

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

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Recurring revenues	\$ 517,049	\$ 502,470	\$ 462,829	\$ 1,514,790	\$ 1,317,505
Non-recurring revenues	23,474	23,199	25,901	70,857	71,719
Revenues	540,523	525,669	488,730	1,585,647	1,389,224
Cost of revenues	273,012	267,693	251,487	799,973	693,874
Gross profit	267,511	257,976	237,243	785,674	695,350
Operating expenses:					
Sales and marketing	61,619	59,478	53,211	179,373	147,224
General and administrative	96,874	88,632	83,621	275,191	242,532
Restructuring charges	-	(4,837)	-	(4,837)	-
Acquisition costs	438	2,526	4,542	6,626	6,883
Total operating expenses	158,931	145,799	141,374	456,353	396,639
Income from operations	108,580	112,177	95,869	329,321	298,711
Interest and other income (expense):					
Interest income	929	917	1,054	2,593	2,708
Interest expense	(61,957)	(61,001)	(50,207)	(183,289)	(149,812)
Loss on debt extinguishment	-	(93,602)	(5,204)	(93,602)	(5,204)
Other income (expense)	985	2,768	507	3,294	(1,491)
Total interest and other, net	(60,043)	(150,918)	(53,850)	(271,004)	(153,799)
Income (loss) from continuing operations before income taxes	48,537	(38,741)	42,019	58,317	144,912
Income tax benefit (expense)	(11,680)	10,612	(13,498)	(13,266)	(44,489)
Net income (loss) from continuing operations	36,857	(28,129)	28,521	45,051	100,423
Net income from discontinued operations, net of tax	-	-	679	-	1,228
Net income (loss)	36,857	(28,129)	29,200	45,051	101,651
Net income attributable to redeemable non-controlling interests	(281)	(529)	(362)	(1,251)	(1,843)
Net income (loss) attributable to Equinix	\$ 36,576	\$ (28,658)	\$ 28,838	\$ 43,800	\$ 99,808
Net income (loss) per share attributable to Equinix:					
Basic net income (loss) per share from continuing operations	\$ 0.74	\$ (0.58)	\$ 0.58	\$ 0.89	\$ 2.06
Basic net income per share from discontinued operations	-	-	0.02	-	0.03
Basic net income (loss) per share (1)	<u>\$ 0.74</u>	<u>\$ (0.58)</u>	<u>\$ 0.60</u>	<u>\$ 0.89</u>	<u>\$ 2.09</u>
Diluted net income (loss) per share from continuing operations	\$ 0.72	\$ (0.58)	\$ 0.57	\$ 0.88	\$ 2.01
Diluted net income per share from discontinued operations	-	-	0.01	-	0.02
Diluted net income (loss) per share (2)	<u>\$ 0.72</u>	<u>\$ (0.58)</u>	<u>\$ 0.58</u>	<u>\$ 0.88</u>	<u>\$ 2.03</u>
Shares used in computing basic net income (loss) per share	49,555	49,379	48,361	49,325	47,779
Shares used in computing diluted net income (loss) per share	53,581	49,379	52,655	50,050	51,724

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

Net income (loss) from continuing operations	\$ 36,857	\$ (28,129)	\$ 28,521	\$ 45,051	\$ 100,423
Net income attributable to non-controlling interests	(281)	(529)	(362)	(1,251)	(1,843)
Net income (loss) from continuing operations attributable to Equinix, basic	36,576	(28,658)	28,159	43,800	98,580
Net income from discontinued operations	-	-	679	-	1,228
Net income (loss) attributable to Equinix, basic	<u>\$ 36,576</u>	<u>\$ (28,658)</u>	<u>\$ 28,838</u>	<u>\$ 43,800</u>	<u>\$ 99,808</u>

(2) The net income (loss) used in the computation of diluted net income per share attributable to Equinix is presented below:

