

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Recurring revenues	\$ 609,657	\$ 605,492	\$ 549,703
Non-recurring revenues	33,517	32,629	30,350
Revenues	643,174	638,121	580,053
Cost of revenues	298,313	313,449	287,525
Gross profit	344,861	324,672	292,528
Operating expenses:			
Sales and marketing	78,616	81,236	67,428
General and administrative	113,640	113,684	103,303
Acquisition costs	1,156	1,926	185
Total operating expenses	193,412	196,846	170,916
Income from operations	151,449	127,826	121,612
Interest and other income (expense):			
Interest income	520	357	1,434
Interest expense	(68,791)	(71,103)	(68,820)
Loss on debt extinguishment	-	(105,807)	-
Other income (expense)	(514)	(3,051)	678
Total interest and other, net	(68,785)	(179,604)	(66,708)
Income (loss) before income taxes	82,664	(51,778)	54,904
Income tax expense	(6,212)	(303,325)	(13,567)
Net income (loss)	76,452	(355,103)	41,337
Net loss attributable to redeemable non-controlling interests	-	-	50
Net income (loss) attributable to Equinix	\$ 76,452	\$ (355,103)	\$ 41,387
Net income (loss) per share attributable to Equinix:			
Basic net income (loss) per share (1)	\$ 1.35	\$ (6.42)	\$ 0.83
Diluted net income (loss) per share (1)	\$ 1.34	\$ (6.42)	\$ 0.81
Shares used in computing basic net income (loss) per share	56,661	55,295	49,598
Shares used in computing diluted net income (loss) per share	57,227	55,295	53,386

(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)	\$ 76,452	\$ (355,103)	\$ 41,337
Net loss attributable to non-controlling interests	-	-	50
Net income (loss) attributable to Equinix, basic	76,452	(355,103)	41,387
Interest on convertible debt	-	-	1,984
Net income (loss) attributable to Equinix, diluted	\$ 76,452	\$ (355,103)	\$ 43,371

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Net income (loss)	\$ 76,452	\$ (355,103)	\$ 41,337
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	(146,311)	(97,123)	14,970
Unrealized gain on available for sale securities	103	135	839
Unrealized gain on cash flow hedges	10,556	4,026	200
Change in defined benefit plans	59	(2,001)	-
Other comprehensive income (loss), net of tax:	<u>(135,593)</u>	<u>(94,963)</u>	<u>16,009</u>
Comprehensive income (loss), net of tax	<u>(59,141)</u>	<u>(450,066)</u>	<u>57,346</u>
Net loss attributable to redeemable non-controlling interests	-	-	50
Other comprehensive income attributable to redeemable non-controlling interests	-	-	(2,067)
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ (59,141)</u>	<u>\$ (450,066)</u>	<u>\$ 55,329</u>

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

Assets	March 31, 2015	December 31, 2014
	2015	2014
Cash and cash equivalents	\$ 536,709	\$ 610,917
Short-term investments	522,343	529,395
Accounts receivable, net	277,900	262,570
Other current assets	102,592	88,061
Total current assets	1,439,544	1,490,943
Long-term investments	10,691	439
Property, plant and equipment, net	4,990,883	4,998,270
Goodwill	984,436	1,002,129
Intangible assets, net	136,010	147,527
Other assets	166,130	178,125
Total assets	\$ 7,727,694	\$ 7,817,433
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 321,942	\$ 285,796
Accrued property and equipment	123,659	114,469
Current portion of capital lease and other financing obligations	23,819	21,362
Current portion of mortgage and loans payable	54,939	59,466
Other current liabilities	141,996	162,664
Total current liabilities	666,355	643,757
Capital lease and other financing obligations, less current portion	1,177,638	1,168,042
Mortgage and loans payable, less current portion	512,446	534,686
Senior notes	2,750,000	2,750,000
Convertible debt	147,808	145,853
Other liabilities	311,718	304,964
Total liabilities	5,565,965	5,547,302
Common stock	57	57
Additional paid-in capital	3,383,079	3,334,305
Treasury stock	(10,687)	(11,411)
Accumulated dividends	(523,146)	(424,387)
Accumulated other comprehensive loss	(468,036)	(332,443)
Accumulated deficit	(219,538)	(295,990)
Total stockholders' equity	2,161,729	2,270,131
Total liabilities and stockholders' equity	\$ 7,727,694	\$ 7,817,433

