

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Recurring revenues	\$ 481,738	\$ 462,829	\$ 401,765	\$ 1,799,243	\$ 1,492,414
Non-recurring revenues	24,782	25,901	20,351	96,501	77,370
<b>Revenues</b>	<b>506,520</b>	<b>488,730</b>	<b>422,116</b>	<b>1,895,744</b>	<b>1,569,784</b>
Cost of revenues	250,121	251,487	221,271	943,995	833,851
<b>Gross profit</b>	<b>256,399</b>	<b>237,243</b>	<b>200,845</b>	<b>951,749</b>	<b>735,933</b>
Operating expenses:					
Sales and marketing	55,690	53,211	45,136	202,914	158,347
General and administrative	86,867	83,621	71,568	329,399	265,554
Restructuring charges	-	-	1,295	-	3,481
Impairment charges	9,861	-	-	9,861	-
Acquisition costs	1,939	4,542	568	8,822	3,297
<b>Total operating expenses</b>	<b>154,357</b>	<b>141,374</b>	<b>118,567</b>	<b>550,996</b>	<b>430,679</b>
<b>Income from continuing operations</b>	<b>102,042</b>	<b>95,869</b>	<b>82,278</b>	<b>400,753</b>	<b>305,254</b>
Interest and other income (expense):					
Interest income	758	1,054	754	3,466	2,280
Interest expense	(50,516)	(50,207)	(55,151)	(200,328)	(181,303)
Other income (expense)	(717)	507	1,383	(2,208)	2,821
Loss on debt extinguishment	-	(5,204)	-	(5,204)	-
<b>Total interest and other, net</b>	<b>(50,475)</b>	<b>(53,850)</b>	<b>(53,014)</b>	<b>(204,274)</b>	<b>(176,202)</b>
<b>Income from continuing operations before income taxes</b>	<b>51,567</b>	<b>42,019</b>	<b>29,264</b>	<b>196,479</b>	<b>129,052</b>
Income tax expense	(17,294)	(13,498)	(13,361)	(61,783)	(37,451)
<b>Net income from continuing operations</b>	<b>34,273</b>	<b>28,521</b>	<b>15,903</b>	<b>134,696</b>	<b>91,601</b>
Net income from discontinued operations, net of tax	6	679	190	1,234	1,009
Gain on sale of discontinued operations, net of tax	11,852	-	-	11,852	-
<b>Net income</b>	<b>46,131</b>	<b>29,200</b>	<b>16,093</b>	<b>147,782</b>	<b>92,610</b>
Net (income) loss attributable to redeemable non-controlling interests	(1,273)	(362)	1,717	(3,116)	1,394
<b>Net income attributable to Equinix</b>	<b>\$ 44,858</b>	<b>\$ 28,838</b>	<b>\$ 17,810</b>	<b>\$ 144,666</b>	<b>\$ 94,004</b>
<b>Net income per share attributable to Equinix:</b>					
Basic net income per share from continuing operations	\$ 0.68	\$ 0.58	\$ 0.36	\$ 2.74	\$ 1.74
Basic net income per share from discontinued operations	0.24	0.02	0.00	0.27	0.02
Basic net income per share (1)	<u>\$ 0.92</u>	<u>\$ 0.60</u>	<u>\$ 0.36</u>	<u>\$ 3.01</u>	<u>\$ 1.76</u>
Diluted net income per share from continuing operations	\$ 0.66	\$ 0.57	\$ 0.35	\$ 2.67	\$ 1.70
Diluted net income per share from discontinued operations	0.22	0.01	0.00	0.25	0.02
Diluted net income per share (2)	<u>\$ 0.88</u>	<u>\$ 0.58</u>	<u>\$ 0.35</u>	<u>\$ 2.92</u>	<u>\$ 1.72</u>
Shares used in computing basic net income per share	48,673	48,361	47,235	48,004	46,956
Shares used in computing diluted net income per share	52,917	52,655	48,083	51,816	47,898