Net income (loss) from continuing operations attributable to Equinix, basic	\$ 36,576	\$ (28,658)	\$ 28,159	\$ 43,800	\$ 98,580
Interest on convertible debt	1,865	-	1,696	-	5,073
Net income (loss) from continuing operations attributable to Equinix, diluted	38,441	(28,658)	29,855	43,800	103,653
Net income from discontinued operations	-	-	679	-	1,228
Net income (loss) attributable to Equinix, diluted	<u>\$ 38,441</u>	<u>\$ (28,658)</u>	<u>\$ 30,534</u>	<u>\$ 43,800</u>	<u>\$ 104,881</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Net income (loss)	\$ 36,857	\$ (28,129)	\$ 29,200	\$ 45,051	\$ 101,651
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	78,113	(30,666)	41,782	(25,107)	26,887
Unrealized gain (loss) on available for sale securities	438	(458)	113	78	14
Other comprehensive loss, net of tax:	<u>78,551</u>	<u>(31,124)</u>	<u>41,895</u>	<u>(25,029)</u>	<u>26,901</u>
Comprehensive income (loss), net of tax	<u>115,408</u>	<u>(59,253)</u>	<u>71,095</u>	<u>20,022</u>	<u>128,552</u>
Net income attributable to redeemable non-controlling interests	(281)	(529)	(362)	(1,251)	(1,843)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	<u>(200)</u>	<u>5,309</u>	<u>240</u>	<u>4,340</u>	<u>3,155</u>
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ 114,927</u>	<u>\$ (54,473)</u>	<u>\$ 70,973</u>	<u>\$ 23,111</u>	<u>\$ 129,864</u>

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

Assets	September 30, 2013	December 31, 2012
	2013	2012
Cash and cash equivalents	\$ 399,742	\$ 252,213
Short-term investments	346,038	166,492
Accounts receivable, net	200,480	163,840
Other current assets	59,008	57,206
Total current assets	1,005,268	639,751
Long-term investments	442,195	127,819
Property, plant and equipment, net	4,381,020	3,918,999
Goodwill	1,036,179	1,042,564
Intangible assets, net	182,345	201,562
Other assets	337,702	202,269
Total assets	\$ 7,384,709	\$ 6,132,964
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 299,135	\$ 268,853
Accrued property and equipment	91,468	63,509
Current portion of capital lease and other financing obligations	16,979	15,206
Current portion of loans payable	40,185	52,160
Other current liabilities	123,022	139,561
Total current liabilities	570,789	539,289
Capital lease and other financing obligations, less current portion	862,410	545,853
Loans payable, less current portion	156,787	188,802
Senior notes	2,250,000	1,500,000
Convertible debt	720,215	708,726
Other liabilities	255,452	230,843
Total liabilities	4,815,653	3,713,513
Redeemable non-controlling interests	101,059	84,178
Common stock	50	49
Additional paid-in capital	2,692,210	2,583,371
Treasury stock	(35,903)	(36,676)
Accumulated other comprehensive loss	(121,731)	(101,042)
Accumulated deficit	(66,629)	(110,429)
Total stockholders' equity	2,467,997	2,335,273
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,384,709	\$ 6,132,964

Ending headcount by geographic region is as follows:

Americas headcount	1,976	1,821
EMEA headcount	898	811
Asia-Pacific headcount	612	521
Total headcount	3,486	3,153

