5,506	\$ 36,954	\$ 117,197	\$ 123,690
Cash paid for interest	\$ 94,283	\$ 45,833	\$ 74,671	\$ 262,018	\$ 210,629
Free cash flow (1)	\$ (35,985)	\$ 61,336	\$ (85,297)	\$ 14,030	\$ (85,569)
Adjusted free cash flow (2)	\$ (29,881)	\$ 74,812	\$ 236	\$ 160,425	\$ 174,548
Ongoing capital expenditures (3)	\$ 73,120	\$ 45,549	\$ 68,059	\$ 227,164	\$ 183,330
Discretionary free cash flow (4)	\$ 129,177	\$ 170,892	\$ 98,647	\$ 462,256	\$ 421,278
Adjusted discretionary free cash flow (5)	\$ 135,281	\$ 184,368	\$ 135,441	\$ 591,860	\$ 557,726

(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	\$ 202,297	\$ 216,441	\$ 166,706	\$ 689,420	\$ 604,608
Net cash provided by (used in) investing activities as presented above	(619,911)	(6,316)	(233,362)	(435,839)	(1,169,313)
Purchases, sales and maturities of investments, net	381,629	(148,789)	(18,641)	(239,551)	479,136

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Free cash flow (negative free cash flow)	\$ (35,985)	\$ 61,336	\$ (85,297)	\$ 14,030	\$ (85,569)
(2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases of real estate, acquisitions, 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)	\$ (35,985)	\$ 61,336	\$ (85,297)	\$ 14,030	\$ (85,569)
Less business acquisitions, net of cash acquired	-	-	48,739	-	49,337
Less purchase of real estate	-	-	-	16,791	74,332
Less excess tax benefits from employee equity awards	2,125	5,825	(42)	19,582	27,330
Less cash paid for taxes resulting from the planned REIT conversion	189	978	30,040	80,867	88,149
Less costs related to the planned REIT conversion	3,790	6,673	6,796	29,155	20,969
Adjusted free cash flow	\$ (29,881)	\$ 74,812	\$ 236	\$ 160,425	\$ 174,548
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	\$ 189	\$ 978	\$ 30,040	\$ 80,867	\$ 88,149
Other cash taxes paid	6,218	4,528	6,914	36,330	35,541
Total cash paid for taxes	\$ 6,407	\$ 5,506	\$ 36,954	\$ 117,197	\$ 123,690
(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	\$ 73,120	\$ 45,549	\$ 68,059	\$ 227,164	\$ 183,330
Expansion capital expenditures	165,357	110,454	134,782	433,039	389,076
Total capital expenditures	\$ 238,477	\$ 156,003	\$ 202,841	\$ 660,203	\$ 572,406
(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	\$ 202,297	\$ 216,441	\$ 166,706	\$ 689,420	\$ 604,608
Less ongoing capital expenditures	(73,120)	(45,549)	(68,059)	(227,164)	(183,330)
Discretionary free cash flow	\$ 129,177	\$ 170,892	\$ 98,647	\$ 462,256	\$ 421,278
(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)	\$ 129,177	\$ 170,892	\$ 98,647	\$ 462,256	\$ 421,278
Excess tax benefits from employee equity awards	2,125	5,825	(42)	19,582	27,330
Cash paid for taxes resulting from the planned REIT conversion	189	978	30,040	80,867	88,149
Costs related to the planned REIT conversion	3,790	6,673	6,796	29,155	20,969
Adjusted discretionary free cash flow	\$ 135,281	\$ 184,368	\$ 135,441	\$ 591,860	\$ 557,726

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Recurring revenues	\$ 605,492	\$ 588,437	\$ 538,060	\$ 2,317,790	\$ 2,049,962
Non-recurring revenues	32,629	32,004	26,617	125,986	102,804
Revenues (1)	638,121	620,441	564,677	2,443,776	2,152,766
Cash cost of revenues (2)	195,945	196,458	174,284	767,552	678,826
Cash gross profit (3)	442,176	423,983	390,393	1,676,224	1,473,940
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	67,036	58,434	54,235	240,054	195,117
Cash general and administrative expenses (6)	80,775	81,688	72,628	322,279	277,925
Total cash operating expenses (7)	147,811	140,122	126,863	562,333	473,042
Adjusted EBITDA (8)	\$ 294,365	\$ 283,861	\$ 263,530	\$ 1,113,891	\$ 1,000,898
Cash gross margins (9)	69%	68%	69%	69%	68%
Adjusted EBITDA margins (10)	46%	46%	47%	46%	46%
Adjusted EBITDA flow-through rate (11)	59%	56%	70%	39%	43%

