

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

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Recurring revenues	\$ 877,494	\$ 851,771	\$ 646,721	\$ 2,526,359	\$ 1,883,069
Non-recurring revenues	47,182	48,739	39,928	142,983	112,336
<b>Revenues</b>	<b>924,676</b>	<b>900,510</b>	<b>686,649</b>	<b>2,669,342</b>	<b>1,995,405</b>
Cost of revenues	470,302	456,967	325,468	1,354,949	939,538
<b>Gross profit</b>	<b>454,374</b>	<b>443,543</b>	<b>361,181</b>	<b>1,314,393</b>	<b>1,055,867</b>
Operating expenses:					
Sales and marketing	110,936	107,832	83,709	325,358	243,573
General and administrative	181,239	168,462	123,237	515,605	356,455
Impairment charges	7,698	-	-	7,698	-
Acquisition costs	12,505	15,594	13,352	64,635	24,374
Gains on asset sales	(27,945)	-	-	(33,187)	-
<b>Total operating expenses</b>	<b>284,433</b>	<b>291,888</b>	<b>220,298</b>	<b>880,109</b>	<b>624,402</b>
<b>Income from continuing operations</b>	<b>169,941</b>	<b>151,655</b>	<b>140,883</b>	<b>434,284</b>	<b>431,465</b>
Interest and other income (expense):					
Interest income	762	841	934	2,528	2,375
Interest expense	(92,200)	(100,332)	(76,269)	(293,395)	(219,556)
Other income (expense)	2,938	1,555	(12,836)	(56,217)	(11,964)
Loss on debt extinguishment	(9,894)	(605)	-	(10,499)	-
<b>Total interest and other, net</b>	<b>(98,394)</b>	<b>(98,541)</b>	<b>(88,171)</b>	<b>(357,583)</b>	<b>(229,145)</b>
<b>Income from continuing operations before income taxes</b>	<b>71,547</b>	<b>53,114</b>	<b>52,712</b>	<b>76,701</b>	<b>202,320</b>
Income tax expense	(22,778)	(13,812)	(11,580)	(25,957)	(25,277)
<b>Net income from continuing operations</b>	<b>48,769</b>	<b>39,302</b>	<b>41,132</b>	<b>50,744</b>	<b>177,043</b>
Net income from discontinued operations, net of tax	2,681	5,409	-	14,306	-
<b>Net income</b>	<b>\$ 51,450</b>	<b>\$ 44,711</b>	<b>\$ 41,132</b>	<b>\$ 65,050</b>	<b>\$ 177,043</b>
<b>Net income per share:</b>					
Basic net income per share from continuing operations	\$ 0.69	\$ 0.56	\$ 0.72	\$ 0.73	\$ 3.11
Basic net income per share from discontinued operations	0.04	0.08	-	0.21	-
Basic net income per share	<b>\$ 0.73</b>	<b>\$ 0.64</b>	<b>\$ 0.72</b>	<b>\$ 0.94</b>	<b>\$ 3.11</b>
Diluted net income per share from continuing operations	\$ 0.68	\$ 0.56	\$ 0.71	\$ 0.72	\$ 3.08
Diluted net income per share from discontinued operations	0.04	0.08	-	0.20	-
Diluted net income per share	<b>\$ 0.72</b>	<b>\$ 0.64</b>	<b>\$ 0.71</b>	<b>\$ 0.92</b>	<b>\$ 3.08</b>
Shares used in computing basic net income per share	71,190	69,729	57,082	69,689	56,894
Shares used in computing diluted net income per share	71,908	70,364	57,708	70,389	57,521

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

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net income	\$ 51,450	\$ 44,711	\$ 41,132	\$ 65,050	\$ 177,043
Other comprehensive loss, net of tax:					
Foreign currency translation adjustment ("CTA") loss	(32,603)	(298,361)	(72,677)	(215,065)	(149,546)
Unrealized gain (loss) on available-for-sale securities	1,487	1,199	(21)	2,382	99
Unrealized gain (loss) on cash flow hedges	(4,153)	14,726	3,309	3,789	(425)
Net investment hedge CTA gain (loss)	(34,721)	55,196	4,426	4,163	(5,963)
Net actuarial gain on defined benefit plans	7	8	124	21	266
Other comprehensive loss, net of tax:	(69,983)	(227,232)	(64,839)	(204,710)	(155,569)
<b>Comprehensive income (loss), net of tax</b>	<b>(18,533)</b>	<b>(182,521)</b>	<b>(23,707)</b>	<b>(139,660)</b>	<b>21,474</b>