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

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Capital lease and other financing obligations	<u>\$ 879,389</u>	<u>\$ 561,059</u>
U.S. term loan	150,000	180,000
ALOG financing	46,792	48,807
Paris 4 IBX financing	115	8,071
Other loans payable	65	4,084
Total loans payable	<u>196,972</u>	<u>240,962</u>
Senior notes	<u>2,250,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	720,215	708,726
Plus debt discount	49,495	60,990
Total convertible debt principal	<u>769,710</u>	<u>769,716</u>
Total debt outstanding	<u><u>\$ 4,096,071</u></u>	<u><u>\$ 3,071,737</u></u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Cash flows from operating activities:					
Net income (loss)	\$ 36,857	\$ (28,129)	\$ 29,200	\$ 45,051	\$ 101,651
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	108,940	110,117	107,623	327,588	298,489
Stock-based compensation	27,280	24,194	22,582	74,177	62,234
Debt issuance costs and debt discount	5,965	5,884	5,048	17,602	18,057
Loss on debt extinguishment	-	93,602	5,204	93,602	5,204
Restructuring charges	-	(4,837)	-	(4,837)	-
Excess tax benefits from employee equity awards	(4,951)	(3,431)	(53,174)	(27,372)	(53,174)
Other reconciling items	5,498	3,949	2,205	12,532	6,046
Changes in operating assets and liabilities:					
Accounts receivable	2,633	(19,098)	(12,359)	(41,128)	(46,900)
Income taxes, net	3,271	(74,153)	1,375	(72,491)	24,597
Accounts payable and accrued expenses	17,003	28,392	14,966	17,399	5,079
Other assets and liabilities	4,066	10,669	(20,518)	(4,221)	1,644
Net cash provided by operating activities	206,562	147,159	102,152	437,902	422,927
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(89,219)	(175,593)	(111,574)	(497,777)	514,413
Purchase of New York IBX data center	(70,481)	(2,960)	-	(73,441)	-
Purchase of Asia Tone, less cash acquired	862	-	(188,798)	755	(188,798)
Purchase of ancotel, less cash acquired	-	-	(84,236)	-	(84,236)
Purchases of real estate	(2,244)	-	-	(2,244)	-
Purchases of other property, plant and equipment	(171,035)	(122,863)	(212,118)	(369,565)	(554,092)
Other investing activities	1,159	838,963	(133)	6,321	79,167
Net cash provided by (used in) investing activities	(330,958)	537,547	(596,859)	(935,951)	(233,546)
Cash flows from financing activities:					
Purchases of treasury stock	-	-	-	-	(13,364)
Proceeds from employee equity awards	12,202	1,512	13,666	28,082	50,139
Proceeds from loans payable	1,734	-	249,633	1,734	258,542
Proceeds from senior notes	-	-	-	1,500,000	-
Repayment of capital lease and other financing obligations	(4,553)	(4,157)	(3,049)	(12,226)	(8,907)
Repayment of loans payable	(10,113)	(18,139)	(238,480)	(42,304)	(315,779)
Repayment of senior notes	-	(750,000)	-	(750,000)	-
Repayment of convertible debt	-	-	-	-	(250,007)
Debt extinguishment costs	(3,750)	(80,925)	-	(84,675)	-
Excess tax benefits from employee equity awards	4,951	3,431	53,174	27,372	53,174
Other financing activities	(1,649)	(1,756)	(1,247)	(22,435)	(8,767)
Net cash provided by (used in) financing activities	(1,178)	(850,034)	73,697	645,548	(234,969)
Effect of foreign currency exchange rates on cash and cash equivalents	7,820	(2,195)	6,601	30	6,452
Net increase (decrease) in cash and cash equivalents	(117,754)	(167,523)	(414,409)	147,529	(39,136)
Cash and cash equivalents at beginning of period	517,496	685,019	654,096	252,213	278,823
Cash and cash equivalents at end of period	\$ 399,742	\$ 517,496	\$ 239,687	\$ 399,742	\$ 239,687
Supplemental cash flow information:					
Cash paid for taxes	\$ 9,882	\$ 62,818	\$ 12,813	\$ 86,736	\$ 19,578
Cash paid for interest	\$ 38,319	\$ 29,664	\$ 65,616	\$ 135,958	\$ 157,917
Free cash flow (1)	\$ (35,177)	\$ 860,299	\$ (383,133)	\$ (272)	\$ (325,032)
Adjusted free cash flow (2)	\$ 50,855	\$ 923,876	\$ (56,925)	\$ 174,225	\$ 1,176
Ongoing capital expenditures (3)	\$ 41,064	\$ 40,210	\$ 37,593	\$ 115,271	\$ 113,592
Discretionary free cash flow (4)	\$ 165,498	\$ 106,949	\$ 64,559	\$ 322,631	\$ 309,335
Adjusted discretionary free cash flow (5)	\$ 179,667	\$ 167,566	\$ 117,733	\$ 422,198	\$ 362,509
(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	\$ 206,562	\$ 147,159	\$ 102,152	\$ 437,902	\$ 422,927
Net cash provided by (used in) investing activities as presented above	(330,958)	537,547	(596,859)	(935,951)	(233,546)
Purchases, sales and maturities of investments, net	89,219	175,593	111,574	497,777	(514,413)
Free cash flow (negative free cash flow)	\$ (35,177)	\$ 860,299	\$ (383,133)	\$ (272)	\$ (325,032)

