

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

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Recurring revenues	\$ 502,470	\$ 495,271	\$ 433,786	\$ 997,741	\$ 854,676
Non-recurring revenues	23,199	24,184	23,463	47,383	45,818
Revenues	525,669	519,455	457,249	1,045,124	900,494
Cost of revenues	267,693	259,268	225,289	526,961	442,387
Gross profit	257,976	260,187	231,960	518,163	458,107
Operating expenses:					
Sales and marketing	59,478	58,276	47,603	117,754	94,013
General and administrative	88,632	89,685	80,595	178,317	158,911
Restructuring charges	(4,837)	-	-	(4,837)	-
Acquisition costs	2,526	3,662	1,666	6,188	2,341
Total operating expenses	145,799	151,623	129,864	297,422	255,265
Income from continuing operations	112,177	108,564	102,096	220,741	202,842
Interest and other income (expense):					
Interest income	917	747	963	1,664	1,654
Interest expense	(61,001)	(60,331)	(46,787)	(121,332)	(99,605)
Loss on debt extinguishment	(93,602)	-	-	(93,602)	-
Other income (expense)	2,768	(459)	(1,844)	2,309	(1,998)
Total interest and other, net	(150,918)	(60,043)	(47,668)	(210,961)	(99,949)
Income (loss) from continuing operations before income taxes	(38,741)	48,521	54,428	9,780	102,893
Income tax benefit (expense)	10,612	(12,198)	(17,138)	(1,586)	(30,991)
Net income (loss) from continuing operations	(28,129)	36,323	37,290	8,194	71,902
Net income from discontinued operations, net of tax	-	-	350	-	549
Net income (loss)	(28,129)	36,323	37,640	8,194	72,451
Net income attributable to redeemable non-controlling interests	(529)	(441)	(1,193)	(970)	(1,481)
Net income (loss) attributable to Equinix	\$ (28,658)	\$ 35,882	\$ 36,447	\$ 7,224	\$ 70,970
Net income (loss) per share attributable to Equinix:					
Basic net income (loss) per share from continuing operations	\$ (0.58)	\$ 0.73	\$ 0.75	\$ 0.15	\$ 1.48
Basic net income per share from discontinued operations	-	-	0.01	-	0.01
Basic net income (loss) per share (1)	<u>\$ (0.58)</u>	<u>\$ 0.73</u>	<u>\$ 0.76</u>	<u>\$ 0.15</u>	<u>\$ 1.49</u>
Diluted net income (loss) per share from continuing operations	\$ (0.58)	\$ 0.71	\$ 0.72	\$ 0.14	\$ 1.43
Diluted net income per share from discontinued operations	-	-	0.01	-	0.01
Diluted net income (loss) per share (2)	<u>\$ (0.58)</u>	<u>\$ 0.71</u>	<u>\$ 0.73</u>	<u>\$ 0.14</u>	<u>\$ 1.44</u>
Shares used in computing basic net income (loss) per share	49,379	49,029	48,016	49,205	47,485
Shares used in computing diluted net income (loss) per share	49,379	53,480	52,351	49,976	51,633

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

Net income (loss) from continuing operations	\$ (28,129)	\$ 36,323	\$ 37,290	\$ 8,194	\$ 71,902
Net income attributable to non-controlling interests	(529)	(441)	(1,193)	(970)	(1,481)
Net income (loss) from continuing operations attributable to Equinix, basic	(28,658)	35,882	36,097	7,224	70,421
Net income from discontinued operations	-	-	350	-	549
Net income (loss) attributable to Equinix, basic	<u>\$ (28,658)</u>	<u>\$ 35,882</u>	<u>\$ 36,447</u>	<u>\$ 7,224</u>	<u>\$ 70,970</u>