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

<b>Assets</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Cash and cash equivalents	\$ 987,915	\$ 2,228,838
Short-term investments	443	12,875
Accounts receivable, net	377,528	291,964
Current portion of restricted cash	25,305	479,417
Other current assets	172,370	212,929
Assets held for sale	96,923	33,257
<b>Total current assets</b>	<b>1,660,484</b>	<b>3,259,280</b>
Long-term investments	15,036	4,584
Property, plant and equipment, net	7,251,399	5,606,436
Goodwill	3,118,686	1,063,200
Intangible assets, net	803,260	224,565
Other assets	248,692	198,630
<b>Total assets</b>	<b>\$ 13,097,557</b>	<b>\$ 10,356,695</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable and accrued expenses	\$ 534,602	\$ 400,948
Accrued property, plant and equipment	185,683	103,107
Current portion of capital lease and other financing obligations	92,120	40,121
Current portion of mortgage and loans payable	518,985	770,236
Convertible debt	-	146,121
Other current liabilities	149,516	192,286
Liabilities held for sale	14,660	3,535
<b>Total current liabilities</b>	<b>1,495,566</b>	<b>1,656,354</b>
Capital lease and other financing obligations, less current portion	1,446,455	1,287,139
Mortgage and loans payable, less current portion	1,058,418	472,769
Senior notes	3,809,332	3,804,634
Other liabilities	664,076	390,413
<b>Total liabilities</b>	<b>8,473,847</b>	<b>7,611,309</b>
Common stock	72	62
Additional paid-in capital	7,371,024	4,838,444
Treasury stock	(147,617)	(7,373)
Accumulated dividends	(1,842,834)	(1,468,472)
Accumulated other comprehensive loss	(713,769)	(509,059)
Accumulated deficit	(43,166)	(108,216)
<b>Total stockholders' equity</b>	<b>4,623,710</b>	<b>2,745,386</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,097,557</b>	<b>\$ 10,356,695</b>

Ending headcount by geographic region is as follows:

Americas headcount	2,472	2,329
EMEA headcount	2,051	1,188
Asia-Pacific headcount	1,411	1,525
<b>Total headcount</b>	<b>5,934</b>	<b>5,042</b>