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
(2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases of real estate, acquisitions, sales of discontinued operations, 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)	\$ (35,177)	\$ 860,299	\$ (383,133)	\$ (272)	\$ (325,032)
Less purchase of New York IBX data center	70,481	2,960	-	73,441	-
Less purchase of Asia Tone, less cash acquired	(862)	-	188,798	(755)	188,798
Less purchase of ancotel, less cash acquired	-	-	84,236	-	84,236
Less purchases of real estate	2,244	-	-	2,244	-
Less excess tax benefits from employee equity awards	4,951	3,431	53,174	27,372	53,174
Less cash paid for taxes resulting from the planned REIT conversion	805	53,570	-	58,109	-
Less costs related to the planned REIT conversion	8,413	3,616	-	14,086	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ 50,855</u>	<u>\$ 923,876</u>	<u>\$ (56,925)</u>	<u>\$ 174,225</u>	<u>\$ 1,176</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	\$ 805	\$ 53,570	\$ -	\$ 58,109	\$ -
Other cash taxes paid	9,077	9,248	12,813	28,627	19,578
Total cash paid for taxes	<u>\$ 9,882</u>	<u>\$ 62,818</u>	<u>\$ 12,813</u>	<u>\$ 86,736</u>	<u>\$ 19,578</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	\$ 41,064	\$ 40,210	\$ 37,593	\$ 115,271	\$ 113,592
Expansion capital expenditures	129,971	82,653	174,525	254,294	440,500
Total capital expenditures	<u>\$ 171,035</u>	<u>\$ 122,863</u>	<u>\$ 212,118</u>	<u>\$ 369,565</u>	<u>\$ 554,092</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	\$ 206,562	\$ 147,159	\$ 102,152	\$ 437,902	\$ 422,927
Less ongoing capital expenditures	(41,064)	(40,210)	(37,593)	(115,271)	(113,592)
Discretionary free cash flow	<u>\$ 165,498</u>	<u>\$ 106,949</u>	<u>\$ 64,559</u>	<u>\$ 322,631</u>	<u>\$ 309,335</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	\$ 165,498	\$ 106,949	\$ 64,559	\$ 322,631	\$ 309,335
Excess tax benefits from employee equity awards	4,951	3,431	53,174	27,372	53,174
Cash paid for taxes resulting from the planned REIT conversion	805	53,570	-	58,109	-
Costs related to the planned REIT conversion	8,413	3,616	-	14,086	-
Adjusted discretionary free cash flow	<u>\$ 179,667</u>	<u>\$ 167,566</u>	<u>\$ 117,733</u>	<u>\$ 422,198</u>	<u>\$ 362,509</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Recurring revenues	\$ 517,049	\$ 502,470	\$ 462,829	\$ 1,514,790	\$ 1,317,505
Non-recurring revenues	23,474	23,199	25,901	70,857	71,719
Revenues (1)	540,523	525,669	488,730	1,585,647	1,389,224
Cash cost of revenues (2)	174,758	169,077	158,038	506,594	436,410
Cash gross profit (3)	365,765	356,592	330,692	1,079,053	952,814
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	48,172	46,430	42,120	140,882	118,928
Cash general and administrative expenses (6)	72,355	65,985	60,274	205,296	177,512
Total cash operating expenses (7)	120,527	112,415	102,394	346,178	296,440
Adjusted EBITDA (8)	\$ 245,238	\$ 244,177	\$ 228,298	\$ 732,875	\$ 656,374
Cash gross margins (9)	68%	68%	68%	68%	69%
Adjusted EBITDA margins (10)	45%	46%	47%	46%	47%
Adjusted EBITDA flow-through rate (11)	7%	12%	34%	36%	57%

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

Americas Revenues:

Colocation	\$ 230,827	\$ 226,536	\$ 213,011	\$ 680,928	\$ 626,685
Interconnection	61,984	59,800	54,943	179,990	159,730
Managed infrastructure	13,307	13,977	12,424	40,900	38,924
Rental	818	445	469	1,723	1,353
Recurring revenues	306,936	300,758	280,847	903,541	826,692
Non-recurring revenues	11,213	11,685	13,034	35,605	34,439
Revenues	318,149	312,443	293,881	939,146	861,131