Ending headcount by geographic region is as follows:

Americas headcount	2,209	2,122
EMEA headcount	1,053	1,023
Asia-Pacific headcount	783	721
Total headcount	4,045	3,866

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

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Capital lease and other financing obligations	\$ 1,201,457	\$ 1,189,404
Term loan, net of debt discount	488,513	498,400
ALOG financings	46,109	56,863
Mortgage payable and other loans payable	32,764	38,889
Less: debt discount and premium, net	(524)	(681)
Total mortgage and loans payable principal	<u>566,862</u>	<u>593,471</u>
Senior notes	<u>2,750,000</u>	<u>2,750,000</u>
Convertible debt, net of debt discount	147,808	145,853
Plus: debt discount	10,077	12,032
Total convertible debt principal	<u>157,885</u>	<u>157,885</u>
Total debt principal outstanding	<u>\$ 4,676,204</u>	<u>\$ 4,690,760</u>

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Cash flows from operating activities:			
Net income (loss)	\$ 76,452	\$ (355,103)	\$ 41,337
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and accretion	122,530	133,096	113,610
Stock-based compensation	30,613	31,517	24,981
Debt issuance costs and debt discount	3,774	3,827	6,409
Loss on debt extinguishment	-	105,807	-
Excess tax benefits from employee equity awards	(708)	(2,125)	(10,018)
Other reconciling items	4,870	5,863	5,292
Changes in operating assets and liabilities:			
Accounts receivable	(30,791)	2,428	(28,995)
Income taxes, net	(12,555)	295,947	(15,749)
Accounts payable and accrued expenses	29,693	(16,429)	8,830
Other assets and liabilities	8,933	(2,531)	26,021
Net cash provided by operating activities	232,811	202,297	171,718
Cash flows from investing activities:			
Purchases, sales and maturities of investments, net	(4,706)	(381,629)	221,654
Business acquisitions, net of cash acquired	(10,247)	-	-
Purchases of real estate	(38,282)	-	(16,791)
Purchases of other property, plant and equipment	(150,120)	(238,477)	(105,907)
Other investing activities	3,521	195	(71)
Net cash provided by (used in) investing activities	(199,834)	(619,911)	98,885
Cash flows from financing activities:			
Purchases of treasury stock	-	-	(47,120)
Proceeds from employee equity awards	16,384	1,137	14,387
Payment of dividend distributions	(96,619)	(83,266)	-
Proceeds from loans payable	-	500,000	-
Proceeds from senior notes	-	1,250,000	-
Repayment of capital lease and other financing obligations	(5,296)	(4,890)	(4,250)
Repayment of mortgage and loans payable	(13,361)	(115,963)	(10,317)
Repayment of senior notes	-	(750,000)	-
Repayment of convertible debt	-	(34)	-
Debt extinguishment costs	-	(93,965)	-
Debt issuance costs	(610)	(25,294)	-
Excess tax benefits from employee equity awards	708	2,125	10,018
Net cash provided by (used in) financing activities	(98,794)	679,850	(37,282)
Effect of foreign currency exchange rates on cash and cash equivalents	(8,391)	(5,500)	(41)
Net increase (decrease) in cash and cash equivalents	(74,208)	256,736	233,280
Cash and cash equivalents at beginning of period	610,917	354,181	261,894
Cash and cash equivalents at end of period	\$ 536,709	\$ 610,917	\$ 495,174
Supplemental cash flow information:			
Cash paid for taxes	\$ 14,538	\$ 6,407	\$ 29,913
Cash paid for interest	\$ 23,976	\$ 94,283	\$ 42,385
Free cash flow (1)	\$ 37,683	\$ (35,985)	\$ 48,949
Adjusted free cash flow (2)	\$ 87,666	\$ (29,881)	\$ 103,375