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

Net income (loss) from continuing operations attributable to Equinix, basic	\$ (28,658)	\$ 35,882	\$ 36,097	\$ 7,224	\$ 70,421
Interest on convertible debt	-	1,851	1,678	-	3,377
Net income (loss) from continuing operations attributable to Equinix, diluted	(28,658)	37,733	37,775	7,224	73,798
Net income from discontinued operations	-	-	350	-	549
Net income (loss) attributable to Equinix, diluted	<u>\$ (28,658)</u>	<u>\$ 37,733</u>	<u>\$ 38,125</u>	<u>\$ 7,224</u>	<u>\$ 74,347</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Net income (loss)	\$ (28,129)	\$ 36,323	\$ 37,640	\$ 8,194	\$ 72,451
Other comprehensive income (loss), net of tax:					
Foreign currency translation loss	(30,666)	(72,554)	(49,207)	(103,220)	(14,895)
Unrealized gain (loss) on available for sale securities	(458)	98	(177)	(360)	(99)
Other comprehensive loss, net of tax:	<u>(31,124)</u>	<u>(72,456)</u>	<u>(49,384)</u>	<u>(103,580)</u>	<u>(14,994)</u>
Comprehensive income (loss), net of tax	<u>(59,253)</u>	<u>(36,133)</u>	<u>(11,744)</u>	<u>(95,386)</u>	<u>57,457</u>
Net income attributable to redeemable non-controlling interests	(529)	(441)	(1,193)	(970)	(1,481)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	5,309	(769)	3,974	4,540	2,915
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ (54,473)</u>	<u>\$ (37,343)</u>	<u>\$ (8,963)</u>	<u>\$ (91,816)</u>	<u>\$ 58,891</u>

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

Assets	June 30, 2013	December 31, 2012
	2013	2012
Cash and cash equivalents	\$ 517,496	\$ 252,213
Short-term investments	323,460	166,492
Accounts receivable, net	201,336	163,840
Other current assets	55,317	57,206
Total current assets	1,097,609	639,751
Long-term investments	375,971	127,819
Property, plant and equipment, net	4,103,344	3,918,999
Goodwill	1,012,102	1,042,564
Intangible assets, net	184,740	201,562
Other assets	304,083	202,269
Total assets	\$ 7,077,849	\$ 6,132,964
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 258,027	\$ 268,853
Accrued property and equipment	101,015	63,509
Current portion of capital lease and other financing obligations	85,262	15,206
Current portion of loans payable	40,360	52,160
Other current liabilities	122,871	139,561
Total current liabilities	607,535	539,289
Capital lease and other financing obligations, less current portion	684,873	545,853
Loans payable, less current portion	164,919	188,802
Senior notes, less current portion	2,250,000	1,500,000
Convertible debt	716,265	708,726
Other liabilities	245,768	230,843
Total liabilities	4,669,360	3,713,513
Redeemable non-controlling interests	96,614	84,178
Common stock	50	49
Additional paid-in capital	2,651,396	2,583,371
Treasury stock	(36,284)	(36,676)
Accumulated other comprehensive loss	(200,082)	(101,042)
Accumulated deficit	(103,205)	(110,429)
Total stockholders' equity	2,311,875	2,335,273
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,077,849	\$ 6,132,964

Ending headcount by geographic region is as follows:

Americas headcount	1,918	1,821
EMEA headcount	872	811
Asia-Pacific headcount	573	521
Total headcount	3,363	3,153