(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	\$ 34,273	\$ 28,521	\$ 15,903	\$ 134,696	\$ 91,601
Net income attributable to non-controlling interests	(1,273)	(362)	1,717	(3,116)	1,394
Adjustments attributable to redemption value of non-controlling interests	-	-	(837)	-	(11,476)
Net income from continuing operations attributable to Equinix, basic	33,000	28,159	16,783	131,580	81,519
Net income from discontinued operations	11,858	679	190	13,086	1,009
Net income attributable to Equinix, basic	<u>\$ 44,858</u>	<u>\$ 28,838</u>	<u>\$ 16,973</u>	<u>\$ 144,666</u>	<u>\$ 82,528</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	\$ 33,000	\$ 28,159	\$ 16,783	\$ 131,580	\$ 81,519
Interest on convertible debt	1,707	1,696	-	6,789	-
Net income from continuing operations attributable to Equinix, diluted	34,707	29,855	16,783	138,369	81,519
Net income from discontinued operations	11,858	679	190	13,086	1,009
Net income attributable to Equinix, diluted	<u>\$ 46,565</u>	<u>\$ 30,534</u>	<u>\$ 16,973</u>	<u>\$ 151,455</u>	<u>\$ 82,528</u>

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

	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>	
	<b>December 31, 2012</b>	<b>September 30, 2012</b>	<b>December 31, 2011</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Net income	\$ 46,131	\$ 29,200	\$ 16,093	\$ 147,782	\$ 92,610
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	9,307	41,782	(21,549)	36,194	(38,776)
Unrealized gain (loss) on available for sale securities	(37)	113	253	(23)	(14)
Other comprehensive income (loss), net of tax:	<u>9,270</u>	<u>41,895</u>	<u>(21,296)</u>	<u>36,171</u>	<u>(38,790)</u>
<b>Comprehensive income (loss), net of tax</b>	<b><u>55,401</u></b>	<b><u>71,095</u></b>	<b><u>(5,203)</u></b>	<b><u>183,953</u></b>	<b><u>53,820</u></b>
Net (income) loss attributable to redeemable non-controlling interests	(1,273)	(362)	1,717	(3,116)	1,394
Other comprehensive income (loss) attributable to redeemable non-controlling interests	<u>3,330</u>	<u>240</u>	<u>(1,986)</u>	<u>6,485</u>	<u>7,110</u>
<b>Comprehensive income (loss) attributable to Equinix, net of tax</b>	<b><u>\$ 57,458</u></b>	<b><u>\$ 70,973</u></b>	<b><u>\$ (5,472)</u></b>	<b><u>\$ 187,322</u></b>	<b><u>\$ 62,324</u></b>

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

<b>Assets</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
Cash and cash equivalents	\$ 252,213	\$ 278,823
Short-term investments	166,492	635,721
Accounts receivable, net	163,840	139,057
Other current assets	57,206	182,156
<b>Total current assets</b>	<b>639,751</b>	<b>1,235,757</b>
Long-term investments	127,819	161,801
Property, plant and equipment, net	3,918,999	3,225,912
Goodwill	1,042,564	866,495
Intangible assets, net	201,562	148,635
Other assets	202,269	146,724
<b>Total assets</b>	<b>\$ 6,132,964</b>	<b>\$ 5,785,324</b>

**Liabilities and Stockholders' Equity**

Accounts payable and accrued expenses	\$ 268,853	\$ 229,043
Accrued property and equipment	63,509	93,224
Current portion of capital lease and other financing obligations	15,206	11,542
Current portion of loans payable	52,160	87,440
Current portion of convertible debt	-	246,315
Current portion of deferred tax liabilities	69,689	394
Other current liabilities	69,872	57,296
<b>Total current liabilities</b>	<b>539,289</b>	<b>725,254</b>
Capital lease and other financing obligations, less current portion	545,853	390,269
Loans payable, less current portion	188,802	168,795
Senior notes	1,500,000	1,500,000
Convertible debt	708,726	694,769
Other liabilities	230,843	286,424
<b>Total liabilities</b>	<b>3,713,513</b>	<b>3,765,511</b>
Redeemable non-controlling interests	84,178	67,601
Common stock	49	48
Additional paid-in capital	2,583,371	2,437,623
Treasury stock	(36,676)	(86,666)
Accumulated other comprehensive loss	(101,042)	(143,698)
Accumulated deficit	(110,429)	(255,095)
<b>Total stockholders' equity</b>	<b>2,335,273</b>	<b>1,952,212</b>
<b>Total liabilities, redeemable non-controlling interests and stockholders' equity</b>	<b>\$ 6,132,964</b>	<b>\$ 5,785,324</b>