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

Americas Revenues:

Colocation	\$ 254,037	\$ 244,979	\$ 236,931	\$ 978,503	\$ 917,089
Interconnection	71,992	69,512	62,306	272,257	242,296
Managed infrastructure	13,860	15,214	12,811	57,071	52,430
Rental	814	978	763	3,687	2,486
Recurring revenues	340,703	330,683	312,811	1,311,518	1,214,301
Non-recurring revenues	15,699	16,729	13,290	64,585	50,473
Revenues	356,402	347,412	326,101	1,376,103	1,264,774

EMEA Revenues:

Colocation	134,816	130,873	117,003	514,997	430,357
Interconnection	13,484	13,163	10,473	50,342	36,941
Managed infrastructure	5,487	7,179	6,831	26,965	23,029
Rental	1,613	1,588	1,660	6,649	2,034
Recurring revenues	155,400	152,803	135,967	598,953	492,361
Non-recurring revenues	11,693	8,777	8,819	38,312	32,657
Revenues	167,093	161,580	144,786	637,265	525,018

Asia-Pacific Revenues:

Colocation	91,211	86,613	72,758	336,312	280,733
Interconnection	13,231	12,973	11,090	49,751	40,626
Managed infrastructure	4,947	5,364	5,434	21,255	21,941
Recurring revenues	109,389	104,951	89,282	407,318	343,300
Non-recurring revenues	5,237	6,498	4,508	23,089	19,674
Revenues	114,626	111,449	93,790	430,408	362,974

Worldwide Revenues:

Colocation	480,064	462,465	426,692	1,829,812	1,628,179
Interconnection	98,707	95,648	83,869	372,350	319,863
Managed infrastructure	24,294	27,757	25,076	105,291	97,400
Rental	2,427	2,566	2,423	10,336	4,520
Recurring revenues	605,492	588,437	538,060	2,317,789	2,049,962
Non-recurring revenues	32,629	32,004	26,617	125,986	102,804
Revenues	\$ 638,121	\$ 620,441	\$ 564,677	\$ 2,443,776	\$ 2,152,766

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(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	\$ 313,449	\$ 304,052	\$ 269,743	\$ 1,197,885	\$ 1,064,403
Depreciation, amortization and accretion expense	(115,236)	(105,449)	(93,270)	(421,822)	(377,722)
Stock-based compensation expense	(2,268)	(2,145)	(2,189)	(8,511)	(7,855)
Cash cost of revenues	<u>\$ 195,945</u>	<u>\$ 196,458</u>	<u>\$ 174,284</u>	<u>\$ 767,552</u>	<u>\$ 678,826</u>

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

Americas cash cost of revenues	\$ 97,396	\$ 97,775	\$ 87,794	\$ 380,892	\$ 358,290
EMEA cash cost of revenues	59,987	59,593	52,363	236,423	191,220
Asia-Pacific cash cost of revenues	38,562	39,090	34,127	150,237	129,316
Cash cost of revenues	<u>\$ 195,945</u>	<u>\$ 196,458</u>	<u>\$ 174,284</u>	<u>\$ 767,552</u>	<u>\$ 678,826</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 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	\$ 81,236	\$ 72,185	\$ 67,250	\$ 296,103	\$ 246,623
Depreciation and amortization expense	(6,315)	(6,495)	(6,273)	(25,965)	(24,968)
Stock-based compensation expense	(7,885)	(7,256)	(6,742)	(30,084)	(26,538)
Cash sales and marketing expenses	<u>\$ 67,036</u>	<u>\$ 58,434</u>	<u>\$ 54,235</u>	<u>\$ 240,054</u>	<u>\$ 195,117</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	\$ 113,684	\$ 109,354	\$ 98,466	\$ 438,016	\$ 374,790
Depreciation and amortization expense	(11,545)	(9,405)	(7,139)	(36,342)	(28,318)
Stock-based compensation expense	(21,364)	(18,261)	(18,699)	(79,395)	(68,547)
Cash general and administrative expenses	<u>\$ 80,775</u>	<u>\$ 81,688</u>	<u>\$ 72,628</u>	<u>\$ 322,279</u>	<u>\$ 277,925</u>