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

	<u>June 30, 2013</u>	<u>December 31, 2012</u>
Capital lease and other financing obligations	<u>\$ 770,135</u>	<u>\$ 561,059</u>
U.S. term loan	160,000	180,000
ALOG financing	44,924	48,807
Paris 4 IBX financing	317	8,071
Other loans payable	38	4,084
Total loans payable	<u>205,279</u>	<u>240,962</u>
Senior notes	<u>2,250,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	716,265	708,726
Plus debt discount	53,447	60,990
Total convertible debt principal	<u>769,712</u>	<u>769,716</u>
Total debt outstanding	<u><u>\$ 3,995,126</u></u>	<u><u>\$ 3,071,737</u></u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Cash flows from operating activities:					
Net income (loss)	\$ (28,129)	\$ 36,323	\$ 37,640	\$ 8,194	\$ 72,451
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	110,117	108,531	96,944	218,648	190,866
Stock-based compensation	24,194	22,703	20,549	46,897	39,652
Debt issuance costs and debt discount	5,884	5,753	4,902	11,637	13,009
Loss on debt extinguishment	93,602	-	-	93,602	-
Restructuring charges	(4,837)	-	-	(4,837)	-
Excess tax benefits from employee equity awards	(3,431)	(18,990)	-	(22,421)	-
Other reconciling items	3,949	3,085	984	7,034	3,841
Changes in operating assets and liabilities:					
Accounts receivable	(19,098)	(24,663)	(14,864)	(43,761)	(34,541)
Income taxes, net	(74,153)	(1,609)	31,985	(75,762)	23,222
Accounts payable and accrued expenses	28,392	(27,996)	30,648	396	(9,887)
Other assets and liabilities	10,669	(18,956)	(14,006)	(8,287)	22,162
Net cash provided by operating activities	147,159	84,181	194,782	231,340	320,775
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(175,593)	(232,965)	279,621	(408,558)	625,987
Purchase of New York IBX data center	(2,960)	-	-	(2,960)	-
Purchase of Asia Tone, less cash acquired	-	(107)	-	(107)	-
Purchases of other property, plant and equipment	(122,863)	(75,667)	(196,484)	(198,530)	(341,974)
Other investing activities	838,963	(833,801)	10,743	5,162	79,300
Net cash provided by (used in) investing activities	537,547	(1,142,540)	93,880	(604,993)	363,313
Cash flows from financing activities:					
Purchases of treasury stock	-	-	-	-	(13,364)
Proceeds from employee equity awards	1,512	14,368	6,013	15,880	36,473
Proceeds from loans payable	-	-	-	-	8,909
Proceeds from senior notes	-	1,500,000	-	1,500,000	-
Repayment of capital lease and other financing obligations	(4,157)	(3,516)	(3,032)	(7,673)	(5,858)
Repayment of loans payable	(18,139)	(14,052)	(10,170)	(32,191)	(77,299)
Repayment of senior notes	(750,000)	-	-	(750,000)	-
Repayment of convertible debt	-	-	(250,007)	-	(250,007)
Debt extinguishment costs	(80,925)	-	-	(80,925)	-
Excess tax benefits from employee equity awards	3,431	18,990	-	22,421	-
Other financing activities	(1,756)	(19,030)	(7,520)	(20,786)	(7,520)
Net cash provided by (used in) financing activities	(850,034)	1,496,760	(264,716)	646,726	(308,666)
Effect of foreign currency exchange rates on cash and cash equivalents	(2,195)	(5,595)	(2,794)	(7,790)	(149)
Net increase (decrease) in cash and cash equivalents	(167,523)	432,806	21,152	265,283	375,273
Cash and cash equivalents at beginning of period	685,019	252,213	632,944	252,213	278,823
Cash and cash equivalents at end of period	\$ 517,496	\$ 685,019	\$ 654,096	\$ 517,496	\$ 654,096
Supplemental cash flow information:					
Cash paid for taxes	\$ 62,818	\$ 14,036	\$ 5,031	\$ 76,854	\$ 6,765
Cash paid for interest	\$ 29,664	\$ 67,975	\$ 28,965	\$ 97,639	\$ 92,301
Free cash flow (1)	\$ 860,299	\$ (825,394)	\$ 9,041	\$ 34,905	\$ 58,101
Adjusted free cash flow (2)	\$ 866,690	\$ (806,297)	\$ 9,041	\$ 60,393	\$ 58,101
Ongoing capital expenditures (3)	\$ 40,210	\$ 33,997	\$ 37,537	\$ 74,207	\$ 75,999
Discretionary free cash flow (4)	\$ 106,949	\$ 50,184	\$ 157,245	\$ 157,133	\$ 244,776
Adjusted discretionary free cash flow (5)	\$ 163,950	\$ 72,908	\$ 157,245	\$ 236,858	\$ 244,776

(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	\$ 147,159	\$ 84,181	\$ 194,782	\$ 231,340	\$ 320,775
Net cash provided by (used in) investing activities as presented above	537,547	(1,142,540)	93,880	(604,993)	363,313
Purchases, sales and maturities of investments, net	175,593	232,965	(279,621)	408,558	(625,987)
Free cash flow (negative free cash flow)	\$ 860,299	\$ (825,394)	\$ 9,041	\$ 34,905	\$ 58,101

