

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

	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Recurring revenues	\$ 588,437	\$ 574,158	\$ 515,566	\$ 1,712,298	\$ 1,511,902
Non-recurring revenues	32,004	31,003	27,518	93,357	76,187
<b>Revenues</b>	<b>620,441</b>	<b>605,161</b>	<b>543,084</b>	<b>1,805,655</b>	<b>1,588,089</b>
Cost of revenues	304,052	292,859	268,960	884,436	794,660
<b>Gross profit</b>	<b>316,389</b>	<b>312,302</b>	<b>274,124</b>	<b>921,219</b>	<b>793,429</b>
Operating expenses:					
Sales and marketing	72,185	75,254	61,619	214,867	179,373
General and administrative	109,354	111,675	96,874	324,332	276,324
Restructuring charges	-	-	-	-	(4,837)
Acquisition costs	(281)	676	438	580	6,626
<b>Total operating expenses</b>	<b>181,258</b>	<b>187,605</b>	<b>158,931</b>	<b>539,779</b>	<b>457,486</b>
<b>Income from operations</b>	<b>135,131</b>	<b>124,697</b>	<b>115,193</b>	<b>381,440</b>	<b>335,943</b>
Interest and other income (expense):					
Interest income	356	744	929	2,534	2,593
Interest expense	(63,756)	(66,874)	(61,957)	(199,450)	(183,289)
Loss on debt extinguishment	-	(51,183)	-	(51,183)	(93,602)
Other income	1,811	681	985	3,170	3,294
<b>Total interest and other, net</b>	<b>(61,589)</b>	<b>(116,632)</b>	<b>(60,043)</b>	<b>(244,929)</b>	<b>(271,004)</b>
<b>Income before income taxes</b>	<b>73,542</b>	<b>8,065</b>	<b>55,150</b>	<b>136,511</b>	<b>64,939</b>
Income tax benefit (expense)	(30,581)	2,014	(12,397)	(42,134)	(14,189)
<b>Net income</b>	<b>42,961</b>	<b>10,079</b>	<b>42,753</b>	<b>94,377</b>	<b>50,750</b>
Net (income) loss attributable to redeemable non-controlling interests	(120)	1,249	(282)	1,179	(1,252)
<b>Net income attributable to Equinix</b>	<b>\$ 42,841</b>	<b>\$ 11,328</b>	<b>\$ 42,471</b>	<b>\$ 95,556</b>	<b>\$ 49,498</b>
<b>Net income per share attributable to Equinix:</b>					
Basic net income per share (1)	\$ 0.81	\$ 0.22	\$ 0.86	\$ 1.86	\$ 1.00
Diluted net income per share (1)	\$ 0.79	\$ 0.22	\$ 0.83	\$ 1.84	\$ 0.99
Shares used in computing basic net income per share	53,137	51,332	49,555	51,369	49,325
Shares used in computing diluted net income per share	55,238	51,652	53,581	54,502	50,050

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

Net income	\$ 42,961	\$ 10,079	\$ 42,753	\$ 94,377	\$ 50,750
Net (income) loss attributable to non-controlling interests	(120)	1,249	(282)	1,179	(1,252)
Net income attributable to Equinix, basic	42,841	11,328	42,471	95,556	49,498
Interest on convertible debt	885	-	1,865	4,862	-
Net income attributable to Equinix, diluted	<b>\$ 43,726</b>	<b>\$ 11,328</b>	<b>\$ 44,336</b>	<b>\$ 100,418</b>	<b>\$ 49,498</b>

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

	<b>Three Months Ended</b>			<b>Nine Months Ended</b>	
	<b>September 30, 2014</b>	<b>June 30, 2014</b>	<b>September 30, 2013</b>	<b>September 30, 2014</b>	<b>September 30, 2013</b>
Net income	\$ 42,961	\$ 10,079	\$ 42,753	\$ 94,377	\$ 50,750
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	(144,993)	23,081	78,113	(106,942)	(25,107)
Unrealized gain (loss) on available for sale securities	(1,179)	(74)	438	(414)	78
Unrealized gain on cash flow hedges	4,510	54	-	4,764	-
Other comprehensive income (loss), net of tax:	<u>(141,662)</u>	<u>23,061</u>	<u>78,551</u>	<u>(102,592)</u>	<u>(25,029)</u>
<b>Comprehensive income (loss), net of tax</b>	<b><u>(98,701)</u></b>	<b><u>33,140</u></b>	<b><u>121,304</u></b>	<b><u>(8,215)</u></b>	<b><u>25,721</u></b>
Net (income) loss attributable to redeemable non-controlling interests	(120)	1,249	(282)	1,179	(1,252)
Other comprehensive (income) loss attributable to redeemable non-controlling interests	<u>(18,304)</u>	<u>(750)</u>	<u>(200)</u>	<u>(21,121)</u>	<u>4,340</u>
<b>Comprehensive income (loss) attributable to Equinix, net of tax</b>	<b><u>\$ (117,125)</u></b>	<b><u>\$ 33,639</u></b>	<b><u>\$ 120,822</u></b>	<b><u>\$ (28,157)</u></b>	<b><u>\$ 28,809</u></b>