(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	\$ 232,811	\$ 202,297	\$ 171,718
Net cash provided by (used in) investing activities as presented above	(199,834)	(619,911)	98,885
Purchases, sales and maturities of investments, net	4,706	381,629	(221,654)
Free cash flow (negative free cash flow)	<u>\$ 37,683</u>	<u>\$ (35,985)</u>	<u>\$ 48,949</u>

Three Months Ended		
March 31, 2015	December 31, 2014	March 31, 2014

(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 conversion into a real estate investment trust ("REIT") and costs related to the REIT conversion, as presented below:

Free cash flow (as defined above)	\$ 37,683	\$ (35,985)	\$ 48,949
Less business acquisitions, net of cash	10,247	-	-
Less purchases of real estate	38,282	-	16,791
Less excess tax benefits from employee equity awards	708	2,125	10,018
Less cash paid for taxes resulting from the REIT conversion	-	189	17,827
Less costs related to the REIT conversion	746	3,790	9,790
Adjusted free cash flow	<u>\$ 87,666</u>	<u>\$ (29,881)</u>	<u>\$ 103,375</u>

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

Cash paid for taxes resulting from the REIT conversion	\$ -	\$ 189	\$ 17,827
Other cash taxes paid	14,538	6,218	12,086
Total cash paid for taxes	<u>\$ 14,538</u>	<u>\$ 6,407</u>	<u>\$ 29,913</u>

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

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Recurring revenues	\$ 609,657	\$ 605,492	\$ 549,703
Non-recurring revenues	33,517	32,629	30,350
Revenues (1)	643,174	638,121	580,053
Cash cost of revenues (2)	192,130	195,945	184,248
Cash gross profit (3)	451,044	442,176	395,805
Cash operating expenses (4):			
Cash sales and marketing expenses (5)	63,820	67,036	55,799
Cash general and administrative expenses (6)	81,476	80,775	79,618
Total cash operating expenses (7)	145,296	147,811	135,417
Adjusted EBITDA (8)	\$ 305,748	\$ 294,365	\$ 260,388
Cash gross margins (9)	70%	69%	68%
Adjusted EBITDA margins (10)	48%	46%	45%
Adjusted EBITDA flow-through rate (11)	225%	59%	(20%)
FFO (12)	\$ 179,190	\$ (241,338)	\$ 138,732
AFFO (13)	\$ 221,756	\$ 194,506	\$ 172,744
Basic FFO per share (14)	\$ 3.16	\$ (4.36)	\$ 2.80
Diluted FFO per share (14)	\$ 3.09	\$ (4.36)	\$ 2.52
Basic AFFO per share (15)	\$ 3.91	\$ 3.52	\$ 3.48
Diluted AFFO per share (15)	\$ 3.77	\$ 3.39	\$ 3.03

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

Americas Revenues:

Colocation	\$ 257,932	\$ 254,037	\$ 236,614
Interconnection	75,086	71,992	64,302
Managed infrastructure	13,295	13,860	13,112
Rental	741	814	952
Recurring revenues	347,054	340,703	314,980
Non-recurring revenues	16,915	15,699	15,053
Revenues	363,969	356,402	330,033

EMEA Revenues:

Colocation	132,735	134,816	122,176
Interconnection	13,048	13,484	11,366
Managed infrastructure	5,783	5,487	6,865
Rental	1,858	1,613	1,718
Recurring revenues	153,424	155,400	142,125
Non-recurring revenues	11,199	11,693	9,305
Revenues	164,623	167,093	151,430

Three Months Ended

	March 31, 2015	December 31, 2014	March 31, 2014
<i>Asia-Pacific Revenues:</i>			
Colocation	90,878	91,211	75,833
Interconnection	13,524	13,231	11,358
Managed infrastructure	4,777	4,947	5,407
Recurring revenues	109,179	109,389	92,598
Non-recurring revenues	5,403	5,237	5,992
Revenues	<u>114,582</u>	<u>114,626</u>	<u>98,590</u>
<i>Worldwide Revenues:</i>			
Colocation	481,545	480,064	434,623
Interconnection	101,658	98,707	87,026
Managed infrastructure	23,855	24,294	25,384
Rental	2,599	2,427	2,670
Recurring revenues	609,657	605,492	549,703
Non-recurring revenues	33,517	32,629	30,350
Revenues	<u>\$ 643,174</u>	<u>\$ 638,121</u>	<u>\$ 580,053</u>

