

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

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Recurring revenues	\$ 626,691	\$ 609,657	\$ 574,158	\$ 1,236,348	\$ 1,123,861
Non-recurring revenues	38,891	33,517	31,003	72,408	61,353
Revenues	665,582	643,174	605,161	1,308,756	1,185,214
Cost of revenues	315,757	298,313	292,859	614,070	580,384
Gross profit	349,825	344,861	312,302	694,686	604,830
Operating expenses:					
Sales and marketing	81,248	78,616	75,254	159,864	142,682
General and administrative	119,578	113,640	111,675	233,218	214,978
Acquisition costs	9,866	1,156	676	11,022	861
Total operating expenses	210,692	193,412	187,605	404,104	358,521
Income from operations	139,133	151,449	124,697	290,582	246,309
Interest and other income (expense):					
Interest income	921	520	744	1,441	2,178
Interest expense	(74,496)	(68,791)	(66,874)	(143,287)	(135,694)
Loss on debt extinguishment	-	-	(51,183)	-	(51,183)
Other income (expense)	1,386	(514)	681	872	1,359
Total interest and other, net	(72,189)	(68,785)	(116,632)	(140,974)	(183,340)
Income before income taxes	66,944	82,664	8,065	149,608	62,969
Income tax benefit (expense)	(7,485)	(6,212)	2,014	(13,697)	(11,553)
Net income	59,459	76,452	10,079	135,911	51,416
Net loss attributable to redeemable non-controlling interests	-	-	1,249	-	1,299
Net income attributable to Equinix	\$ 59,459	\$ 76,452	\$ 11,328	\$ 135,911	\$ 52,715
Net income per share attributable to Equinix:					
Basic net income per share	\$ 1.04	\$ 1.35	\$ 0.22	\$ 2.39	\$ 1.04
Diluted net income per share	\$ 1.03	\$ 1.34	\$ 0.22	\$ 2.37	\$ 1.04
Shares used in computing basic net income per share	56,935	56,661	51,332	56,798	50,470
Shares used in computing diluted net income per share	57,499	57,227	51,652	57,410	50,884

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

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Net income	\$ 59,459	\$ 76,452	\$ 10,079	\$ 135,911	\$ 51,416
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustment ("CTA") gain (loss)	69,443	(146,311)	23,081	(76,869)	38,051
Unrealized gain (loss) on available for sale securities	17	103	(73)	120	765
Unrealized gain (loss) on cash flow hedges	(14,290)	10,556	54	(3,734)	254
Net investment hedge CTA loss	(10,389)	-	-	(10,389)	-
Defined benefit plans	83	59	-	142	-
Other comprehensive income (loss), net of tax:	44,864	(135,593)	23,062	(90,730)	39,070
Comprehensive income (loss), net of tax	104,323	(59,141)	33,141	45,181	90,486
Net loss attributable to redeemable non-controlling interests	-	-	1,249	-	1,299
Other comprehensive income attributable to redeemable non-controlling interests	-	-	(750)	-	(2,817)
Comprehensive income (loss) attributable to Equinix, net of tax	\$ 104,323	\$ (59,141)	\$ 33,640	\$ 45,181	\$ 88,968

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

Assets	June 30, 2015	December 31, 2014
Cash and cash equivalents	\$ 336,133	\$ 610,917
Short-term investments	95,397	529,395
Accounts receivable, net	293,855	262,570
Current portion of restricted cash	523,003	3,057
Other current assets	81,730	85,004
Total current assets	1,330,118	1,490,943
Long-term investments	4,039	439
Property, plant and equipment, net	5,184,800	4,998,270
Goodwill	1,007,739	1,002,129
Intangible assets, net	131,383	147,527
Restricted cash, less current portion	10,524	14,060
Other assets	157,415	164,065
Total assets	\$ 7,826,018	\$ 7,817,433
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 315,554	\$ 285,796
Accrued property and equipment	128,193	114,469
Current portion of capital lease and other financing obligations	26,832	21,362
Current portion of mortgage and loans payable	59,041	59,466
Current portion of convertible debt	149,780	-
Other current liabilities	138,332	162,664
Total current liabilities	817,732	643,757
Capital lease and other financing obligations, less current portion	1,217,746	1,168,042
Mortgage and loans payable, less current portion	506,631	534,686
Senior notes	2,750,000	2,750,000
Convertible debt, less current portion	-	145,853
Other liabilities	331,319	304,964
Total liabilities	5,623,428	5,547,302
Common stock	57	57
Additional paid-in capital	3,418,223	3,334,305
Treasury stock	(10,646)	(11,411)
Accumulated dividends	(621,792)	(424,387)
Accumulated other comprehensive loss	(423,173)	(332,443)
Accumulated deficit	(160,079)	(295,990)
Total stockholders' equity	2,202,590	2,270,131
Total liabilities and stockholders' equity	\$ 7,826,018	\$ 7,817,433