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

Assets	September 30, 2014	December 31, 2013
	2014	2013
Cash and cash equivalents	\$ 354,181	\$ 261,894
Short-term investments	130,859	369,808
Accounts receivable, net	275,264	184,840
Other current assets	97,407	72,118
<b>Total current assets</b>	<b>857,711</b>	<b>888,660</b>
Long-term investments	16,075	398,390
Property, plant and equipment, net	4,983,376	4,591,650
Goodwill	1,024,555	1,042,153
Intangible assets, net	157,475	184,182
Other assets	422,808	387,324
<b>Total assets</b>	<b>\$ 7,462,000</b>	<b>\$ 7,492,359</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable and accrued expenses	\$ 303,669	\$ 263,223
Accrued property and equipment	138,956	64,601
Current portion of capital lease and other financing obligations	20,132	17,214
Current portion of mortgage and loans payable	57,767	53,508
Other current liabilities	147,676	147,958
<b>Total current liabilities</b>	<b>668,200</b>	<b>546,504</b>
Capital lease and other financing obligations, less current portion	1,172,356	914,032
Mortgage and loans payable, less current portion	160,643	199,700
Senior notes	2,250,000	2,250,000
Convertible debt	322,757	724,202
Other liabilities	290,364	274,955
<b>Total liabilities</b>	<b>4,864,320</b>	<b>4,909,393</b>
Redeemable non-controlling interests	-	123,902
Common stock	54	50
Additional paid-in capital	2,870,752	2,693,887
Treasury stock	(94,759)	(84,663)
Accumulated other comprehensive loss	(237,480)	(113,767)
Retained earnings (accumulated deficit)	59,113	(36,443)
<b>Total stockholders' equity</b>	<b>2,597,680</b>	<b>2,459,064</b>
<b>Total liabilities, redeemable non-controlling interests and stockholders' equity</b>	<b>\$ 7,462,000</b>	<b>\$ 7,492,359</b>

Ending headcount by geographic region is as follows:

Americas headcount	2,111	1,984
EMEA headcount	983	899
Asia-Pacific headcount	696	617
<b>Total headcount</b>	<b>3,790</b>	<b>3,500</b>