- (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	\$ 298,313	\$ 313,449	\$ 287,525
Depreciation, amortization and accretion expense	(103,877)	(115,236)	(101,407)
Stock-based compensation expense	(2,306)	(2,268)	(1,870)
Cash cost of revenues	<u>\$ 192,130</u>	<u>\$ 195,945</u>	<u>\$ 184,248</u>

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

Americas cash cost of revenues	\$ 95,162	\$ 97,396	\$ 91,037
EMEA cash cost of revenues	58,494	59,987	58,116
Asia-Pacific cash cost of revenues	38,474	38,562	35,095
Cash cost of revenues	<u>\$ 192,130</u>	<u>\$ 195,945</u>	<u>\$ 184,248</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	\$ 78,616	\$ 81,236	\$ 67,428
Depreciation and amortization expense	(6,085)	(6,315)	(4,629)
Stock-based compensation expense	(8,711)	(7,885)	(7,000)
Cash sales and marketing expenses	<u>\$ 63,820</u>	<u>\$ 67,036</u>	<u>\$ 55,799</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	\$ 113,640	\$ 113,684	\$ 103,303
Depreciation and amortization expense	(12,568)	(11,545)	(7,574)
Stock-based compensation expense	(19,596)	(21,364)	(16,111)
Cash general and administrative expenses	<u>\$ 81,476</u>	<u>\$ 80,775</u>	<u>\$ 79,618</u>

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

Cash sales and marketing expenses	\$ 63,820	\$ 67,036	\$ 55,799
Cash general and administrative expenses	81,476	80,775	79,618
Cash SG&A	<u>\$ 145,296</u>	<u>\$ 147,811</u>	<u>\$ 135,417</u>

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

Americas cash SG&A	\$ 96,073	\$ 91,762	\$ 89,433
EMEA cash SG&A	30,098	36,226	30,109
Asia-Pacific cash SG&A	19,125	19,823	15,875
Cash SG&A	<u>\$ 145,296</u>	<u>\$ 147,811</u>	<u>\$ 135,417</u>

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
(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	\$ 151,449	\$ 127,826	\$ 121,612
Depreciation, amortization and accretion expense	122,530	133,096	113,610
Stock-based compensation expense	30,613	31,517	24,981
Acquisition costs	1,156	1,926	185
Adjusted EBITDA	<u>\$ 305,748</u>	<u>\$ 294,365</u>	<u>\$ 260,388</u>

The geographic split of our adjusted EBITDA is presented below:

Americas income from operations	\$ 81,466	\$ 70,131	\$ 71,735
Americas depreciation, amortization and accretion expense	66,811	72,408	58,933
Americas stock-based compensation expense	23,491	24,351	18,793
Americas acquisition costs	966	354	102
Americas adjusted EBITDA	<u>172,734</u>	<u>167,244</u>	<u>149,563</u>
EMEA income from operations	45,541	35,867	29,903
EMEA depreciation, amortization and accretion expense	26,693	29,770	29,902
EMEA stock-based compensation expense	3,607	3,671	3,317
EMEA acquisition costs	190	1,572	83
EMEA adjusted EBITDA	<u>76,031</u>	<u>70,880</u>	<u>63,205</u>
Asia-Pacific income from operations	24,442	21,828	19,974
Asia-Pacific depreciation, amortization and accretion expense	29,026	30,918	24,775
Asia-Pacific stock-based compensation expense	3,515	3,495	2,871
Asia-Pacific adjusted EBITDA	<u>56,983</u>	<u>56,241</u>	<u>47,620</u>
Adjusted EBITDA	<u>\$ 305,748</u>	<u>\$ 294,365</u>	<u>\$ 260,388</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>74%</u>	<u>73%</u>	<u>72%</u>
EMEA cash gross margins	<u>64%</u>	<u>64%</u>	<u>62%</u>
Asia-Pacific cash gross margins	<u>66%</u>	<u>66%</u>	<u>64%</u>