Ending headcount by geographic region is as follows:

Americas headcount	2,229	2,122
EMEA headcount	1,096	1,023
Asia-Pacific headcount	789	721
Total headcount	4,114	3,866

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

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Capital lease and other financing obligations	\$ 1,244,578	\$ 1,189,404
Term loan, net of debt discount	488,819	498,400
ALOG financings	43,133	56,863
Mortgage payable and other loans payable	33,720	38,889
less: debt discount and premium, net	(680)	(681)
Total mortgage and loans payable principal	<u>564,992</u>	<u>593,471</u>
Senior notes	<u>2,750,000</u>	<u>2,750,000</u>
Convertible debt, net of debt discount	149,780	145,853
Plus: debt discount	8,105	12,032
Total convertible debt principal	<u>157,885</u>	<u>157,885</u>
Total debt principal outstanding	<u>\$ 4,717,455</u>	<u>\$ 4,690,760</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cash flows from operating activities:					
Net income	\$ 59,459	\$ 76,452	\$ 10,079	\$ 135,911	\$ 51,416
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	128,270	122,530	116,074	250,800	229,684
Stock-based compensation	33,993	30,613	33,830	64,606	58,811
Debt issuance costs and debt discount	3,811	3,774	4,717	7,585	11,126
Loss on debt extinguishment	-	-	51,183	-	51,183
Excess tax benefits from employee equity awards	(223)	(708)	(1,614)	(931)	(11,632)
Other reconciling items	5,169	4,870	7,455	10,039	12,747
Changes in operating assets and liabilities:					
Accounts receivable	(10,991)	(30,791)	(24,510)	(41,782)	(53,505)
Income taxes, net	(53,592)	(12,555)	(76,764)	(66,147)	(92,513)
Accounts payable and accrued expenses	19,600	29,693	(16,498)	49,293	(7,668)
Other assets and liabilities	26,967	8,933	(4,988)	35,900	21,033
Net cash provided by operating activities	212,463	232,811	98,964	445,274	270,682
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	433,966	(4,706)	250,737	429,260	472,391
Business acquisitions, net of cash acquired	-	(10,247)	-	(10,247)	-
Purchases of real estate	-	(38,282)	-	(38,282)	(16,791)
Purchases of other property, plant and equipment	(221,342)	(150,120)	(159,816)	(371,462)	(265,723)
Other investing activities	(511,166)	3,521	582	(507,645)	511
Net cash provided by (used in) investing activities	(298,542)	(199,834)	91,503	(498,376)	190,388
Cash flows from financing activities:					
Purchases of treasury stock	-	-	(208,263)	-	(255,383)
Proceeds from employee equity awards	181	16,384	1,434	16,565	15,821
Payment of dividend distributions	(96,349)	(96,619)	-	(192,968)	-
Proceeds from loans payable	490,000	-	-	490,000	-
Repayment of capital lease and other financing obligations	(8,342)	(5,296)	(5,033)	(13,638)	(9,283)
Repayment of mortgage and loans payable	(505,268)	(13,361)	(16,777)	(518,629)	(27,094)
Repayment of convertible debt	-	-	(29,479)	-	(29,479)
Debt extinguishment costs	-	-	(22,552)	-	(22,552)
Excess tax benefits from employee equity awards	223	708	1,614	931	11,632
Other financing activities	(7)	(610)	128	(617)	128
Net cash used in financing activities	(119,562)	(98,794)	(278,928)	(218,356)	(316,210)
Effect of foreign currency exchange rates on cash and cash equivalents	5,065	(8,391)	1,621	(3,326)	1,580
