



Appendix: Non-GAAP Financial Reconciliations and Definitions

Definitions of Non-GAAP Measures

Cash Cost of Revenues (Cash COR)

- We define cash cost of revenues as cost of revenues, less depreciation, amortization, accretion and stock-based compensation.

Cash Gross Profit

- We define cash gross profit as revenues less cash cost of revenues.

Cash Gross Margin

- We define cash gross margin as cash gross profit divided by revenues.

Cash Sales and Marketing

- We define cash sales and marketing expenses as sales and marketing expenses less depreciation, amortization and stock-based compensation.

Cash General and Administrative expenses

- We define cash general and administrative expenses as general and administrative expenses less depreciation, amortization and stock-based compensation.

Cash SG&A

- Cash selling, general, and administrative expenses is comprised of the following two categories of expenses:
 1. Cash general and administrative expenses
 2. Cash sales and marketing expenses

Definitions of Non-GAAP Measures

Total Cash OPEX

- Total Cash OPEX is comprised of the following two categories of expenses:
 1. Cash COR
 2. Cash SG&A

Adjusted EBITDA

- We define adjusted EBITDA as income from continuing operations plus depreciation, amortization, accretion, stock-based compensation expense, acquisition costs, restructuring charges, impairment charges, and gains on asset sales.

Adjusted EBITDA margin

- We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.

NAREIT Funds From Operations (NAREIT FFO or FFO)

- We calculate Funds From Operations in accordance with the standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). NAREIT FFO represents net income (loss), excluding gains (losses) from the disposition of real estate assets, depreciation and amortization on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling interests' share of these items.

Adjusted Funds From Operations (AFFO)

- We define AFFO as FFO, excluding Depreciation and amortization expense on non-real estate assets, accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment, an income tax expense adjustment, net income from discontinued operations, net of tax, recurring capital expenditures and adjustments from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of these items.

Non-GAAP Reconciliations

(in thousands, unaudited)

We define Cash COR as cost of revenues less depreciation, amortization, accretion and stock-based compensation as presented below:

	Twelve Months Ended				Three Months Ended
	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	March 31, 2016
Cost of revenues	\$ 944,617	\$ 1,064,403	\$ 1,197,885	\$ 1,291,506	\$ 427,680
Depreciation, amortization and accretion expense	(343,607)	(377,722)	(421,822)	(445,189)	(153,583)
Stock-based compensation expense	(6,218)	(7,855)	(8,511)	(9,878)	(2,997)
Cash COR	<u>\$ 594,792</u>	<u>\$ 678,826</u>	<u>\$ 767,552</u>	<u>\$ 836,439</u>	<u>\$ 271,100</u>

We define cash gross profit as revenues less cash cost of revenues.

Revenues	\$ 1,887,376	\$ 2,152,766	\$ 2,443,776	\$ 2,725,867	\$ 844,156
Cash cost of revenues	(594,792)	(678,826)	(767,552)	(836,439)	(271,100)
Cash gross profit	<u>\$ 1,292,584</u>	<u>\$ 1,473,940</u>	<u>\$ 1,676,224</u>	<u>\$ 1,889,428</u>	<u>\$ 573,056</u>

We define cash gross margins as cash gross profit divided by revenues.

	<u>68%</u>	<u>68%</u>	<u>69%</u>	<u>69%</u>	<u>68%</u>
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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	\$ 202,914	\$ 246,623	\$ 296,103	\$ 332,012	\$ 106,590
Depreciation and amortization expense	(21,260)	(24,968)	(25,965)	(25,895)	(17,127)
Stock-based compensation expense	(18,730)	(26,538)	(30,084)	(36,847)	(9,771)
Cash sales and marketing expenses	<u>\$ 162,924</u>	<u>\$ 195,117</u>	<u>\$ 240,054</u>	<u>\$ 269,270</u>	<u>\$ 79,692</u>

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	\$ 328,266	\$ 374,790	\$ 438,016	\$ 493,284	\$ 165,904
Depreciation and amortization expense	(28,676)	(28,318)	(36,342)	(57,845)	(31,443)
Stock-based compensation expense	(57,787)	(68,547)	(79,395)	(86,908)	(21,747)
Cash general and administrative expenses	<u>\$ 241,803</u>	<u>\$ 277,925</u>	<u>\$ 322,279</u>	<u>\$ 348,531</u>	<u>\$ 112,714</u>

Cash SG&A is presented below:

Cash sales and marketing expenses	\$ 162,924	\$ 195,117	\$ 240,054	\$ 269,270	\$ 79,692
Cash general and administrative expenses	241,803	277,925	322,279	348,531	112,714
Cash SG&A	<u>\$ 404,727</u>	<u>\$ 473,042</u>	<u>\$ 562,333</u>	<u>\$ 617,801</u>	<u>\$ 192,406</u>

Total Cash OPEX is presented below:

Cash COR	\$ 594,792	\$ 678,826	\$ 767,552	\$ 836,439	\$ 271,100
Cash SG&A	404,727	473,042	562,333	617,801	192,406
Total Cash OPEX	<u>\$ 999,519</u>	<u>\$ 1,151,868</u>	<u>\$ 1,329,885</u>	<u>\$ 1,454,240</u>	<u>\$ 463,506</u>