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

	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Capital lease and other financing obligations	<u>\$ 1,192,488</u>	<u>\$ 931,246</u>
U.S. term loan	110,000	140,000
ALOG financings	59,317	67,882
Mortgage payable	39,052	43,497
Other loans payable	10,041	1,829
Total mortgage and loans payable	<u>218,410</u>	<u>253,208</u>
Senior notes	<u>2,250,000</u>	<u>2,250,000</u>
Convertible debt, net of debt discount	322,757	724,202
Plus: debt discount	13,905	45,508
Total convertible debt principal	<u>336,662</u>	<u>769,710</u>
Total debt outstanding	<u><u>\$ 3,997,560</u></u>	<u><u>\$ 4,204,164</u></u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Cash flows from operating activities:					
Net income (loss)	\$ 42,961	\$ 10,079	\$ 42,753	\$ 94,377	\$ 50,750
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	121,349	116,074	105,534	351,033	324,326
Stock-based compensation	27,662	33,830	27,280	86,473	75,310
Debt issuance costs and debt discount	3,714	4,717	5,965	14,840	17,602
Loss on debt extinguishment	-	51,183	-	51,183	93,602
Restructuring charges	-	-	-	-	(4,837)
Excess tax benefits from employee equity awards	(5,825)	(1,614)	(4,951)	(17,457)	(27,372)
Other reconciling items	5,957	7,455	4,595	18,704	11,629
Changes in operating assets and liabilities:					
Accounts receivable	(50,889)	(24,510)	3,469	(104,394)	(40,292)
Income taxes, net	23,340	(76,764)	3,989	(69,173)	(71,567)
Accounts payable and accrued expenses	34,778	(23,002)	17,003	20,606	17,399
Other assets and liabilities	13,394	1,516	925	40,931	(8,648)
<b>Net cash provided by operating activities</b>	<b>216,441</b>	<b>98,964</b>	<b>206,562</b>	<b>487,123</b>	<b>437,902</b>
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	148,789	250,737	(89,219)	621,180	(497,777)
Purchase of New York IBX data center	-	-	(70,481)	-	(73,441)
Purchase of Asia Tone, less cash acquired	-	-	862	-	755
Purchases of real estate	-	-	(2,244)	(16,791)	(2,244)
Purchases of other property, plant and equipment	(156,003)	(159,816)	(171,035)	(421,726)	(369,565)
Other investing activities	898	582	1,159	1,409	6,321
<b>Net cash provided by (used in) investing activities</b>	<b>(6,316)</b>	<b>91,503</b>	<b>(330,958)</b>	<b>184,072</b>	<b>(935,951)</b>
Cash flows from financing activities:					
Purchases of treasury stock	(42,575)	(208,263)	-	(297,958)	-
Proceeds from employee equity awards	12,362	1,434	12,202	28,183	28,082
Purchase of redeemable non-controlling interests	(226,276)	-	-	(226,276)	-
Proceeds from senior notes	-	-	-	-	1,500,000
Repayment of capital lease and other financing obligations	(3,857)	(5,033)	(4,553)	(13,140)	(12,226)
Repayment of mortgage and loans payable	(10,416)	(16,777)	(10,113)	(37,510)	(42,304)
Repayment of senior notes	-	-	-	-	(750,000)
Repayment of convertible debt	-	(29,479)	-	(29,479)	-
Debt extinguishment costs	-	(22,552)	(3,750)	(22,552)	(84,675)
Debt issuance costs	-	-	(1,649)	-	(22,435)
Excess tax benefits from employee equity awards	5,825	1,614	4,951	17,457	27,372
Other financing activities	8,698	128	1,734	8,826	1,734
<b>Net cash provided by (used in) financing activities</b>	<b>(256,239)</b>	<b>(278,928)</b>	<b>(1,178)</b>	<b>(572,449)</b>	<b>645,548</b>
Effect of foreign currency exchange rates on cash and cash equivalents	(8,039)	1,621	7,820	(6,459)	30
Net increase (decrease) in cash and cash equivalents	(54,153)	(86,840)	(117,754)	92,287	147,529
Cash and cash equivalents at beginning of period	408,334	495,174	517,496	261,894	252,213
<b>Cash and cash equivalents at end of period</b>	<b>\$ 354,181</b>	<b>\$ 408,334</b>	<b>\$ 399,742</b>	<b>\$ 354,181</b>	<b>\$ 399,742</b>
Supplemental cash flow information:					
Cash paid for taxes	\$ 5,506	\$ 75,371	\$ 9,882	\$ 110,790	\$ 86,736
Cash paid for interest	\$ 45,833	\$ 79,517	\$ 39,037	\$ 167,735	\$ 135,317
<b>Free cash flow (1)</b>	<b>\$ 61,336</b>	<b>\$ (60,270)</b>	<b>\$ (35,177)</b>	<b>\$ 50,015</b>	<b>\$ (272)</b>
<b>Adjusted free cash flow (2)</b>	<b>\$ 74,812</b>	<b>\$ 12,119</b>	<b>\$ 50,855</b>	<b>\$ 190,306</b>	<b>\$ 174,225</b>
<b>Ongoing capital expenditures (3)</b>	<b>\$ 45,549</b>	<b>\$ 63,581</b>	<b>\$ 41,064</b>	<b>\$ 154,044</b>	<b>\$ 115,271</b>
<b>Discretionary free cash flow (4)</b>	<b>\$ 170,892</b>	<b>\$ 35,383</b>	<b>\$ 165,498</b>	<b>\$ 333,079</b>	<b>\$ 322,631</b>
<b>Adjusted discretionary free cash flow (5)</b>	<b>\$ 184,368</b>	<b>\$ 107,772</b>	<b>\$ 179,667</b>	<b>\$ 456,579</b>	<b>\$ 422,198</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:					
Net cash provided by operating activities as presented above	\$ 216,441	\$ 98,964	\$ 206,562	\$ 487,123	\$ 437,902
Net cash provided by (used in) investing activities as presented above	(6,316)	91,503	(330,958)	184,072	(935,951)
Purchases, sales and maturities of investments, net	(148,789)	(250,737)	89,219	(621,180)	497,777
Free cash flow (negative free cash flow)	\$ 61,336	\$ (60,270)	\$ (35,177)	\$ 50,015	\$ (272)