Net increase (decrease) in cash and cash equivalents	(200,576)	(74,208)	(86,840)	(274,784)	146,440
Cash and cash equivalents at beginning of period	536,709	610,917	495,174	610,917	261,894
Cash and cash equivalents at end of period	\$ 336,133	\$ 536,709	\$ 408,334	\$ 336,133	\$ 408,334
Supplemental cash flow information:					
Cash paid for taxes	\$ 60,266	\$ 14,538	\$ 75,371	\$ 74,804	\$ 105,284
Cash paid for interest	\$ 71,823	\$ 23,976	\$ 79,517	\$ 95,799	\$ 121,902
Free cash flow (1)	\$ (520,045)	\$ 37,683	\$ (60,270)	\$ (482,362)	\$ (11,321)
Adjusted free cash flow (2)	\$ (474,162)	\$ 87,666	\$ 12,119	\$ (386,496)	\$ 115,494
(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	\$ 212,463	\$ 232,811	\$ 98,964	\$ 445,274	\$ 270,682
Net cash provided by (used in) investing activities as presented above	(298,542)	(199,834)	91,503	(498,376)	190,388
Purchases, sales and maturities of investments, net	(433,966)	4,706	(250,737)	(429,260)	(472,391)
Free cash flow (negative free cash flow)	<u>\$ (520,045)</u>	<u>\$ 37,683</u>	<u>\$ (60,270)</u>	<u>\$ (482,362)</u>	<u>\$ (11,321)</u>
(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)	\$ (520,045)	\$ 37,683	\$ (60,270)	\$ (482,362)	\$ (11,321)
Less business acquisitions, net of cash	-	10,247	-	10,247	-
Less purchases of real estate	-	38,282	-	38,282	16,791
Less excess tax benefits from employee equity awards	223	708	1,614	931	11,632
Less cash paid for taxes resulting from the REIT conversion	45,113	-	61,873	45,113	79,700
Less costs related to the REIT conversion	547	746	8,902	1,293	18,692
Adjusted free cash flow	<u>\$ (474,162)</u>	<u>\$ 87,666</u>	<u>\$ 12,119</u>	<u>\$ (386,496)</u>	<u>\$ 115,494</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	\$ 45,113	\$ -	\$ 61,873	\$ 45,113	\$ 79,700
Other cash taxes paid	15,153	14,538	13,498	29,691	25,584
Total cash paid for taxes	<u>\$ 60,266</u>	<u>\$ 14,538</u>	<u>\$ 75,371</u>	<u>\$ 74,804</u>	<u>\$ 105,284</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Recurring revenues	\$ 626,691	\$ 609,657	\$ 574,158	\$ 1,236,348	\$ 1,123,861
Non-recurring revenues	38,891	33,517	31,003	72,408	61,353
Revenues (1)	665,582	643,174	605,161	1,308,756	1,185,214
Cash cost of revenues (2)	204,736	192,130	190,901	396,866	375,149
Cash gross profit (3)	460,846	451,044	414,260	911,890	810,065
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	65,058	63,820	58,785	128,878	114,584
Cash general and administrative expenses (6)	84,526	81,476	80,198	166,002	159,816
Total cash operating expenses (7)	149,584	145,296	138,983	294,880	274,400
Adjusted EBITDA (8)	\$ 311,262	\$ 305,748	\$ 275,277	\$ 617,010	\$ 535,665
Cash gross margins (9)	69%	70%	68%	70%	68%
Adjusted EBITDA margins (10)	47%	48%	45%	47%	45%
Adjusted EBITDA flow-through rate (11)	25%	225%	59%	77%	31%
FFO (12)	\$ 167,368	\$ 179,190	\$ 109,813	\$ 346,558	\$ 248,545
AFFO (13)	\$ 221,388	\$ 221,756	\$ 187,597	\$ 443,144	\$ 360,341
Basic FFO per share (14)	\$ 2.94	\$ 3.16	\$ 2.14	\$ 6.10	\$ 4.88
Diluted FFO per share (14)	\$ 2.87	\$ 3.09	\$ 1.99	\$ 5.95	\$ 4.48
Basic AFFO per share (15)	\$ 3.89	\$ 3.91	\$ 3.65	\$ 7.80	\$ 7.08
Diluted AFFO per share (15)	\$ 3.75	\$ 3.77	\$ 3.29	\$ 7.52	\$ 6.28