Ending headcount by geographic region is as follows:

Americas headcount	1,821	1,763
EMEA headcount	811	570
Asia-Pacific headcount	521	376
<b>Total headcount</b>	<b>3,153</b>	<b>2,709</b>

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

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Capital lease and other financing obligations	\$ 561,059	\$ 401,811
U.S. term loan	180,000	-
ALOG financing	48,807	-
Paris 4 IBX financing	8,071	52,104
ALOG loans payable	-	10,288
Asia-Pacific financing	-	193,843
Other loans payable	4,084	-
Total loans payable	<u>240,962</u>	<u>256,235</u>
Senior notes	<u>1,500,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	708,726	941,084
Plus debt discount	60,990	78,652
Total convertible debt principal	<u>769,716</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 3,071,737</u>	<u>\$ 3,177,782</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Cash flows from operating activities:					
Net income	\$ 46,131	\$ 29,200	\$ 16,093	\$ 147,782	\$ 92,610
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	103,457	107,623	94,683	401,946	352,653
Stock-based compensation	21,924	22,582	18,472	84,158	71,532
Debt issuance costs and debt discount	5,308	5,048	8,356	23,365	32,172
Loss on debt extinguishment	-	5,204	-	5,204	-
Restructuring charges	-	-	1,295	-	3,481
Impairment charges	9,861	-	-	9,861	-
Gain on sale of discontinued operations	(11,852)	-	-	(11,852)	-
Excess tax benefits from employee equity awards	(19,457)	(53,174)	-	(72,631)	-
Other reconciling items	584	2,205	4,526	6,630	9,874
Changes in operating assets and liabilities:					
Accounts receivable	20,299	(12,359)	3,238	(26,601)	(23,061)
Deferred tax assets, net	8,593	(1,656)	4,632	21,838	9,525
Accounts payable and accrued expenses	20,977	17,500	45,274	40,284	35,782
Other assets and liabilities	3,274	(20,021)	(8,948)	2,042	3,041
<b>Net cash provided by operating activities</b>	<b>209,099</b>	<b>102,152</b>	<b>187,621</b>	<b>632,026</b>	<b>587,609</b>
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(15,162)	(111,574)	1,400	499,251	(647,035)
Purchase of Dubai IBX data center	(22,918)	-	-	(22,918)	-
Purchase of Asia Tone, less cash acquired	(13,540)	(188,798)	-	(202,338)	-
Purchase of ancotel, less cash acquired	-	(84,236)	-	(84,236)	-
Purchase of ALOG, less cash acquired	-	-	-	-	(41,954)
Purchases of real estate	(24,656)	-	(4,073)	(24,656)	(28,066)