	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013

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

Free cash flow (as defined above)	\$ 61,336	\$ (60,270)	\$ (35,177)	\$ 50,015	\$ (272)
Less purchase of New York IBX data center	-	-	70,481	-	73,441
Less purchase of Asia Tone, less cash acquired	-	-	(862)	-	(755)
Less purchase of real estate	-	-	2,244	16,791	2,244
Less excess tax benefits from employee equity awards	5,825	1,614	4,951	17,457	27,372
Less cash paid for taxes resulting from the planned REIT conversion	978	61,873	805	80,678	58,109
Less costs related to the planned REIT conversion	6,673	8,902	8,413	25,365	14,086
Adjusted free cash flow	<u>\$ 74,812</u>	<u>\$ 12,119</u>	<u>\$ 50,855</u>	<u>\$ 190,306</u>	<u>\$ 174,225</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	\$ 978	\$ 61,873	\$ 805	\$ 80,678	\$ 58,109
Other cash taxes paid	4,528	13,498	9,077	30,112	28,627
Total cash paid for taxes	<u>\$ 5,506</u>	<u>\$ 75,371</u>	<u>\$ 9,882</u>	<u>\$ 110,790</u>	<u>\$ 86,736</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	\$ 45,549	\$ 63,581	\$ 41,064	\$ 154,044	\$ 115,271
Expansion capital expenditures	110,454	96,235	129,971	267,682	254,294
Total capital expenditures	<u>\$ 156,003</u>	<u>\$ 159,816</u>	<u>\$ 171,035</u>	<u>\$ 421,726</u>	<u>\$ 369,565</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	\$ 216,441	\$ 98,964	\$ 206,562	\$ 487,123	\$ 437,902
Less ongoing capital expenditures	(45,549)	(63,581)	(41,064)	(154,044)	(115,271)
Discretionary free cash flow	<u>\$ 170,892</u>	<u>\$ 35,383</u>	<u>\$ 165,498</u>	<u>\$ 333,079</u>	<u>\$ 322,631</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, cash paid for taxes associated with reclassifying our assets for tax purposes triggered by our planned REIT conversion and costs related to the planned REIT conversion, as presented below:

Discretionary free cash flow (as defined above)	\$ 170,892	\$ 35,383	\$ 165,498	\$ 333,079	\$ 322,631
Excess tax benefits from employee equity awards	5,825	1,614	4,951	17,457	27,372
Cash paid for taxes resulting from the planned REIT conversion	978	61,873	805	80,678	58,109
Costs related to the planned REIT conversion	6,673	8,902	8,413	25,365	14,086
Adjusted discretionary free cash flow	<u>\$ 184,368</u>	<u>\$ 107,772</u>	<u>\$ 179,667</u>	<u>\$ 456,579</u>	<u>\$ 422,198</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Recurring revenues	\$ 588,437	\$ 574,158	\$ 515,566	\$ 1,712,298	\$ 1,511,902
Non-recurring revenues	32,004	31,003	27,518	93,357	76,187
<b>Revenues (1)</b>	<b>620,441</b>	<b>605,161</b>	<b>543,084</b>	<b>1,805,655</b>	<b>1,588,089</b>
Cash cost of revenues (2)	196,458	190,901	174,111	571,607	504,542
<b>Cash gross profit (3)</b>	<b>423,983</b>	<b>414,260</b>	<b>368,973</b>	<b>1,234,048</b>	<b>1,083,547</b>
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	58,434	58,785	48,172	173,018	140,882
Cash general and administrative expenses (6)	81,688	80,198	72,356	241,504	205,297
<b>Total cash operating expenses (7)</b>	<b>140,122</b>	<b>138,983</b>	<b>120,528</b>	<b>414,522</b>	<b>346,179</b>
<b>Adjusted EBITDA (8)</b>	<b>\$ 283,861</b>	<b>\$ 275,277</b>	<b>\$ 248,445</b>	<b>\$ 819,526</b>	<b>\$ 737,368</b>
<b>Cash gross margins (9)</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>	<b>68%</b>
<b>Adjusted EBITDA margins (10)</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>	<b>45%</b>	<b>46%</b>
<b>Adjusted EBITDA flow-through rate (11)</b>	<b>56%</b>	<b>59%</b>	<b>3%</b>	<b>35%</b>	<b>40%</b>