Non-GAAP Reconciliations – Adjusted EBITDA

(in thousands, unaudited)

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

	Twelve Months Ended					Three Months Ended
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	March 31, 2016
Income from continuing operations	\$ 305,922	\$ 392,896	\$ 460,932	\$ 509,266	\$ 567,342	\$ 112,688
Depreciation, amortization and accretion expense	337,667	393,543	431,008	484,129	528,929	202,153
Stock-based compensation expense	71,137	82,735	102,940	117,990	133,633	34,515
Acquisition costs	3,297	8,822	10,855	2,506	41,723	36,536
Restructuring charges (reversal)	3,481	-	(4,837)	-	-	-
Impairment charges	-	9,861	-	-	-	-
Gains on asset sales	-	-	-	-	-	(5,242)
Adjusted EBITDA	\$ 721,504	\$ 887,857	\$ 1,000,898	\$ 1,113,891	\$ 1,271,627	\$ 380,650

Non-GAAP Reconciliations – Adjusted EBITDA

(in thousands, unaudited)

	Twelve Months Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
The geographic split of our adjusted EBITDA is presented below:					
Americas income from continuing operations	\$ 201,860	\$ 250,574	\$ 279,785	\$ 282,219	\$ 324,458
Americas depreciation, amortization and accretion expense	213,753	236,581	250,007	260,416	278,644
Americas stock-based compensation expense	55,819	63,763	78,129	91,469	100,760
Americas acquisition costs	2,614	(90)	5,634	903	(5,258)
Americas restructuring charges (reversal)	3,481	-	(4,837)	-	-
Americas impairment charges	-	6,972	-	-	-
Americas adjusted EBITDA	<u>\$ 477,527</u>	<u>\$ 557,800</u>	<u>\$ 608,718</u>	<u>\$ 635,007</u>	<u>\$ 698,604</u>
EMEA income from continuing operations	\$ 59,367	\$ 89,014	\$ 106,221	\$ 138,685	\$ 145,527
EMEA depreciation, amortization and accretion expense	74,486	80,249	91,610	115,223	118,008
EMEA stock-based compensation expense	8,869	10,370	13,315	13,661	16,690
EMEA acquisition costs	371	3,979	5,040	1,653	38,336
EMEA adjusted EBITDA	<u>\$ 143,093</u>	<u>\$ 183,612</u>	<u>\$ 216,186</u>	<u>\$ 269,222</u>	<u>\$ 318,561</u>
Asia-Pacific income from continuing operations	\$ 44,695	\$ 53,308	\$ 74,926	\$ 88,362	\$ 97,357
Asia-Pacific depreciation, amortization and accretion expense	49,428	76,713	89,391	108,490	132,277
Asia-Pacific stock-based compensation expense	6,449	8,602	11,496	12,860	16,183
Asia-Pacific acquisition costs	312	4,933	181	(50)	8,645
Asia-Pacific impairment charges	-	2,889	-	-	-
Asia-Pacific adjusted EBITDA	<u>\$ 100,884</u>	<u>\$ 146,445</u>	<u>\$ 175,994</u>	<u>\$ 209,662</u>	<u>\$ 254,462</u>

Non-GAAP Reconciliations – Adjusted EBITDA margin

(in thousands, unaudited)

We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.

	Twelve Months Ended				
	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Americas adjusted EBITDA margins	48%	48%	48%	46%	46%
EMEA adjusted EBITDA margins	40%	42%	41%	42%	46%
Asia-Pacific adjusted EBITDA margins	46%	48%	48%	49%	49%

Non-GAAP Reconciliations – FFO

(in thousands, unaudited)

FFO is defined as net income (loss), excluding gains (losses) from the disposition of real estate assets, depreciation and amortization on real estate assets and adjustments for unconsolidated joint ventures' and non-controlling interests' share of these items.

	Twelve Months Ended			Three Months Ended
	December 31, 2013	December 31, 2014	December 31, 2015	March 31, 2016
Net income (loss)	\$ 96,123	\$ (260,726)	\$ 187,774	\$ (31,111)
Net (income) loss attributable to redeemable non-controlling interests	(1,438)	1,179	-	-
Net income (loss) attributable to Equinix	94,685	(259,547)	187,774	(31,111)
Adjustments:				
Real estate depreciation and amortization	377,049	417,703	439,969	150,995
(Gain) loss on disposition of real estate property	825	301	1,382	(4,037)
Adjustments for FFO from unconsolidated joint ventures	112	112	113	28
Non-controlling interests' share of above adjustments	(6,711)	(5,303)	-	-
FFO	\$ 465,960	\$ 153,266	\$ 629,238	\$ 115,875