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 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 and any excess tax benefits from employee equity awards, as presented below:					
Free cash flow (as defined above)	\$ 860,299	\$ (825,394)	\$ 9,041	\$ 34,905	\$ 58,101
Less purchase of New York IBX data center	2,960	-	-	2,960	-
Less purchase of Asia Tone, less cash acquired	-	107	-	107	-
Less excess tax benefits from employee equity awards	3,431	18,990	-	22,421	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ 866,690</u>	<u>\$ (806,297)</u>	<u>\$ 9,041</u>	<u>\$ 60,393</u>	<u>\$ 58,101</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	\$ 40,210	\$ 33,997	\$ 37,537	\$ 74,207	\$ 75,999
Expansion capital expenditures	82,653	41,670	158,947	124,323	265,975
Total capital expenditures	<u>\$ 122,863</u>	<u>\$ 75,667</u>	<u>\$ 196,484</u>	<u>\$ 198,530</u>	<u>\$ 341,974</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	\$ 147,159	\$ 84,181	\$ 194,782	\$ 231,340	\$ 320,775
Less ongoing capital expenditures	(40,210)	(33,997)	(37,537)	(74,207)	(75,999)
Discretionary free cash flow	<u>\$ 106,949</u>	<u>\$ 50,184</u>	<u>\$ 157,245</u>	<u>\$ 157,133</u>	<u>\$ 244,776</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 and cash paid for taxes associated with reclassifying our assets for tax purposes triggered by our planned conversion into a real estate investment trust ("REIT"), as presented below:					
Discretionary free cash flow	\$ 106,949	\$ 50,184	\$ 157,245	\$ 157,133	\$ 244,776
Excess tax benefits from employee equity awards	3,431	18,990	-	22,421	-
Cash paid for taxes resulting from the planned REIT conversion	53,570	3,734	-	57,304	-
Adjusted discretionary free cash flow	<u>\$ 163,950</u>	<u>\$ 72,908</u>	<u>\$ 157,245</u>	<u>\$ 236,858</u>	<u>\$ 244,776</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	\$ 53,570	\$ 3,734	\$ -	\$ 57,304	\$ -
Other cash taxes paid	9,248	10,302	5,031	19,550	6,765
Total cash paid for taxes	<u>\$ 62,818</u>	<u>\$ 14,036</u>	<u>\$ 5,031</u>	<u>\$ 76,854</u>	<u>\$ 6,765</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Recurring revenues	\$ 502,470	\$ 495,271	\$ 433,786	\$ 997,741	\$ 854,676
Non-recurring revenues	23,199	24,184	23,463	47,383	45,818
Revenues (1)	525,669	519,455	457,249	1,045,124	900,494
Cash cost of revenues (2)	169,077	162,759	142,011	331,836	278,372
Cash gross profit (3)	356,592	356,696	315,238	713,288	622,122
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	46,430	46,280	38,689	92,710	76,808
Cash general and administrative expenses (6)	65,985	66,956	59,069	132,941	117,238
Total cash operating expenses (7)	112,415	113,236	97,758	225,651	194,046
Adjusted EBITDA (8)	\$ 244,177	\$ 243,460	\$ 217,480	\$ 487,637	\$ 428,076
Cash gross margins (9)	68%	69%	69%	68%	69%
Adjusted EBITDA margins (10)	46%	47%	48%	47%	48%
Adjusted EBITDA flow-through rate (11)	12%	32%	49%	40%	68%

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

Americas Revenues:

Colocation	\$ 226,536	\$ 223,565	\$ 209,756	\$ 450,101	\$ 413,674
Interconnection	59,800	58,206	53,048	118,006	104,787
Managed infrastructure	13,977	13,616	12,564	27,593	26,500
Rental	445	460	445	905	884
Recurring revenues	300,758	295,847	275,813	596,605	545,845
Non-recurring revenues	11,685	12,707	12,308	24,392	21,405
Revenues	312,443	308,554	288,121	620,997	567,250

EMEA Revenues:

Colocation	103,916	100,532	87,820	204,448	171,771
Interconnection	8,854	8,381	4,192	17,235	8,016
Managed infrastructure	5,734	4,249	3,262	9,983	6,676
Rental	138	120	336	258	680
Recurring revenues	118,642	113,282	95,610	231,924	187,143
Non-recurring revenues	6,970	7,012	7,087	13,982	16,890
Revenues	125,612	120,294	102,697	245,906	204,033