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

*Americas Revenues:*

Colocation	\$ 244,979	\$ 242,873	\$ 230,583	\$ 724,466	\$ 680,158
Interconnection	69,512	66,451	61,984	200,265	179,990
Managed infrastructure	15,214	14,885	12,905	43,211	39,619
Rental	978	943	818	2,873	1,723
Recurring revenues	330,683	325,152	306,290	970,815	901,490
Non-recurring revenues	16,729	17,104	13,123	48,886	37,183
Revenues	347,412	342,256	319,413	1,019,701	938,673

*EMEA Revenues:*

Colocation	130,873	127,132	108,906	380,181	313,354
Interconnection	13,163	12,329	9,233	36,858	26,468
Managed infrastructure	7,179	7,434	6,215	21,478	16,198
Rental	1,588	1,730	116	5,036	374
Recurring revenues	152,803	148,625	124,470	443,553	356,394
Non-recurring revenues	8,777	8,537	8,784	26,619	23,838
Revenues	161,580	157,162	133,254	470,172	380,232

*Asia-Pacific Revenues:*

Colocation	86,613	82,655	69,080	245,101	207,975
Interconnection	12,973	12,189	10,433	36,520	29,536
Managed infrastructure	5,364	5,537	5,293	16,308	16,507
Recurring revenues	104,951	100,381	84,806	297,930	254,018
Non-recurring revenues	6,498	5,362	5,611	17,852	15,166
Revenues	111,449	105,743	90,417	315,782	269,184

*Worldwide Revenues:*

Colocation	462,465	452,660	408,569	1,349,748	1,201,487
Interconnection	95,648	90,969	81,650	273,643	235,994
Managed infrastructure	27,757	27,856	24,413	80,997	72,324
Rental	2,566	2,673	934	7,909	2,097
Recurring revenues	588,437	574,158	515,566	1,712,298	1,511,902
Non-recurring revenues	32,004	31,003	27,518	93,357	76,187
Revenues	\$ 620,441	\$ 605,161	\$ 543,084	\$ 1,805,655	\$ 1,588,089

	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
(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	\$ 304,052	\$ 292,859	\$ 268,960	\$ 884,436	\$ 794,660
Depreciation, amortization and accretion expense	(105,449)	(99,730)	(92,579)	(306,586)	(284,452)
Stock-based compensation expense	(2,145)	(2,228)	(2,270)	(6,243)	(5,666)
Cash cost of revenues	<u>\$ 196,458</u>	<u>\$ 190,901</u>	<u>\$ 174,111</u>	<u>\$ 571,607</u>	<u>\$ 504,542</u>

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

Americas cash cost of revenues	\$ 97,775	\$ 94,684	\$ 92,882	\$ 283,496	\$ 270,496
EMEA cash cost of revenues	59,593	58,727	47,924	176,436	138,857
Asia-Pacific cash cost of revenues	39,090	37,490	33,305	111,675	95,189
Cash cost of revenues	<u>\$ 196,458</u>	<u>\$ 190,901</u>	<u>\$ 174,111</u>	<u>\$ 571,607</u>	<u>\$ 504,542</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	\$ 72,185	\$ 75,254	\$ 61,619	\$ 214,867	\$ 179,373
Depreciation and amortization expense	(6,495)	(8,526)	(6,197)	(19,650)	(18,695)
Stock-based compensation expense	(7,256)	(7,943)	(7,250)	(22,199)	(19,796)
Cash sales and marketing expenses	<u>\$ 58,434</u>	<u>\$ 58,785</u>	<u>\$ 48,172</u>	<u>\$ 173,018</u>	<u>\$ 140,882</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	\$ 109,354	\$ 111,675	\$ 96,874	\$ 324,332	\$ 276,324
Depreciation and amortization expense	(9,405)	(7,818)	(6,758)	(24,797)	(21,179)
Stock-based compensation expense	(18,261)	(23,659)	(17,760)	(58,031)	(49,848)
Cash general and administrative expenses	<u>\$ 81,688</u>	<u>\$ 80,198</u>	<u>\$ 72,356</u>	<u>\$ 241,504</u>	<u>\$ 205,297</u>

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

Cash sales and marketing expenses	\$ 58,434	\$ 58,785	\$ 48,172	\$ 173,018	\$ 140,882
Cash general and administrative expenses	81,688	80,198	72,356	241,504	205,297
Cash SG&A	<u>\$ 140,122</u>	<u>\$ 138,983</u>	<u>\$ 120,528</u>	<u>\$ 414,522</u>	<u>\$ 346,179</u>