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

Americas Revenues:

Colocation	\$ 262,934	\$ 257,932	\$ 242,873	\$ 520,866	\$ 479,487
Interconnection	77,102	75,086	66,451	152,188	130,753
Managed infrastructure	12,837	13,295	14,885	26,132	27,997
Rental	732	741	943	1,473	1,895
Recurring revenues	353,605	347,054	325,152	700,659	640,132
Non-recurring revenues	17,842	16,915	17,104	34,757	32,157
Revenues	371,447	363,969	342,256	735,416	672,289

EMEA Revenues:

Colocation	139,482	132,735	127,132	272,217	249,308
Interconnection	13,440	13,048	12,329	26,488	23,695
Managed infrastructure	5,919	5,783	7,434	11,702	14,299
Rental	1,222	1,858	1,730	3,080	3,448
Recurring revenues	160,063	153,424	148,625	313,487	290,750
Non-recurring revenues	13,904	11,199	8,537	25,103	17,842
Revenues	173,967	164,623	157,162	338,590	308,592

Asia-Pacific Revenues:

Colocation	94,194	90,878	82,655	185,072	158,488
Interconnection	14,119	13,524	12,189	27,643	23,547
Managed infrastructure	4,710	4,777	5,537	9,487	10,944
Recurring revenues	113,023	109,179	100,381	222,202	192,979
Non-recurring revenues	7,145	5,403	5,362	12,548	11,354
Revenues	120,168	114,582	105,743	234,750	204,333

Worldwide Revenues:

Colocation	496,610	481,545	452,660	978,155	887,283
Interconnection	104,661	101,658	90,969	206,319	177,995
Managed infrastructure	23,466	23,855	27,856	47,321	53,240
Rental	1,954	2,599	2,673	4,553	5,343
Recurring revenues	626,691	609,657	574,158	1,236,348	1,123,861
Non-recurring revenues	38,891	33,517	31,003	72,408	61,353
Revenues	\$ 665,582	\$ 643,174	\$ 605,161	\$ 1,308,756	\$ 1,185,214

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(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	\$ 315,757	\$ 298,313	\$ 292,859	\$ 614,070	\$ 580,384
Depreciation, amortization and accretion expense	(108,470)	(103,877)	(99,730)	(212,347)	(201,137)
Stock-based compensation expense	(2,551)	(2,306)	(2,228)	(4,857)	(4,098)
Cash cost of revenues	<u>\$ 204,736</u>	<u>\$ 192,130</u>	<u>\$ 190,901</u>	<u>\$ 396,866</u>	<u>\$ 375,149</u>

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

Americas cash cost of revenues	\$ 102,249	\$ 95,162	\$ 94,684	\$ 197,411	\$ 185,721
EMEA cash cost of revenues	62,431	58,494	58,727	120,925	116,843
Asia-Pacific cash cost of revenues	40,056	38,474	37,490	78,530	72,585
Cash cost of revenues	<u>\$ 204,736</u>	<u>\$ 192,130</u>	<u>\$ 190,901</u>	<u>\$ 396,866</u>	<u>\$ 375,149</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	\$ 81,248	\$ 78,616	\$ 75,254	\$ 159,864	\$ 142,682
Depreciation and amortization expense	(6,268)	(6,085)	(8,526)	(12,353)	(13,155)
Stock-based compensation expense	(9,922)	(8,711)	(7,943)	(18,633)	(14,943)
Cash sales and marketing expenses	<u>\$ 65,058</u>	<u>\$ 63,820</u>	<u>\$ 58,785</u>	<u>\$ 128,878</u>	<u>\$ 114,584</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	\$ 119,578	\$ 113,640	\$ 111,675	\$ 233,218	\$ 214,978
Depreciation and amortization expense	(13,532)	(12,568)	(7,818)	(26,100)	(15,392)
Stock-based compensation expense	(21,520)	(19,596)	(23,659)	(41,116)	(39,770)
Cash general and administrative expenses	<u>\$ 84,526</u>	<u>\$ 81,476</u>	<u>\$ 80,198</u>	<u>\$ 166,002</u>	<u>\$ 159,816</u>