Purchases of other property, plant and equipment	(210,408)	(212,118)	(190,160)	(764,500)	(685,675)
Proceeds from sale of discontinued operations	76,458	-	-	76,458	-
Other investing activities	899	(133)	(1,792)	80,066	(96,714)
<b>Net cash used in investing activities</b>	<b>(209,327)</b>	<b>(596,859)</b>	<b>(194,625)</b>	<b>(442,873)</b>	<b>(1,499,444)</b>
Cash flows from financing activities:					
Purchases of treasury stock	-	-	(86,666)	(13,364)	(86,666)
Proceeds from employee equity awards	5,998	13,666	3,189	56,137	38,893
Proceeds from loans payable	4,049	249,633	4,701	262,591	95,336
Proceeds from senior notes	-	-	-	-	750,000
Repayment of capital lease and other financing obligations	(3,471)	(3,049)	(3,022)	(12,378)	(10,426)
Repayment of loans payable	(13,332)	(238,480)	(1,556)	(329,111)	(22,829)
Repayment of convertible debt	-	-	-	(250,007)	-
Excess tax benefits from employee equity awards	19,457	53,174	-	72,631	-
Other financing activities	(453)	(1,247)	(29)	(9,220)	(15,580)
<b>Net cash provided by (used in) financing activities</b>	<b>12,248</b>	<b>73,697</b>	<b>(83,383)</b>	<b>(222,721)</b>	<b>748,728</b>
Effect of foreign currency exchange rates on cash and cash equivalents	506	6,601	(1,313)	6,958	(911)
Net increase (decrease) in cash and cash equivalents	12,526	(414,409)	(91,700)	(26,610)	(164,018)
Cash and cash equivalents at beginning of period	239,687	654,096	370,523	278,823	442,841
<b>Cash and cash equivalents at end of period</b>	<b>\$ 252,213</b>	<b>\$ 239,687</b>	<b>\$ 278,823</b>	<b>\$ 252,213</b>	<b>\$ 278,823</b>
Supplemental cash flow information:					
Cash paid for taxes	\$ 10,868	\$ 12,813	\$ 1,985	\$ 30,446	\$ 9,157
Cash paid for interest	\$ 27,404	\$ 65,616	\$ 28,846	\$ 185,321	\$ 129,129
<b>Free cash flow (1)</b>	<b>\$ 14,934</b>	<b>\$ (383,133)</b>	<b>\$ (8,404)</b>	<b>\$ (310,098)</b>	<b>\$ (264,800)</b>
<b>Adjusted free cash flow (2)</b>	<b>\$ 19,047</b>	<b>\$ (56,925)</b>	<b>\$ (4,331)</b>	<b>\$ 20,223</b>	<b>\$ (194,780)</b>
<b>Ongoing capital expenditures (3)</b>	<b>\$ 43,497</b>	<b>\$ 37,593</b>	<b>\$ 44,278</b>	<b>\$ 157,089</b>	<b>\$ 127,690</b>
<b>Discretionary free cash flow (4)</b>	<b>\$ 165,602</b>	<b>\$ 64,559</b>	<b>\$ 143,343</b>	<b>\$ 474,937</b>	<b>\$ 459,919</b>
<b>Adjusted discretionary free cash flow (5)</b>	<b>\$ 185,059</b>	<b>\$ 117,733</b>	<b>\$ 143,343</b>	<b>\$ 547,568</b>	<b>\$ 459,919</b>