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

	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Capital lease and other financing obligations	\$ 1,538,575	\$ 1,327,260
Term loan, net of debt discount and debt issuance costs	1,055,950	454,503
Brazil financings, net of debt issuance costs	1,585	26,668
Mortgage payable and other loans payable	519,868	436,212
Revolving credit facility borrowings	-	325,622
Plus: debt discount, debt issuance costs and premium, net	12,011	694
Total mortgage and loans payable principal	<u>1,589,414</u>	<u>1,243,699</u>
Senior notes, net of debt issuance costs	3,809,332	3,804,634
Plus: debt issuance costs	40,668	45,366
Total senior notes principal	<u>3,850,000</u>	<u>3,850,000</u>
Convertible debt, net of debt discount and debt issuance costs	-	146,121
Plus: debt discount and debt issuance costs	-	3,961
Total convertible debt principal	<u>-</u>	<u>150,082</u>
Total debt principal outstanding	<u>\$ 6,977,989</u>	<u>\$ 6,571,041</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Cash flows from operating activities:</b>					
Net income	\$ 51,450	\$ 44,711	\$ 41,132	\$ 65,050	\$ 177,043
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	215,370	213,719	133,268	631,242	384,068
Stock-based compensation	42,346	39,323	33,969	115,730	98,575
Amortization of debt issuance costs and debt discounts	2,684	5,517	3,972	13,709	11,557
Loss on debt extinguishment	10,181	318	-	10,499	-
Impairment charges	7,698	-	-	7,698	-
Gains on asset sales	(27,945)	-	-	(33,187)	-
Gains on sale of discontinued operations	(4,242)	-	-	(4,242)	-
Other items	3,905	7,311	3,589	16,087	12,696
Changes in operating assets and liabilities:					
Accounts receivable	(30,440)	(31,055)	(220)	(72,807)	(42,002)
Income taxes, net	24,776	4,901	(18,376)	1,021	(84,523)
Accounts payable and accrued expenses	(901)	29,592	25,926	(11,526)	75,219
Other assets and liabilities	39,290	(35,509)	(8,858)	(22,004)	27,042
<b>Net cash provided by operating activities</b>	<b>334,172</b>	<b>278,828</b>	<b>214,402</b>	<b>717,270</b>	<b>659,675</b>
<b>Cash flows from investing activities:</b>					
Purchases, sales and maturities of investments, net	(2,123)	8,764	94,217	10,060	523,477
Business acquisitions, net of cash acquired	(165,901)	-	-	(1,767,528)	(10,247)
Purchases of real estate	-	(11,710)	-	(28,118)	(38,282)
Purchases of other property, plant and equipment	(279,477)	(249,867)	(216,046)	(727,044)	(587,508)
Proceeds from asset sales	805,372	-	-	828,197	-
Other investing activities	(21,851)	(117)	14,274	444,736	(493,371)
<b>Net cash provided by (used in) investing activities</b>	<b>336,020</b>	<b>(252,930)</b>	<b>(107,555)</b>	<b>(1,239,697)</b>	<b>(605,931)</b>
<b>Cash flows from financing activities:</b>					
Proceeds from employee equity awards	16,504	1,335	13,290	34,143	29,855
Payment of dividend distributions	(127,457)	(121,858)	(98,041)	(374,151)	(291,009)
Proceeds from loans payable	9,154	-	-	710,404	490,000
Repayment of capital lease and other financing obligations	(55,528)	(12,103)	(6,576)	(100,863)	(20,213)
Repayment of mortgage and loans payable	(13,354)	(36,707)	(10,818)	(986,414)	(529,447)
Repayment of convertible debt	-	(51)	-	(51)	-
Debt extinguishment costs	(10,181)	-	-	(10,181)	-
Debt issuance costs	(11,709)	23	-	(11,751)	(617)
Other financing activities	1,465	(564)	732	1,465	1,663
<b>Net cash used in financing activities</b>	<b>(191,106)</b>	<b>(169,925)</b>	<b>(101,413)</b>	<b>(737,399)</b>	<b>(319,768)</b>
Effect of foreign currency exchange rates on cash and cash equivalents	4,313	18,540	(6,098)	22,658	(9,424)
Change in cash balances included in assets held for sale	21,356	(25,111)	-	(3,755)	-
Net increase (decrease) in cash and cash equivalents	504,755	(150,598)	(664)	(1,240,923)	(275,448)
Cash and cash equivalents at beginning of period	483,160	633,758	336,133	2,228,838	610,917
<b>Cash and cash equivalents at end of period</b>	<b>\$ 987,915</b>	<b>\$ 483,160</b>	<b>\$ 335,469</b>	<b>\$ 987,915</b>	<b>\$ 335,469</b>
<b>Supplemental cash flow information:</b>					
Cash paid (refunded) for taxes	\$ (73)	\$ 12,361	\$ 28,333	\$ 31,503	\$ 103,137
Cash paid for interest	\$ 111,094	\$ 85,897	\$ 68,568	\$ 271,530	\$ 164,367
<b>Free cash flow (1)</b>	<b>\$ 672,315</b>	<b>\$ 17,134</b>	<b>\$ 12,630</b>	<b>\$ (532,487)</b>	<b>\$ (469,733)</b>
<b>Adjusted free cash flow (2)</b>	<b>\$ 839,681</b>	<b>\$ 28,280</b>	<b>\$ 34,035</b>	<b>\$ 1,264,624</b>	<b>\$ (352,462)</b>
<b>(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:</b>					
Net cash provided by operating activities as presented above	\$ 334,172	\$ 278,828	\$ 214,402	\$ 717,270	\$ 659,675
Net cash used in investing activities as presented above	336,020	(252,930)	(107,555)	(1,239,697)	(605,931)
Purchases, sales and maturities of investments, net	2,123	(8,764)	(94,217)	(10,060)	(523,477)
Free cash flow (negative free cash flow)	<u>\$ 672,315</u>	<u>\$ 17,134</u>	<u>\$ 12,630</u>	<u>\$ (532,487)</u>	<u>\$ (469,733)</u>
<b>(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:</b>					
Free cash flow (as defined above)	\$ 672,315	\$ 17,134	\$ 12,630	\$ (532,487)	\$ (469,733)
Less business acquisitions, net of cash	165,901	-	-	1,767,528	10,247
Less purchases of real estate	-	11,710	-	28,118	38,282
Less excess tax benefits from employee equity awards	1,465	(564)	732	1,465	1,663
Less cash paid for taxes resulting from the REIT conversion	-	-	20,033	-	65,146
Less costs related to the REIT conversion	-	-	640	-	1,933
Adjusted free cash flow	<u>\$ 839,681</u>	<u>\$ 28,280</u>	<u>\$ 34,035</u>	<u>\$ 1,264,624</u>	<u>\$ (352,462)</u>
<b>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.</b>					
Cash paid for taxes resulting from the REIT conversion	\$ -	\$ -	\$ 20,033	\$ -	\$ 65,146
Other cash taxes paid	(73)	12,361	8,300	31,503	37,991
Total cash paid for taxes	<u>\$ (73)</u>	<u>\$ 12,361</u>	<u>\$ 28,333</u>	<u>\$ 31,503</u>	<u>\$ 103,137</u>