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

Americas adjusted EBITDA margins	<u>47%</u>	<u>47%</u>	<u>45%</u>
EMEA adjusted EBITDA margins	<u>46%</u>	<u>42%</u>	<u>42%</u>
Asia-Pacific adjusted EBITDA margins	<u>50%</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	\$ 305,748	\$ 294,365	\$ 260,388
Less adjusted EBITDA - prior period	(294,365)	(283,861)	(263,530)
Adjusted EBITDA growth	<u>\$ 11,383</u>	<u>\$ 10,504</u>	<u>\$ (3,142)</u>
Revenues - current period	\$ 643,174	\$ 638,121	\$ 580,053
Less revenues - prior period	(638,121)	(620,441)	(564,677)
Revenue growth	<u>\$ 5,053</u>	<u>\$ 17,680</u>	<u>\$ 15,376</u>
Adjusted EBITDA flow-through rate	<u>225%</u>	<u>59%</u>	<u>(20%)</u>

	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
(12) 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.			
Net income (loss)	\$ 76,452	\$ (355,103)	\$ 41,337
Net loss attributable to redeemable non-controlling interests	-	-	50
Net income (loss) attributable to Equinix	<u>76,452</u>	<u>(355,103)</u>	<u>41,387</u>
Adjustments:			
Real estate depreciation and amortization	102,648	113,683	99,451
Gain/loss on disposition of real estate property	62	54	33
Adjustments for FFO from unconsolidated joint ventures	28	28	28
Non-controlling interests' share of above adjustments	-	-	(2,167)
FFO	<u>\$ 179,190</u>	<u>\$ (241,338)</u>	<u>\$ 138,732</u>

(13) 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, the non-cash portion of income tax expense, recurring capital expenditures and adjustments from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of these items.

FFO	\$ 179,190	\$ (241,338)	\$ 138,732
Adjustments:			
Installation revenue adjustment	8,654	7,224	7,173
Straight-line rent expense adjustment	3,201	3,335	3,029
Amortization of deferred financing costs	3,858	3,944	6,499
Stock-based compensation expense	30,613	31,517	24,981
Non-real estate depreciation expense	12,693	11,478	7,572
Amortization expense	6,295	6,803	6,970
Accretion expense	894	1,132	(383)
Recurring capital expenditures	(22,373)	(33,124)	(26,449)
Loss on debt extinguishment	-	105,807	-
Acquisition costs	1,156	1,926	185
Non-cash portion of income tax expense	(2,408)	295,820	4,955
Adjustments for AFFO from unconsolidated joint ventures	(17)	(18)	(21)
Non-controlling interests share of above adjustments	-	-	(499)
AFFO	<u>\$ 221,756</u>	<u>\$ 194,506</u>	<u>\$ 172,744</u>

(14) The FFO used in the computation of basic and diluted FFO per share attributable to Equinix is presented below:

FFO, basic	\$ 179,190	\$ (241,338)	\$ 138,732
Interest on convertible debt	3,362	-	7,112
FFO, diluted	<u>\$ 182,552</u>	<u>\$ (241,338)</u>	<u>\$ 145,844</u>

The shares used in the computation of basic and diluted FFO per share attributable to Equinix is presented below:

Shares used in computing basic net income (loss) per share and FFO per share	56,661	55,295	49,598
Effect of dilutive securities:			
Convertible debt	1,942	-	7,803
Employee equity awards	566	-	417
Shares used in computing diluted FFO per share	<u>59,169</u>	<u>55,295</u>	<u>57,818</u>

(15) The AFFO used in the computation of basic and diluted AFFO per share attributable to Equinix is presented below:

AFFO, basic	\$ 221,756	\$ 194,506	\$ 172,744
Interest on convertible debt	1,554	2,372	2,628
AFFO, diluted	<u>\$ 223,310</u>	<u>\$ 196,878</u>	<u>\$ 175,372</u>

The shares used in the computation of basic and diluted AFFO per share attributable to Equinix is presented below:

Shares used in computing basic net income (loss) per share and AFFO per share	56,661	55,295	49,598
Effect of dilutive securities:			
Convertible debt	1,942	2,199	7,803
Employee equity awards	566	510	417
Shares used in computing diluted AFFO per share	<u>59,169</u>	<u>58,004</u>	<u>57,818</u>