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

Cash sales and marketing expenses	\$ 65,058	\$ 63,820	\$ 58,785	\$ 128,878	\$ 114,584
Cash general and administrative expenses	84,526	81,476	80,198	166,002	159,816
Cash SG&A	<u>\$ 149,584</u>	<u>\$ 145,296</u>	<u>\$ 138,983</u>	<u>\$ 294,880</u>	<u>\$ 274,400</u>

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

Americas cash SG&A	\$ 98,312	\$ 96,073	\$ 89,447	\$ 194,385	\$ 178,880
EMEA cash SG&A	32,003	30,098	33,084	62,101	63,193
Asia-Pacific cash SG&A	19,269	19,125	16,452	38,394	32,327
Cash SG&A	<u>\$ 149,584</u>	<u>\$ 145,296</u>	<u>\$ 138,983</u>	<u>\$ 294,880</u>	<u>\$ 274,400</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	\$ 139,133	\$ 151,449	\$ 124,697	\$ 290,582	\$ 246,309
Depreciation, amortization and accretion expense	128,270	122,530	116,074	250,800	229,684
Stock-based compensation expense	33,993	30,613	33,830	64,606	58,811
Acquisition costs	9,866	1,156	676	11,022	861
Adjusted EBITDA	<u>\$ 311,262</u>	<u>\$ 305,748</u>	<u>\$ 275,277</u>	<u>\$ 617,010</u>	<u>\$ 535,665</u>

The geographic split of our adjusted EBITDA is presented below:

Americas income from operations	\$ 77,653	\$ 81,466	\$ 67,739	\$ 159,119	\$ 139,474
Americas depreciation, amortization and accretion expense	68,692	66,811	62,481	135,503	121,414
Americas stock-based compensation expense	25,883	23,491	27,177	49,374	45,970
Americas acquisition costs	(1,342)	966	728	(376)	830
Americas adjusted EBITDA	<u>170,886</u>	<u>172,734</u>	<u>158,125</u>	<u>343,620</u>	<u>307,688</u>
EMEA income from operations	36,110	45,541	34,067	81,651	63,970
EMEA depreciation, amortization and accretion expense	27,826	26,693	27,901	54,519	57,803
EMEA stock-based compensation expense	4,397	3,607	3,385	8,004	6,702
EMEA acquisition costs	11,200	190	(2)	11,390	81
EMEA adjusted EBITDA	<u>79,533</u>	<u>76,031</u>	<u>65,351</u>	<u>155,564</u>	<u>128,556</u>
Asia-Pacific income from operations	25,370	24,442	22,891	49,812	42,865
Asia-Pacific depreciation, amortization and accretion expense	31,752	29,026	25,692	60,778	50,467
Asia-Pacific stock-based compensation expense	3,713	3,515	3,268	7,228	6,139
Asia-Pacific acquisition costs	8	-	(50)	8	(50)
Asia-Pacific adjusted EBITDA	<u>60,843</u>	<u>56,983</u>	<u>51,801</u>	<u>117,826</u>	<u>99,421</u>
Adjusted EBITDA	<u>\$ 311,262</u>	<u>\$ 305,748</u>	<u>\$ 275,277</u>	<u>\$ 617,010</u>	<u>\$ 535,665</u>