**EQUINIX, INC.**  
**NON-GAAP MEASURES AND OTHER SUPPLEMENTAL DATA**  
(in thousands)  
(unaudited)

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Recurring revenues	\$ 877,494	\$ 851,771	\$ 646,721	\$ 2,526,359	\$ 1,883,069
Non-recurring revenues	47,182	48,739	39,928	142,983	112,336
<b>Revenues (1)</b>	<b>924,676</b>	<b>900,510</b>	<b>686,649</b>	<b>2,669,342</b>	<b>1,995,405</b>
Cash cost of revenues (2)	304,821	292,033	211,617	867,954	608,483
<b>Cash gross profit (3)</b>	<b>619,855</b>	<b>608,477</b>	<b>475,032</b>	<b>1,801,388</b>	<b>1,386,922</b>
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	79,515	78,071	68,323	237,278	197,201
Cash general and administrative expenses (6)	120,298	110,115	85,237	343,127	251,239
<b>Total cash operating expenses (7)</b>	<b>199,813</b>	<b>188,186</b>	<b>153,560</b>	<b>580,405</b>	<b>448,440</b>
<b>Adjusted EBITDA (8)</b>	<b>\$ 420,042</b>	<b>\$ 420,291</b>	<b>\$ 321,472</b>	<b>\$ 1,220,983</b>	<b>\$ 938,482</b>
<b>Cash gross margins (9)</b>	<b>67%</b>	<b>68%</b>	<b>69%</b>	<b>67%</b>	<b>70%</b>
<b>Adjusted EBITDA margins (10)</b>	<b>45%</b>	<b>47%</b>	<b>47%</b>	<b>46%</b>	<b>47%</b>
<b>Adjusted EBITDA flow-through rate (11)</b>	<b>(1%)</b>	<b>70%</b>	<b>48%</b>	<b>43%</b>	<b>65%</b>
<b>FFO (12)</b>	<b>\$ 187,831</b>	<b>\$ 201,515</b>	<b>\$ 151,197</b>	<b>\$ 505,221</b>	<b>\$ 497,755</b>
<b>AFFO (13) (14)</b>	<b>\$ 284,179</b>	<b>\$ 290,529</b>	<b>\$ 210,361</b>	<b>\$ 784,554</b>	<b>\$ 653,505</b>

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

*Americas Revenues:*

Colocation	\$ 295,927	\$ 289,578	\$ 268,156	\$ 867,826	\$ 789,022
Interconnection	92,803	89,860	79,902	268,599	232,090
Managed infrastructure	14,830	13,255	11,788	39,255	37,920
Other	902	786	841	2,417	2,314
Recurring revenues	404,462	393,479	360,687	1,178,097	1,061,346
Non-recurring revenues	20,680	19,992	21,943	64,910	56,700
Revenues	425,142	413,471	382,630	1,243,007	1,118,046