(1) We define free cash flow as net cash provided by operating activities plus net cash 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	\$ 209,099	\$ 102,152	\$ 187,621	\$ 632,026	\$ 587,609
Net cash used in investing activities as presented above	(209,327)	(596,859)	(194,625)	(442,873)	(1,499,444)
Purchases, sales and maturities of investments, net	15,162	111,574	(1,400)	(499,251)	647,035
<b>Free cash flow (negative free cash flow)</b>	<b>\$ 14,934</b>	<b>\$ (383,133)</b>	<b>\$ (8,404)</b>	<b>\$ (310,098)</b>	<b>\$ (264,800)</b>

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011

- (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)	\$ 14,934	\$ (383,133)	\$ (8,404)	\$ (310,098)	\$ (264,800)
Less purchase of Dubai IBX data center, less cash acquired	22,918	-	-	22,918	-
Less purchase of Asia Tone, less cash acquired	13,540	188,798	-	202,338	-
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	24,656	-	4,073	24,656	28,066
Less sale of discontinued operations	(76,458)	-	-	(76,458)	-
Less excess tax benefits from employee equity awards	19,457	53,174	-	72,631	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ 19,047</u>	<u>\$ (56,925)</u>	<u>\$ (4,331)</u>	<u>\$ 20,223</u>	<u>\$ (194,780)</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	\$ 43,497	\$ 37,593	\$ 44,278	\$ 157,089	\$ 127,690
Expansion capital expenditures	166,911	174,525	145,882	607,411	557,985
Total capital expenditures	<u>\$ 210,408</u>	<u>\$ 212,118</u>	<u>\$ 190,160</u>	<u>\$ 764,500</u>	<u>\$ 685,675</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	\$ 209,099	\$ 102,152	\$ 187,621	\$ 632,026	\$ 587,609
Less ongoing capital expenditures	(43,497)	(37,593)	(44,278)	(157,089)	(127,690)
Discretionary free cash flow	<u>\$ 165,602</u>	<u>\$ 64,559</u>	<u>\$ 143,343</u>	<u>\$ 474,937</u>	<u>\$ 459,919</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	\$ 165,602	\$ 64,559	\$ 143,343	\$ 474,937	\$ 459,919
Excess tax benefits from employee equity awards	19,457	53,174	-	72,631	-
Adjusted discretionary free cash flow	<u>\$ 185,059</u>	<u>\$ 117,733</u>	<u>\$ 143,343</u>	<u>\$ 547,568</u>	<u>\$ 459,919</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Recurring revenues	\$ 481,738	\$ 462,829	\$ 401,765	\$ 1,799,243	\$ 1,492,414
Non-recurring revenues	24,782	25,901	20,351	96,501	77,370
<b>Revenues (1)</b>	<b>506,520</b>	<b>488,730</b>	<b>422,116</b>	<b>1,895,744</b>	<b>1,569,784</b>
Cash cost of revenues (2)	158,950	158,038	139,196	595,360	529,757
<b>Cash gross profit (3)</b>	<b>347,570</b>	<b>330,692</b>	<b>282,920</b>	<b>1,300,384</b>	<b>1,040,027</b>
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	43,996	42,120	36,993	162,924	127,586
Cash general and administrative expenses (6)	64,291	60,274	52,486	241,803	191,894
<b>Total cash operating expenses (7)</b>	<b>108,287</b>	<b>102,394</b>	<b>89,479</b>	<b>404,727</b>	<b>319,480</b>
<b>Adjusted EBITDA (8)</b>	<b>\$ 239,283</b>	<b>\$ 228,298</b>	<b>\$ 193,441</b>	<b>\$ 895,657</b>	<b>\$ 720,547</b>
<b>Cash gross margins (9)</b>	<b>69%</b>	<b>68%</b>	<b>67%</b>	<b>69%</b>	<b>66%</b>
<b>Adjusted EBITDA margins (10)</b>	<b>47%</b>	<b>47%</b>	<b>46%</b>	<b>47%</b>	<b>46%</b>
<b>Adjusted EBITDA flow-through rate (11)</b>	<b>62%</b>	<b>34%</b>	<b>46%</b>	<b>54%</b>	<b>50%</b>

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

*Americas Revenues:*

Colocation	\$ 218,442	\$ 213,011	\$ 196,741	\$ 845,127	\$ 733,144
Interconnection	56,426	54,943	49,549	216,156	186,989
Managed infrastructure	12,529	12,424	12,440	51,453	37,768
Rental	490	469	463	1,843	2,006
Recurring revenues	287,887	280,847	259,193	1,114,579	959,907
Non-recurring revenues	11,456	13,034	9,114	45,895	35,808
<b>Revenues</b>	<b>299,343</b>	<b>293,881</b>	<b>268,307</b>	<b>1,160,474</b>	<b>995,715</b>

*EMEA Revenues:*

Colocation	95,823	91,512	80,174	359,106	300,728
Interconnection	7,989	7,188	3,600	23,193	13,061
Managed infrastructure	4,596	5,112	3,401	16,384	13,771
Rental	325	314	238	1,319	795
Recurring revenues	108,733	104,126	87,413	400,002	328,355
Non-recurring revenues	8,726	7,832	7,835	33,448	29,867
<b>Revenues</b>	<b>117,459</b>	<b>111,958</b>	<b>95,248</b>	<b>433,450</b>	<b>358,222</b>