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

Cash sales and marketing expenses	\$ 67,036	\$ 58,434	\$ 54,235	\$ 240,054	\$ 195,117
Cash general and administrative expenses	80,775	81,688	72,628	322,279	277,925
Cash SG&A	<u>\$ 147,811</u>	<u>\$ 140,122</u>	<u>\$ 126,863</u>	<u>\$ 562,333</u>	<u>\$ 473,042</u>

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

Americas cash SG&A	\$ 91,762	\$ 89,562	\$ 78,701	\$ 360,204	\$ 297,766
EMEA cash SG&A	36,226	32,201	32,794	131,620	117,612
Asia-Pacific cash SG&A	19,823	18,359	15,368	70,509	57,664
Cash SG&A	<u>\$ 147,811</u>	<u>\$ 140,122</u>	<u>\$ 126,863</u>	<u>\$ 562,333</u>	<u>\$ 473,042</u>

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

Income from operations	\$ 127,826	\$ 135,131	\$ 124,989	\$ 509,266	\$ 460,932
Depreciation, amortization and accretion expense	133,096	121,349	106,682	484,129	431,008
Stock-based compensation expense	31,517	27,662	27,630	117,990	102,940
Restructuring charges	-	-	-	-	(4,837)
Acquisition costs	1,926	(281)	4,229	2,506	10,855
Adjusted EBITDA	<u>\$ 294,365</u>	<u>\$ 283,861</u>	<u>\$ 263,530</u>	<u>\$ 1,113,891</u>	<u>\$ 1,000,898</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	\$ 70,131	\$ 72,614	\$ 76,042	\$ 282,219	\$ 279,785
Americas depreciation, amortization and accretion expense	72,408	66,594	62,623	260,416	250,007
Americas stock-based compensation expense	24,351	21,148	20,926	91,469	78,129
Americas restructuring charges	-	-	-	-	(4,837)
Americas acquisition costs	354	(281)	15	903	5,634
Americas adjusted EBITDA	<u>167,244</u>	<u>160,075</u>	<u>159,606</u>	<u>635,007</u>	<u>608,718</u>
EMEA income from operations	35,867	38,848	31,187	138,685	106,221
EMEA depreciation, amortization and accretion expense	29,770	27,650	20,612	115,223	91,610
EMEA stock-based compensation expense	3,671	3,288	3,616	13,661	13,315
EMEA acquisition costs	1,572	-	4,214	1,653	5,040
EMEA adjusted EBITDA	<u>70,880</u>	<u>69,786</u>	<u>59,629</u>	<u>269,222</u>	<u>216,186</u>
Asia-Pacific income from operations	21,828	23,669	17,760	88,362	74,926
Asia-Pacific depreciation, amortization and accretion expense	30,918	27,105	23,447	108,490	89,391
Asia-Pacific stock-based compensation expense	3,495	3,226	3,088	12,860	11,496
Asia-Pacific acquisition costs	-	-	-	(50)	181
Asia-Pacific adjusted EBITDA	<u>56,241</u>	<u>54,000</u>	<u>44,295</u>	<u>209,662</u>	<u>175,994</u>
Adjusted EBITDA	<u>\$ 294,365</u>	<u>\$ 283,861</u>	<u>\$ 263,530</u>	<u>\$ 1,113,891</u>	<u>\$ 1,000,898</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>72%</u>	<u>73%</u>	<u>72%</u>	<u>72%</u>
EMEA cash gross margins	<u>64%</u>	<u>63%</u>	<u>64%</u>	<u>63%</u>	<u>64%</u>
Asia-Pacific cash gross margins	<u>66%</u>	<u>65%</u>	<u>64%</u>	<u>65%</u>	<u>64%</u>