*EMEA Revenues:*

Colocation	244,420	240,421	143,721	699,019	415,938
Interconnection	21,464	22,425	15,227	63,589	41,715
Managed infrastructure	16,359	15,391	5,875	50,310	17,577
Other	3,947	3,573	1,333	8,463	4,413
Recurring revenues	286,190	281,810	166,156	821,381	479,643
Non-recurring revenues	15,060	18,799	11,407	48,334	36,510
Revenues	301,250	300,609	177,563	869,715	516,153

*Asia-Pacific Revenues:*

Colocation	140,194	132,670	99,775	396,258	284,847
Interconnection	21,222	19,955	15,439	59,495	43,082
Managed infrastructure	21,797	20,078	4,664	60,132	14,151
Other	3,629	3,779	-	10,996	-
Recurring revenues	186,842	176,482	119,878	526,881	342,080
Non-recurring revenues	11,442	9,948	6,578	29,739	19,126
Revenues	198,284	186,430	126,456	556,620	361,206

*Worldwide Revenues:*

Colocation	680,541	662,669	511,652	1,963,103	1,489,807
Interconnection	135,489	132,240	110,568	391,683	316,887
Managed infrastructure	52,986	48,724	22,327	149,697	69,648
Other	8,478	8,138	2,174	21,876	6,727
Recurring revenues	877,494	851,771	646,721	2,526,359	1,883,069
Non-recurring revenues	47,182	48,739	39,928	142,983	112,336
Revenues	<b>\$ 924,676</b>	<b>\$ 900,510</b>	<b>\$ 686,649</b>	<b>\$ 2,669,342</b>	<b>\$ 1,995,405</b>

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(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	\$ 470,302	\$ 456,967	\$ 325,468	\$ 1,354,949	\$ 939,538
Depreciation, amortization and accretion expense	(162,165)	(161,493)	(111,337)	(477,241)	(323,684)
Stock-based compensation expense	(3,316)	(3,441)	(2,514)	(9,754)	(7,371)
Cash cost of revenues	<u>\$ 304,821</u>	<u>\$ 292,033</u>	<u>\$ 211,617</u>	<u>\$ 867,954</u>	<u>\$ 608,483</u>
The geographic split of our cash cost of revenues is presented below:					
Americas cash cost of revenues	\$ 114,934	\$ 109,296	\$ 105,864	\$ 333,250	\$ 303,275
EMEA cash cost of revenues	116,587	114,950	64,443	333,046	185,368
Asia-Pacific cash cost of revenues	73,300	67,787	41,310	201,658	119,840
Cash cost of revenues	<u>\$ 304,821</u>	<u>\$ 292,033</u>	<u>\$ 211,617</u>	<u>\$ 867,954</u>	<u>\$ 608,483</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	\$ 110,936	\$ 107,832	\$ 83,709	\$ 325,358	\$ 243,573
Depreciation and amortization expense	(19,719)	(19,047)	(6,213)	(55,893)	(18,566)
Stock-based compensation expense	(11,702)	(10,714)	(9,173)	(32,187)	(27,806)
Cash sales and marketing expenses	<u>\$ 79,515</u>	<u>\$ 78,071</u>	<u>\$ 68,323</u>	<u>\$ 237,278</u>	<u>\$ 197,201</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	\$ 181,239	\$ 168,462	\$ 123,237	\$ 515,605	\$ 356,455
Depreciation and amortization expense	(33,486)	(33,179)	(15,718)	(98,108)	(41,818)
Stock-based compensation expense	(27,455)	(25,168)	(22,282)	(74,370)	(63,398)
Cash general and administrative expenses	<u>\$ 120,298</u>	<u>\$ 110,115</u>	<u>\$ 85,237</u>	<u>\$ 343,127</u>	<u>\$ 251,239</u>
(7) Our cash operating expenses, or cash SG&A, as defined above, is presented below:					
Cash sales and marketing expenses	\$ 79,515	\$ 78,071	\$ 68,323	\$ 237,278	\$ 197,201
Cash general and administrative expenses	120,298	110,115	85,237	343,127	251,239
Cash SG&A	<u>\$ 199,813</u>	<u>\$ 188,186</u>	<u>\$ 153,560</u>	<u>\$ 580,405</u>	<u>\$ 448,440</u>
The geographic split of our cash operating expenses, or cash SG&A, is presented below:					
Americas cash SG&A	\$ 108,077	\$ 109,147	\$ 102,596	\$ 328,138	\$ 296,981
EMEA cash SG&A	63,195	52,204	31,717	170,257	93,818
Asia-Pacific cash SG&A	28,541	26,835	19,247	82,010	57,641
Cash SG&A	<u>\$ 199,813</u>	<u>\$ 188,186</u>	<u>\$ 153,560</u>	<u>\$ 580,405</u>	<u>\$ 448,440</u>