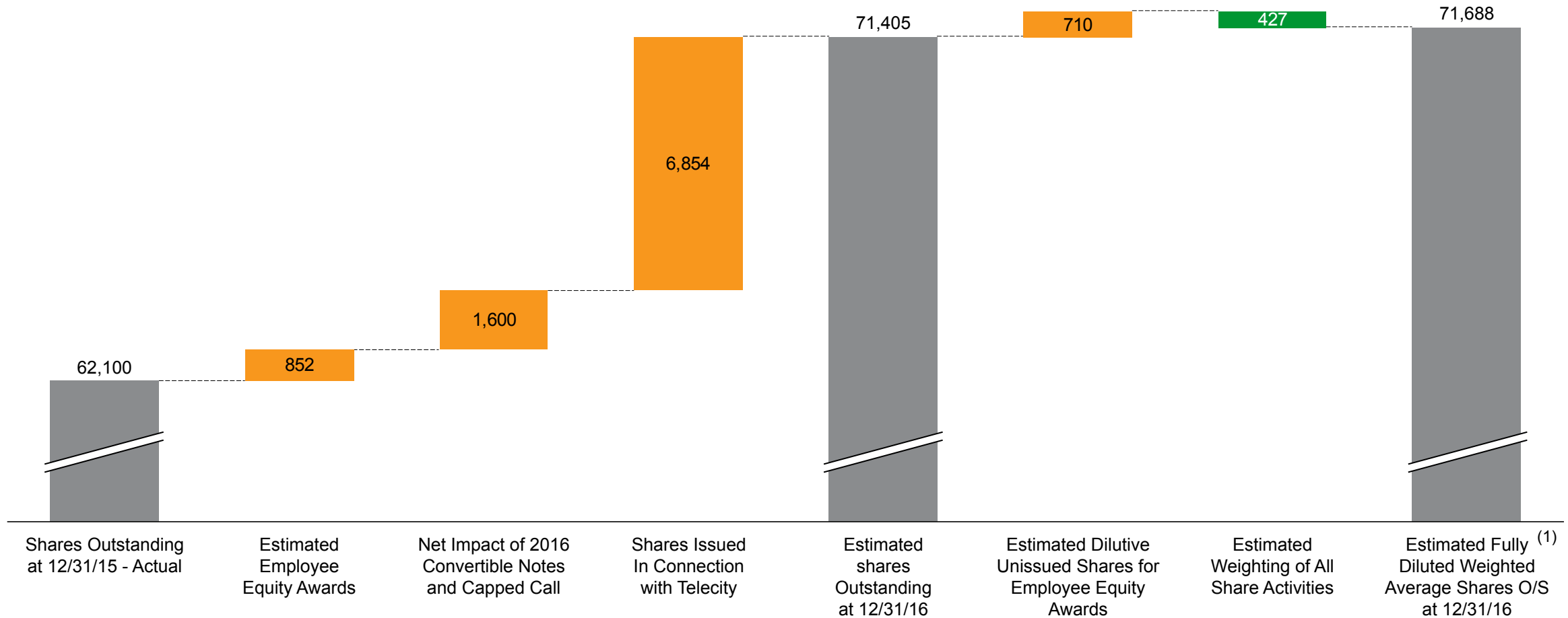
Non-GAAP Reconciliations - AFFO

(in thousands, unaudited)

AFFO is defined as FFO, excluding depreciation and amortization expense on non-real estate assets, accretion, stock-based compensation, restructuring charges, impairment charges, acquisition costs, an installation revenue adjustment, a straight-line rent expense adjustment, amortization of deferred financing costs, gains (losses) on debt extinguishment, an income tax expense adjustment, net income from discontinued operations, net of tax, recurring capital expenditures and adjustments from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of these items.

	Twelve Months Ended			Three Months Ended
	December 31, 2013	December 31, 2014	December 31, 2015	March 31, 2016
FFO	\$ 465,960	\$ 153,266	\$ 629,238	\$ 115,875
Adjustments:				
Installation revenue adjustment	25,017	25,720	35,498	3,354
Straight-line rent expense adjustment	8,612	13,048	7,931	1,133
Amortization of deferred financing costs	24,429	19,020	16,135	5,508
Stock-based compensation expense	102,940	117,990	133,633	34,515
Non-real estate depreciation expense	28,395	36,232	58,165	21,387
Amortization expense	27,287	27,756	27,446	28,152
Accretion expense	(1,723)	2,438	3,349	1,619
Recurring capital expenditures	(93,504)	(105,366)	(120,281)	(31,815)
Loss on debt extinguishment	108,501	156,990	289	-
Restructuring charges	(4,837)	-	-	-
Acquisition costs	10,855	2,506	41,723	36,536
Income tax expense adjustment	(16,421)	315,289	(1,270)	(190)
Net Income from discontinued operations, net of tax	-	-	-	(6,216)
Adjustments for AFFO from unconsolidated joint ventures	(185)	(76)	(58)	(12)
Non-controlling interests share of above adjustments	(5,824)	(3,134)	-	-
AFFO	\$ 679,502	\$ 761,679	\$ 831,798	\$ 209,846

FY16 estimated share counts



(1) The share count changed from 70.7M to 71.7M shares due to inclusion of the potential dilutive impact of 2016 convertible notes for the period from January 1, 2016 and June 15, 2016