*Asia-Pacific Revenues:*

Colocation	69,798	63,204	43,686	229,770	161,000
Interconnection	9,090	8,550	6,789	32,754	24,326
Managed infrastructure	6,230	6,102	4,684	22,138	18,826
Recurring revenues	85,118	77,856	55,159	284,662	204,152
Non-recurring revenues	4,600	5,035	3,402	17,158	11,695
<b>Revenues</b>	<b>89,718</b>	<b>82,891</b>	<b>58,561</b>	<b>301,820</b>	<b>215,847</b>

*Worldwide Revenues:*

Colocation	384,063	367,727	320,601	1,434,003	1,194,872
Interconnection	73,505	70,681	59,938	272,103	224,376
Managed infrastructure	23,355	23,638	20,525	89,975	70,365
Rental	815	783	701	3,162	2,801
Recurring revenues	481,738	462,829	401,765	1,799,243	1,492,414
Non-recurring revenues	24,782	25,901	20,351	96,501	77,370
<b>Revenues</b>	<b>\$ 506,520</b>	<b>\$ 488,730</b>	<b>\$ 422,116</b>	<b>\$ 1,895,744</b>	<b>\$ 1,569,784</b>

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 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	\$ 250,121	\$ 251,487	\$ 221,271	\$ 943,995	\$ 833,851
Depreciation, amortization and accretion expense	(89,530)	(91,723)	(80,625)	(342,417)	(298,525)
Stock-based compensation expense	(1,641)	(1,726)	(1,450)	(6,218)	(5,569)
Cash cost of revenues	<u>\$ 158,950</u>	<u>\$ 158,038</u>	<u>\$ 139,196</u>	<u>\$ 595,360</u>	<u>\$ 529,757</u>

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

Americas cash cost of revenues	\$ 83,529	\$ 85,384	\$ 80,356	\$ 329,460	\$ 304,767
EMEA cash cost of revenues	43,888	42,615	36,677	159,248	144,315
Asia-Pacific cash cost of revenues	31,533	30,039	22,163	106,652	80,675
Cash cost of revenues	<u>\$ 158,950</u>	<u>\$ 158,038</u>	<u>\$ 139,196</u>	<u>\$ 595,360</u>	<u>\$ 529,757</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	\$ 55,690	\$ 53,211	\$ 45,136	\$ 202,914	\$ 158,347
Depreciation and amortization expense	(6,469)	(6,296)	(4,214)	(21,260)	(16,203)
Stock-based compensation expense	(5,225)	(4,795)	(3,929)	(18,730)	(14,558)
Cash sales and marketing expenses	<u>\$ 43,996</u>	<u>\$ 42,120</u>	<u>\$ 36,993</u>	<u>\$ 162,924</u>	<u>\$ 127,586</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	\$ 86,867	\$ 83,621	\$ 71,568	\$ 329,399	\$ 265,554
Depreciation and amortization expense	(7,480)	(7,431)	(6,086)	(28,676)	(22,650)
Stock-based compensation expense	(15,096)	(15,916)	(12,996)	(58,920)	(51,010)
Cash general and administrative expenses	<u>\$ 64,291</u>	<u>\$ 60,274</u>	<u>\$ 52,486</u>	<u>\$ 241,803</u>	<u>\$ 191,894</u>

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

Cash sales and marketing expenses	\$ 43,996	\$ 42,120	\$ 36,993	\$ 162,924	\$ 127,586
Cash general and administrative expenses	64,291	60,274	52,486	241,803	191,894
Cash SG&A	<u>\$ 108,287</u>	<u>\$ 102,394</u>	<u>\$ 89,479</u>	<u>\$ 404,727</u>	<u>\$ 319,480</u>