Asia-Pacific Revenues:

Colocation	67,881	71,014	49,651	138,895	96,768
Interconnection	9,699	9,404	7,794	19,103	15,114
Managed infrastructure	5,490	5,724	4,918	11,214	9,806
Recurring revenues	83,070	86,142	62,363	169,212	121,688
Non-recurring revenues	4,544	4,465	4,068	9,009	7,523
Revenues	87,614	90,607	66,431	178,221	129,211

Worldwide Revenues:

Colocation	398,333	395,111	347,227	793,444	682,213
Interconnection	78,353	75,991	65,034	154,344	127,917
Managed infrastructure	25,201	23,589	20,744	48,790	42,982
Rental	583	580	781	1,163	1,564
Recurring revenues	502,470	495,271	433,786	997,741	854,676
Non-recurring revenues	23,199	24,184	23,463	47,383	45,818
Revenues	\$ 525,669	\$ 519,455	\$ 457,249	\$ 1,045,124	\$ 900,494

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 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	\$ 267,693	\$ 259,268	\$ 225,289	\$ 526,961	\$ 442,387
Depreciation, amortization and accretion expense	(96,822)	(94,907)	(81,744)	(191,729)	(161,164)
Stock-based compensation expense	(1,794)	(1,602)	(1,534)	(3,396)	(2,851)
Cash cost of revenues	<u>\$ 169,077</u>	<u>\$ 162,759</u>	<u>\$ 142,011</u>	<u>\$ 331,836</u>	<u>\$ 278,372</u>

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

Americas cash cost of revenues	\$ 90,546	\$ 88,473	\$ 81,465	\$ 179,019	\$ 160,547
EMEA cash cost of revenues	47,304	43,629	37,392	90,933	72,745
Asia-Pacific cash cost of revenues	31,227	30,657	23,154	61,884	45,080
Cash cost of revenues	<u>\$ 169,077</u>	<u>\$ 162,759</u>	<u>\$ 142,011</u>	<u>\$ 331,836</u>	<u>\$ 278,372</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, impairment 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	\$ 59,478	\$ 58,276	\$ 47,603	\$ 117,754	\$ 94,013
Depreciation and amortization expense	(6,223)	(6,275)	(4,239)	(12,498)	(8,495)
Stock-based compensation expense	(6,825)	(5,721)	(4,675)	(12,546)	(8,710)
Cash sales and marketing expenses	<u>\$ 46,430</u>	<u>\$ 46,280</u>	<u>\$ 38,689</u>	<u>\$ 92,710</u>	<u>\$ 76,808</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	\$ 88,632	\$ 89,685	\$ 80,595	\$ 178,317	\$ 158,911
Depreciation and amortization expense	(7,072)	(7,349)	(7,291)	(14,421)	(13,765)
Stock-based compensation expense	(15,575)	(15,380)	(14,235)	(30,955)	(27,908)
Cash general and administrative expenses	<u>\$ 65,985</u>	<u>\$ 66,956</u>	<u>\$ 59,069</u>	<u>\$ 132,941</u>	<u>\$ 117,238</u>

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

Cash sales and marketing expenses	\$ 46,430	\$ 46,280	\$ 38,689	\$ 92,710	\$ 76,808
Cash general and administrative expenses	65,985	66,956	59,069	132,941	117,238
Cash SG&A	<u>\$ 112,415</u>	<u>\$ 113,236</u>	<u>\$ 97,758</u>	<u>\$ 225,651</u>	<u>\$ 194,046</u>

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

Americas cash SG&A	\$ 69,287	\$ 73,551	\$ 65,774	\$ 142,838	\$ 132,623
EMEA cash SG&A	29,016	27,611	20,100	56,627	39,199
Asia-Pacific cash SG&A	14,112	12,074	11,884	26,186	22,224
Cash SG&A	<u>\$ 112,415</u>	<u>\$ 113,236</u>	<u>\$ 97,758</u>	<u>\$ 225,651</u>	<u>\$ 194,046</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	\$ 112,177	\$ 108,564	\$ 102,096	\$ 220,741	\$ 202,842
Depreciation, amortization and accretion expense	110,117	108,531	93,274	218,648	183,424
Stock-based compensation expense	24,194	22,703	20,444	46,897	39,469
Restructuring charges	(4,837)	-	-	(4,837)	-
Acquisition costs	2,526	3,662	1,666	6,188	2,341
Adjusted EBITDA	<u>\$ 244,177</u>	<u>\$ 243,460</u>	<u>\$ 217,480</u>	<u>\$ 487,637</u>	<u>\$ 428,076</u>