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

Americas cash SG&A	\$ 89,562	\$ 89,447	\$ 76,227	\$ 268,442	\$ 219,065
EMEA cash SG&A	32,201	33,084	28,191	95,394	84,818
Asia-Pacific cash SG&A	18,359	16,452	16,110	50,686	42,296
Cash SG&A	<u>\$ 140,122</u>	<u>\$ 138,983</u>	<u>\$ 120,528</u>	<u>\$ 414,522</u>	<u>\$ 346,179</u>

(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	\$ 135,131	\$ 124,697	\$ 115,193	\$ 381,440	\$ 335,943
Depreciation, amortization and accretion expense	121,349	116,074	105,534	351,033	324,326
Stock-based compensation expense	27,662	33,830	27,280	86,473	75,310
Acquisition costs	(281)	676	438	580	6,626
Adjusted EBITDA	<u>\$ 283,861</u>	<u>\$ 275,277</u>	<u>\$ 248,445</u>	<u>\$ 819,526</u>	<u>\$ 737,368</u>



	Three Months Ended			Nine Months Ended	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	\$ 72,614	\$ 67,739	\$ 70,691	\$ 212,088	\$ 203,743
Americas depreciation, amortization and accretion expense	66,594	62,481	58,939	188,008	187,384
Americas stock-based compensation expense	21,148	27,177	20,591	67,118	57,203
Americas acquisition costs	(281)	728	83	549	5,619
Americas adjusted EBITDA	<u>160,075</u>	<u>158,125</u>	<u>150,304</u>	<u>467,763</u>	<u>449,112</u>
EMEA income from operations	38,848	34,067	28,685	102,818	75,034
EMEA depreciation, amortization and accretion expense	27,650	27,901	24,503	85,453	70,998
EMEA stock-based compensation expense	3,288	3,385	3,596	9,990	9,699
EMEA acquisition costs	-	(2)	355	81	826
EMEA adjusted EBITDA	<u>69,786</u>	<u>65,351</u>	<u>57,139</u>	<u>198,342</u>	<u>156,557</u>
Asia-Pacific income from operations	23,669	22,891	15,817	66,534	57,166
Asia-Pacific depreciation, amortization and accretion expense	27,105	25,692	22,092	77,572	65,944
Asia-Pacific stock-based compensation expense	3,226	3,268	3,093	9,365	8,408
Asia-Pacific acquisition costs	-	(50)	-	(50)	181
Asia-Pacific adjusted EBITDA	<u>54,000</u>	<u>51,801</u>	<u>41,002</u>	<u>153,421</u>	<u>131,699</u>
Adjusted EBITDA	<u>\$ 283,861</u>	<u>\$ 275,277</u>	<u>\$ 248,445</u>	<u>\$ 819,526</u>	<u>\$ 737,368</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>72%</u>	<u>71%</u>	<u>72%</u>	<u>71%</u>
EMEA cash gross margins	<u>63%</u>	<u>63%</u>	<u>64%</u>	<u>62%</u>	<u>63%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>65%</u>	<u>63%</u>	<u>65%</u>	<u>65%</u>

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

Americas adjusted EBITDA margins	<u>46%</u>	<u>46%</u>	<u>47%</u>	<u>46%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>43%</u>	<u>42%</u>	<u>43%</u>	<u>42%</u>	<u>41%</u>
Asia-Pacific adjusted EBITDA margins	<u>48%</u>	<u>49%</u>	<u>45%</u>	<u>49%</u>	<u>49%</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	\$ 283,861	\$ 275,277	\$ 248,445	\$ 819,526	\$ 737,368
Less adjusted EBITDA - prior period	(275,277)	(260,388)	(248,035)	(760,010)	(681,122)
Adjusted EBITDA growth	<u>\$ 8,584</u>	<u>\$ 14,889</u>	<u>\$ 410</u>	<u>\$ 59,516</u>	<u>\$ 56,246</u>
Revenues - current period	\$ 620,441	\$ 605,161	\$ 543,084	\$ 1,805,655	\$ 1,588,089
Less revenues - prior period	(605,161)	(580,053)	(528,871)	(1,636,632)	(1,446,424)
Revenue growth	<u>\$ 15,280</u>	<u>\$ 25,108</u>	<u>\$ 14,213</u>	<u>\$ 169,023</u>	<u>\$ 141,665</u>
Adjusted EBITDA flow-through rate	<u>56%</u>	<u>59%</u>	<u>3%</u>	<u>35%</u>	<u>40%</u>