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(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	72%	74%	72%	73%	72%
EMEA cash gross margins	64%	64%	63%	64%	62%
Asia-Pacific cash gross margins	67%	66%	65%	67%	64%
(10) We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.					
Americas adjusted EBITDA margins	46%	47%	46%	47%	46%
EMEA adjusted EBITDA margins	46%	46%	42%	46%	42%
Asia-Pacific adjusted EBITDA margins	51%	50%	49%	50%	49%
(11) We define adjusted EBITDA flow-through rate as incremental adjusted EBITDA growth divided by incremental revenue growth as follows:					
Adjusted EBITDA - current period	\$ 311,262	\$ 305,748	\$ 275,277	\$ 617,010	\$ 535,665
Less adjusted EBITDA - prior period	(305,748)	(294,365)	(260,388)	(578,226)	(511,975)
Adjusted EBITDA growth	\$ 5,514	\$ 11,383	\$ 14,889	\$ 38,784	\$ 23,690
Revenues - current period	\$ 665,582	\$ 643,174	\$ 605,161	\$ 1,308,756	\$ 1,185,214
Less revenues - prior period	(643,174)	(638,121)	(580,053)	(1,258,562)	(1,107,761)
Revenue growth	\$ 22,408	\$ 5,053	\$ 25,108	\$ 50,194	\$ 77,453
Adjusted EBITDA flow-through rate	25%	225%	59%	77%	31%
(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	\$ 59,459	\$ 76,452	\$ 10,079	\$ 135,911	\$ 51,416
Net loss attributable to redeemable non-controlling interests	-	-	1,249	-	1,299
Net income attributable to Equinix	59,459	76,452	11,328	135,911	52,715
Adjustments:					
Real estate depreciation and amortization	107,321	102,648	100,788	209,969	200,239
Gain/loss on disposition of real estate property	559	62	183	621	216
Adjustments for FFO from unconsolidated joint ventures	29	28	28	57	56
Non-controlling interests' share of above adjustments	-	-	(2,514)	-	(4,681)
FFO	\$ 167,368	\$ 179,190	\$ 109,813	\$ 346,558	\$ 248,545
(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, recurring capital expenditures and adjustments from FFO to AFFO for unconsolidated joint ventures' and non-controlling interests' share of these items.					
FFO	\$ 167,368	\$ 179,190	\$ 109,813	\$ 346,558	\$ 248,545
Adjustments:					
Installation revenue adjustment	12,474	8,654	5,244	21,128	12,417
Straight-line rent expense adjustment	2,017	3,201	3,331	5,218	6,360
Amortization of deferred financing costs	3,848	3,858	4,783	7,706	11,282
Stock-based compensation expense	33,993	30,613	33,830	64,606	58,811
Non-real estate depreciation expense	13,605	12,693	7,785	26,298	15,357
Amortization expense	6,450	6,295	7,139	12,745	14,109
Accretion expense	894	894	362	1,788	(21)
Recurring capital expenditures	(27,330)	(22,373)	(26,018)	(49,703)	(52,467)
Loss on debt extinguishment	-	-	51,183	-	51,183
Acquisition costs	9,866	1,156	676	11,022	861
Income tax expense adjustment	(1,784)	(2,408)	(7,726)	(4,192)	(2,771)
Adjustments for AFFO from unconsolidated joint ventures	(13)	(17)	(19)	(30)	(40)
Non-controlling interests share of above adjustments	-	-	(2,786)	-	(3,285)
AFFO	\$ 221,388	\$ 221,756	\$ 187,597	\$ 443,144	\$ 360,341

	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(14) The FFO used in the computation of basic and diluted FFO per share attributable to Equinix is presented below:					
FFO, basic	\$ 167,368	\$ 179,190	\$ 109,813	\$ 346,558	\$ 248,545
Interest on convertible debt	3,383	3,362	5,188	6,745	12,300
FFO, diluted	<u>\$ 170,751</u>	<u>\$ 182,552</u>	<u>\$ 115,001</u>	<u>\$ 353,303</u>	<u>\$ 260,845</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 per share and FFO per share	56,935	56,661	51,332	56,798	50,884
Effect of dilutive securities:					
Convertible debt	1,958	1,942	6,000	1,950	6,894
Employee equity awards	563	566	320	612	414
Shares used in computing diluted FFO per share	<u>59,456</u>	<u>59,169</u>	<u>57,652</u>	<u>59,360</u>	<u>58,192</u>

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

AFFO, basic	\$ 221,388	\$ 221,756	\$ 187,597	\$ 443,144	\$ 360,341
Interest on convertible debt	1,557	1,554	2,271	3,111	4,899
AFFO, diluted	<u>\$ 222,945</u>	<u>\$ 223,310</u>	<u>\$ 189,868</u>	<u>\$ 446,255</u>	<u>\$ 365,240</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 per share and AFFO per share	56,935	56,661	51,332	56,798	50,884
Effect of dilutive securities:					
Convertible debt	1,958	1,942	6,000	1,950	6,894
Employee equity awards	563	566	320	612	414
Shares used in computing diluted AFFO per share	<u>59,456</u>	<u>59,169</u>	<u>57,652</u>	<u>59,360</u>	<u>58,192</u>