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

Americas adjusted EBITDA margins	<u>47%</u>	<u>46%</u>	<u>49%</u>	<u>46%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>42%</u>	<u>43%</u>	<u>41%</u>	<u>42%</u>	<u>41%</u>
Asia-Pacific adjusted EBITDA margins	<u>49%</u>	<u>48%</u>	<u>47%</u>	<u>49%</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	\$ 294,365	\$ 283,861	\$ 263,530	\$ 1,113,891	\$ 1,000,898
Less adjusted EBITDA - prior period	(283,861)	(275,277)	(248,445)	(1,000,898)	(887,857)
Adjusted EBITDA growth	<u>\$ 10,504</u>	<u>\$ 8,584</u>	<u>\$ 15,085</u>	<u>\$ 112,993</u>	<u>\$ 113,041</u>
Revenues - current period	\$ 638,121	\$ 620,441	\$ 564,677	\$ 2,443,776	\$ 2,152,766
Less revenues - prior period	(620,441)	(605,161)	(543,084)	(2,152,766)	(1,887,376)
Revenue growth	<u>\$ 17,680</u>	<u>\$ 15,280</u>	<u>\$ 21,593</u>	<u>\$ 291,010</u>	<u>\$ 265,390</u>
Adjusted EBITDA flow-through rate	<u>59%</u>	<u>56%</u>	<u>70%</u>	<u>39%</u>	<u>43%</u>

EQUINIX, INC.
PRO FORMA RESULTS EARNINGS PER SHARE
(In thousands, except per share data)
(unaudited)

	Three Months Ended December 31, 2014				Year Ended December 31, 2014			
	Actual	Adjustments		Pro Forma	Actual	Adjustments		Pro Forma
		Debt Exting.	REIT Conv.			Debt Exting.	REIT Conv.	
Income from operations	\$ 127,826	\$ -	\$ -	\$ 127,826	\$ 509,266	\$ -	\$ -	\$ 509,266
Interest and other income (expense):								
Interest income and expense, net	(70,746)	-	-	(70,746)	(267,662)	-	-	(267,662)
Loss on debt extinguishment	(105,807)	105,807 (1)	-	-	(156,990)	156,990 (1)(2)	-	-
Other income (expense)	(3,051)	-	-	(3,051)	119	-	-	119
Total interest and other, net	(179,604)	105,807	-	(73,797)	(424,533)	156,990	-	(267,543)
Income (loss) from operations before income taxes	(51,778)	105,807	-	54,029	84,733	156,990	-	241,723
Income tax benefit (expense)	(303,325)	(43,734) (3)	324,142 (4)	(22,918)	(345,459)	(60,440) (3)	324,142 (4)	(81,758)
Net income (loss)	(355,103)	62,073	324,142	31,111	(260,726)	96,550	324,142	159,965
Net (income) loss attributable to redeemable non-controlling interests	-	-	-	-	1,179	-	-	1,179
Net income (loss) attributable to Equinix	\$ (355,103)	\$ 62,073	\$ 324,142	\$ 31,111	\$ (259,547)	\$ 96,550	\$ 324,142	\$ 161,144
Net income (loss) per share attributable to Equinix:								
Basic net income (loss) per share	\$ (6.42)		\$ 0.56		\$ (4.96)		\$ 3.08	
Shares used in computing basic net income (loss) per share	55,295		55,295		52,359		52,359	
Diluted net income (loss) per share	\$ (6.42)		\$ 0.56 (5)		\$ (4.96)		\$ 3.04 (5)	
Shares used in computing diluted net income (loss) per share	55,295		55,852 (5)		52,359		626 (5)	52,985

(1) Represents the loss on debt extinguishment related to the redemption of the 7.00% senior notes and refinancing of the term loan and revolving credit facility in Q4 2014 removed for purposes of these pro forma financial results.

(2) Represents the loss on debt extinguishment related to the exchanges of the 3.00% convertible notes and 4.75% convertible notes in Q2 2014 removed for purposes of these pro forma financial results.

(3) Represents the estimated tax impact had the loss on debt extinguishment not been recorded.

(4) Represents the derecognition of the deferred tax assets and liabilities of our U.S. REIT operations in Q4 2014, when it was determined that all significant actions to effect the REIT conversion had occurred and the Company committed to that action.

(5) Adjustment for the dilutive impact of the assumed conversion of the employee equity awards as a result of the increased pro forma net income.