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

Americas cash SG&A	\$ 65,466	\$ 67,136	\$ 59,683	\$ 265,225	\$ 212,284
EMEA cash SG&A	28,043	22,818	18,853	90,060	70,761
Asia-Pacific cash SG&A	14,778	12,440	10,943	49,442	36,435
Cash SG&A	<u>\$ 108,287</u>	<u>\$ 102,394</u>	<u>\$ 89,479</u>	<u>\$ 404,727</u>	<u>\$ 319,480</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	\$ 102,042	\$ 95,869	\$ 82,278	\$ 400,753	\$ 305,254
Depreciation, amortization and accretion expense	103,479	105,450	90,925	392,353	337,378
Stock-based compensation expense	21,962	22,437	18,375	83,868	71,137
Restructuring charges	-	-	1,295	-	3,481
Impairment charges	9,861	-	-	9,861	-
Acquisition costs	1,939	4,542	568	8,822	3,297
Adjusted EBITDA	<u>\$ 239,283</u>	<u>\$ 228,298</u>	<u>\$ 193,441</u>	<u>\$ 895,657</u>	<u>\$ 720,547</u>



	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011

The geographic split of our adjusted EBITDA is presented below:

Americas income from continuing operations	\$ 66,642	\$ 63,740	\$ 56,547	\$ 258,620	\$ 203,286
Americas depreciation, amortization and accretion expense	59,761	60,322	55,839	235,391	213,464
Americas stock-based compensation expense	16,972	17,299	14,572	64,896	55,819
Americas restructuring charges	-	-	1,295	-	3,481
Americas impairment charges	6,972	-	-	6,972	-
Americas acquisition costs	1	-	15	(90)	2,614
Americas adjusted EBITDA	<u>150,348</u>	<u>141,361</u>	<u>128,268</u>	<u>565,789</u>	<u>478,664</u>
EMEA income from continuing operations	18,738	20,565	17,466	89,544	59,420
EMEA depreciation, amortization and accretion expense	22,554	22,054	19,776	80,249	74,486
EMEA stock-based compensation expense	2,633	2,900	2,119	10,370	8,869
EMEA acquisition costs	1,603	1,006	357	3,979	371
EMEA adjusted EBITDA	<u>45,528</u>	<u>46,525</u>	<u>39,718</u>	<u>184,142</u>	<u>143,146</u>
Asia-Pacific income from continuing operations	16,662	11,564	8,265	52,589	42,548
Asia-Pacific depreciation, amortization and accretion expense	21,164	23,074	15,310	76,713	49,428
Asia-Pacific stock-based compensation expense	2,357	2,238	1,684	8,602	6,449
Asia-Pacific impairment charges	2,889	-	-	2,889	-
Asia-Pacific acquisition costs	335	3,536	196	4,933	312
Asia-Pacific adjusted EBITDA	<u>43,407</u>	<u>40,412</u>	<u>25,455</u>	<u>145,726</u>	<u>98,737</u>
Adjusted EBITDA	<u>\$ 239,283</u>	<u>\$ 228,298</u>	<u>\$ 193,441</u>	<u>\$ 895,657</u>	<u>\$ 720,547</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>72%</u>	<u>71%</u>	<u>70%</u>	<u>72%</u>	<u>69%</u>
EMEA cash gross margins	<u>63%</u>	<u>62%</u>	<u>61%</u>	<u>63%</u>	<u>60%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>64%</u>	<u>62%</u>	<u>65%</u>	<u>63%</u>