	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(8) We define adjusted EBITDA as income from continuing operations plus depreciation, amortization, accretion, stock-based compensation expense, impairment charges, acquisition costs and gains on asset sales as presented below:					
Income from continuing operations	\$ 169,941	\$ 151,655	\$ 140,883	\$ 434,284	\$ 431,465
Depreciation, amortization and accretion expense	215,370	213,719	133,268	631,242	384,068
Stock-based compensation expense	42,473	39,323	33,969	116,311	98,575
Impairment charges	7,698	-	-	7,698	-
Acquisition costs	12,505	15,594	13,352	64,635	24,374
Gains on asset sales	(27,945)	-	-	(33,187)	-
Adjusted EBITDA	<u>\$ 420,042</u>	<u>\$ 420,291</u>	<u>\$ 321,472</u>	<u>\$ 1,220,983</u>	<u>\$ 938,482</u>

The geographic split of our adjusted EBITDA is presented below:

Americas income from continuing operations	\$ 89,004	\$ 87,100	\$ 81,914	\$ 264,643	\$ 241,033
Americas depreciation, amortization and accretion expense	82,204	78,874	70,118	237,798	205,621
Americas stock-based compensation expense	29,309	27,790	25,810	81,428	75,184
Americas acquisition costs	1,614	1,264	(3,672)	2,992	(4,048)
Americas gains on asset sales	-	-	-	(5,242)	-
Americas adjusted EBITDA	<u>202,131</u>	<u>195,028</u>	<u>174,170</u>	<u>581,619</u>	<u>517,790</u>
EMEA income from continuing operations	51,829	29,096	29,865	73,506	111,516
EMEA depreciation, amortization and accretion expense	78,555	82,929	33,055	237,972	87,574
EMEA stock-based compensation expense	8,138	7,060	4,338	21,433	12,342
EMEA acquisition costs	10,891	14,370	14,145	61,446	25,535
EMEA gains on asset sales	(27,945)	-	-	(27,945)	-
EMEA adjusted EBITDA	<u>121,468</u>	<u>133,455</u>	<u>81,403</u>	<u>366,412</u>	<u>236,967</u>
Asia-Pacific income from continuing operations	29,108	35,459	29,104	96,135	78,916
Asia-Pacific depreciation, amortization and accretion expense	54,611	51,916	30,095	155,472	90,873
Asia-Pacific stock-based compensation expense	5,026	4,473	3,821	13,450	11,049
Asia-Pacific impairment charges	7,698	-	-	7,698	-
Asia-Pacific acquisition costs	-	(40)	2,879	197	2,887
Asia-Pacific adjusted EBITDA	<u>96,443</u>	<u>91,808</u>	<u>65,899</u>	<u>272,952</u>	<u>183,725</u>
Adjusted EBITDA	<u>\$ 420,042</u>	<u>\$ 420,291</u>	<u>\$ 321,472</u>	<u>\$ 1,220,983</u>	<u>\$ 938,482</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>74%</u>	<u>72%</u>	<u>73%</u>	<u>73%</u>
EMEA cash gross margins	<u>61%</u>	<u>62%</u>	<u>64%</u>	<u>62%</u>	<u>64%</u>
Asia-Pacific cash gross margins	<u>63%</u>	<u>64%</u>	<u>67%</u>	<u>64%</u>	<u>67%</u>