	Three Months Ended			Six Months Ended	
	June 30, 2013	March 31, 2013	June 30, 2012	June 30, 2013	June 30, 2012
The geographic split of our adjusted EBITDA is presented below:					
Americas income from continuing operations	\$ 72,064	\$ 62,597	\$ 66,672	\$ 134,661	\$ 128,238
Americas depreciation, amortization and accretion expense	65,077	63,224	58,659	128,301	115,308
Americas stock-based compensation expense	18,168	17,311	15,552	35,479	30,625
Americas restructuring charges	(4,837)	-	-	(4,837)	-
Americas acquisition costs	2,138	3,398	(1)	5,536	(91)
Americas adjusted EBITDA	<u>152,610</u>	<u>146,530</u>	<u>140,882</u>	<u>299,140</u>	<u>274,080</u>
EMEA income from continuing operations	22,414	22,863	22,962	45,277	50,241
EMEA depreciation, amortization and accretion expense	23,424	23,071	18,329	46,495	35,641
EMEA stock-based compensation expense	3,065	3,038	2,673	6,103	4,837
EMEA acquisition costs	389	82	1,241	471	1,370
EMEA adjusted EBITDA	<u>49,292</u>	<u>49,054</u>	<u>45,205</u>	<u>98,346</u>	<u>92,089</u>
Asia-Pacific income from continuing operations	17,699	23,104	12,462	40,803	24,363
Asia-Pacific depreciation, amortization and accretion expense	21,616	22,236	16,286	43,852	32,475
Asia-Pacific stock-based compensation expense	2,961	2,354	2,219	5,315	4,007
Asia-Pacific acquisition costs	(1)	182	426	181	1,062
Asia-Pacific adjusted EBITDA	<u>42,275</u>	<u>47,876</u>	<u>31,393</u>	<u>90,151</u>	<u>61,907</u>
Adjusted EBITDA	<u>\$ 244,177</u>	<u>\$ 243,460</u>	<u>\$ 217,480</u>	<u>\$ 487,637</u>	<u>\$ 428,076</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>71%</u>	<u>72%</u>	<u>71%</u>	<u>72%</u>
EMEA cash gross margins	<u>62%</u>	<u>64%</u>	<u>64%</u>	<u>63%</u>	<u>64%</u>
Asia-Pacific cash gross margins	<u>64%</u>	<u>66%</u>	<u>65%</u>	<u>65%</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>49%</u>	<u>48%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>39%</u>	<u>41%</u>	<u>44%</u>	<u>40%</u>	<u>45%</u>
Asia-Pacific adjusted EBITDA margins	<u>48%</u>	<u>53%</u>	<u>47%</u>	<u>51%</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	\$ 244,177	\$ 243,460	\$ 217,480	\$ 487,637	\$ 428,076
Less adjusted EBITDA - prior period	(243,460)	(239,283)	(210,596)	(467,581)	(380,463)
Adjusted EBITDA growth	<u>\$ 717</u>	<u>\$ 4,177</u>	<u>\$ 6,884</u>	<u>\$ 20,056</u>	<u>\$ 47,613</u>
Revenues - current period	\$ 525,669	\$ 519,455	\$ 457,249	\$ 1,045,124	\$ 900,494
Less revenues - prior period	(519,455)	(506,520)	(443,245)	(995,250)	(830,324)
Revenue growth	<u>\$ 6,214</u>	<u>\$ 12,935</u>	<u>\$ 14,004</u>	<u>\$ 49,874</u>	<u>\$ 70,170</u>
Adjusted EBITDA flow-through rate	<u>12%</u>	<u>32%</u>	<u>49%</u>	<u>40%</u>	<u>68%</u>