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

Americas adjusted EBITDA margins	<u>50%</u>	<u>48%</u>	<u>48%</u>	<u>49%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>39%</u>	<u>42%</u>	<u>42%</u>	<u>42%</u>	<u>40%</u>
Asia-Pacific adjusted EBITDA margins	<u>48%</u>	<u>49%</u>	<u>43%</u>	<u>48%</u>	<u>46%</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	\$ 239,283	\$ 228,298	\$ 193,441	\$ 895,657	\$ 720,547
Less adjusted EBITDA - prior period	(228,298)	(217,480)	(187,022)	(720,547)	(533,270)
Adjusted EBITDA growth	<u>\$ 10,985</u>	<u>\$ 10,818</u>	<u>\$ 6,419</u>	<u>\$ 175,110</u>	<u>\$ 187,277</u>
Revenues - current period	\$ 506,520	\$ 488,730	\$ 422,116	\$ 1,895,744	\$ 1,569,784
Less revenues - prior period	(488,730)	(457,249)	(408,208)	(1,569,784)	(1,196,214)
Revenue growth	<u>\$ 17,790</u>	<u>\$ 31,481</u>	<u>\$ 13,908</u>	<u>\$ 325,960</u>	<u>\$ 373,570</u>
Adjusted EBITDA flow-through rate	<u>62%</u>	<u>34%</u>	<u>46%</u>	<u>54%</u>	<u>50%</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Recurring revenues	\$ 2,763	\$ 8,618	\$ 8,969	\$ 28,902	\$ 36,108
Non-recurring revenues	81	208	227	738	950
<b>Revenues</b>	<b>2,844</b>	<b>8,826</b>	<b>9,196</b>	<b>29,640</b>	<b>37,058</b>
Cost of revenues	1,487	6,585	8,069	23,956	33,790
<b>Gross profit</b>	<b>1,357</b>	<b>2,241</b>	<b>1,127</b>	<b>5,684</b>	<b>3,268</b>
Operating expenses:					
Sales and marketing	(3)	197	186	516	744
General and administrative	26	61	106	324	378
Acquisition costs	1,322	655	237	2,582	237
Gain on sale of discontinued operations	(25,825)	-	-	(25,825)	-
<b>Total operating expenses</b>	<b>(24,480)</b>	<b>913</b>	<b>529</b>	<b>(22,403)</b>	<b>1,359</b>
<b>Income from discontinued operations before income taxes</b>	<b>25,837</b>	<b>1,328</b>	<b>598</b>	<b>28,087</b>	<b>1,909</b>
Income tax expense	(13,979)	(649)	(408)	(15,001)	(900)
<b>Net income from discontinued operations</b>	<b>\$ 11,858</b>	<b>\$ 679</b>	<b>\$ 190</b>	<b>\$ 13,086</b>	<b>\$ 1,009</b>
<b>Adjusted EBITDA (2)</b>	<b>\$ 1,274</b>	<b>\$ 4,301</b>	<b>\$ 4,690</b>	<b>\$ 14,727</b>	<b>\$ 17,816</b>
<b>Gross margins</b>	<b>48%</b>	<b>25%</b>	<b>12%</b>	<b>19%</b>	<b>9%</b>
<b>Cash gross margins (3)</b>	<b>46%</b>	<b>51%</b>	<b>53%</b>	<b>52%</b>	<b>50%</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 through November 1, 2012, the date the Company completed the sale of the IBX data centers.

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

Income from discontinued operations	\$ 25,837	\$ 1,328	\$ 598	\$ 28,087	\$ 1,909
Depreciation, amortization and accretion expense	(22)	2,173	3,758	9,593	15,275
Stock-based compensation expense	(38)	145	97	290	395
Acquisition costs	1,322	655	237	2,582	237
Gain on sale of discontinued operations	(25,825)	-	-	(25,825)	-
<b>Adjusted EBITDA</b>	<b>\$ 1,274</b>	<b>\$ 4,301</b>	<b>\$ 4,690</b>	<b>\$ 14,727</b>	<b>\$ 17,816</b>

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

Revenues	\$ 2,844	\$ 8,826	\$ 9,196	\$ 29,640	\$ 37,058
Cost of revenues	1,487	6,585	8,069	23,956	33,790
Depreciation, amortization and accretion expense	22	(2,110)	(3,664)	(9,342)	(14,899)
Stock-based compensation expense	38	(145)	(97)	(290)	(395)
Cash cost of revenues	1,547	4,330	4,308	14,324	18,496
<b>Cash gross profit</b>	<b>\$ 1,297</b>	<b>\$ 4,496</b>	<b>\$ 4,888</b>	<b>\$ 15,316</b>	<b>\$ 18,562</b>