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

Americas adjusted EBITDA margins	<u>48%</u>	<u>47%</u>	<u>46%</u>	<u>47%</u>	<u>46%</u>
EMEA adjusted EBITDA margins	<u>40%</u>	<u>44%</u>	<u>46%</u>	<u>42%</u>	<u>46%</u>
Asia-Pacific adjusted EBITDA margins	<u>49%</u>	<u>49%</u>	<u>52%</u>	<u>49%</u>	<u>51%</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	\$ 420,042	\$ 420,291	\$ 321,472	\$ 1,220,983	\$ 938,482
Less adjusted EBITDA - prior period	(420,291)	(380,650)	(311,262)	(965,879)	(853,503)
Adjusted EBITDA growth	<u>\$ (249)</u>	<u>\$ 39,641</u>	<u>\$ 10,210</u>	<u>\$ 255,104</u>	<u>\$ 84,979</u>
Revenues - current period	\$ 924,676	\$ 900,510	\$ 686,649	\$ 2,669,342	\$ 1,995,405
Less revenues - prior period	(900,510)	(844,156)	(665,582)	(2,082,693)	(1,863,723)
Revenue growth	<u>\$ 24,166</u>	<u>\$ 56,354</u>	<u>\$ 21,067</u>	<u>\$ 586,649</u>	<u>\$ 131,682</u>
Adjusted EBITDA flow-through rate	<u>(1%)</u>	<u>70%</u>	<u>48%</u>	<u>43%</u>	<u>65%</u>



	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(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	\$ 51,450	\$ 44,711	\$ 41,132	\$ 65,050	\$ 177,043
Adjustments:					
Real estate depreciation and amortization	159,788	158,727	109,856	469,510	319,825
(Gain)/loss on disposition of real estate property	(23,436)	(1,951)	182	(29,424)	803
Adjustments for FFO from unconsolidated joint ventures	29	28	27	85	84
FFO	<u>\$ 187,831</u>	<u>\$ 201,515</u>	<u>\$ 151,197</u>	<u>\$ 505,221</u>	<u>\$ 497,755</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, 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.					
FFO	\$ 187,831	\$ 201,515	\$ 151,197	\$ 505,221	\$ 497,755
Adjustments:					
Installation revenue adjustment	4,612	7,407	8,527	15,373	29,655
Straight-line rent expense adjustment	2,686	1,895	1,251	5,714	6,469
Amortization of deferred financing costs	2,687	5,243	3,934	13,438	11,640
Stock-based compensation expense	42,474	39,323	33,969	116,312	98,575
Non-real estate depreciation expense	22,108	21,021	15,946	64,516	42,244
Amortization expense	32,929	32,303	6,601	93,384	19,346
Accretion expense	545	1,668	865	3,832	2,653
Recurring capital expenditures	(41,600)	(31,928)	(25,910)	(105,343)	(75,613)
Loss on debt extinguishment	9,894	605	-	10,499	-
Acquisition costs	12,505	15,594	13,352	64,635	24,374
Impairment charges	7,698	-	-	7,698	-
Income tax expense adjustment	2,501	1,301	643	3,612	(3,549)
Net income from discontinued operations, net of tax	(2,681)	(5,409)	-	(14,306)	-
Adjustments for AFFO from unconsolidated joint ventures	(10)	(9)	(14)	(31)	(44)
AFFO	<u>\$ 284,179</u>	<u>\$ 290,529</u>	<u>\$ 210,361</u>	<u>\$ 784,554</u>	<u>\$ 653,505</u>

(14) Following is how we reconcile from adjusted EBITDA to AFFO:					
Adjusted EBITDA	\$ 420,042	\$ 420,291	\$ 321,472	\$ 1,220,983	\$ 938,482
Adjustments:					
Interest expense, net of interest income	(91,437)	(99,491)	(75,335)	(290,866)	(217,181)
Amortization of deferred financing costs	2,687	5,243	3,934	13,438	11,640
Income tax (benefit) expense	(22,778)	(13,812)	(11,580)	(25,957)	(25,277)
Income tax expense adjustment	2,501	1,301	643	3,612	(3,549)
Straight-line rent expense adjustment	2,686	1,895	1,251	5,714	6,469
Installation revenue adjustment	4,612	7,407	8,527	15,373	29,655
Recurring capital expenditures	(41,600)	(31,928)	(25,910)	(105,343)	(75,613)
Other (income)/expense	2,938	1,555	(12,836)	(56,217)	(11,964)
Gain/loss on disposition of depreciable real estate property	(23,436)	(1,951)	182	(29,424)	803
Adjustments for unconsolidated JVs' and non-controlling interests	19	19	13	54	40
Adjustment for gain on sale of asset	27,945	-	-	33,187	-
AFFO	<u>\$ 284,179</u>	<u>\$ 290,529</u>	<u>\$ 210,361</u>	<u>\$ 784,554</u>	<u>\$ 653,505</u>