EMEA Revenues:

Colocation	109,742	103,916	91,512	314,190	263,283
Interconnection	9,234	8,854	7,188	26,469	15,204
Managed infrastructure	6,216	5,734	5,112	16,199	11,788
Rental	116	138	314	374	994
Recurring revenues	125,308	118,642	104,126	357,232	291,269
Non-recurring revenues	7,596	6,970	7,832	21,578	24,722
Revenues	132,904	125,612	111,958	378,810	315,991

Asia-Pacific Revenues:

Colocation	69,080	67,881	63,204	207,975	159,972
Interconnection	10,433	9,699	8,550	29,536	23,664
Managed infrastructure	5,292	5,490	6,102	16,506	15,908
Recurring revenues	84,805	83,070	77,856	254,017	199,544
Non-recurring revenues	4,665	4,544	5,035	13,674	12,558
Revenues	89,470	87,614	82,891	267,691	212,102

Worldwide Revenues:

Colocation	409,649	398,333	367,727	1,203,093	1,049,940
Interconnection	81,651	78,353	70,681	235,995	198,598
Managed infrastructure	24,815	25,201	23,638	73,605	66,620
Rental	934	583	783	2,097	2,347
Recurring revenues	517,049	502,470	462,829	1,514,790	1,317,505
Non-recurring revenues	23,474	23,199	25,901	70,857	71,719
Revenues	\$ 540,523	\$ 525,669	\$ 488,730	\$ 1,585,647	\$ 1,389,224

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012

- (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	\$ 273,012	\$ 267,693	\$ 251,487	\$ 799,973	\$ 693,874
Depreciation, amortization and accretion expense	(95,984)	(96,822)	(91,723)	(287,713)	(252,887)
Stock-based compensation expense	(2,270)	(1,794)	(1,726)	(5,666)	(4,577)
Cash cost of revenues	<u>\$ 174,758</u>	<u>\$ 169,077</u>	<u>\$ 158,038</u>	<u>\$ 506,594</u>	<u>\$ 436,410</u>

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

Americas cash cost of revenues	\$ 93,529	\$ 90,546	\$ 85,384	\$ 272,548	\$ 245,931
EMEA cash cost of revenues	47,925	47,304	42,615	138,858	115,360
Asia-Pacific cash cost of revenues	33,304	31,227	30,039	95,188	75,119
Cash cost of revenues	<u>\$ 174,758</u>	<u>\$ 169,077</u>	<u>\$ 158,038</u>	<u>\$ 506,594</u>	<u>\$ 436,410</u>

- (3) We define cash gross profit as revenues less cash cost of revenues (as defined above).
- (4) We define cash operating expenses as operating expenses less depreciation, amortization, stock-based compensation, restructuring charges 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	\$ 61,619	\$ 59,478	\$ 53,211	\$ 179,373	\$ 147,224
Depreciation and amortization expense	(6,197)	(6,223)	(6,296)	(18,695)	(14,791)
Stock-based compensation expense	(7,250)	(6,825)	(4,795)	(19,796)	(13,505)
Cash sales and marketing expenses	<u>\$ 48,172</u>	<u>\$ 46,430</u>	<u>\$ 42,120</u>	<u>\$ 140,882</u>	<u>\$ 118,928</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	\$ 96,874	\$ 88,632	\$ 83,621	\$ 275,191	\$ 242,532
Depreciation and amortization expense	(6,759)	(7,072)	(7,431)	(21,180)	(21,196)
Stock-based compensation expense	(17,760)	(15,575)	(15,916)	(48,715)	(43,824)
Cash general and administrative expenses	<u>\$ 72,355</u>	<u>\$ 65,985</u>	<u>\$ 60,274</u>	<u>\$ 205,296</u>	<u>\$ 177,512</u>

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

Cash sales and marketing expenses	\$ 48,172	\$ 46,430	\$ 42,120	\$ 140,882	\$ 118,928
Cash general and administrative expenses	72,355	65,985	60,274	205,296	177,512
Cash SG&A	<u>\$ 120,527</u>	<u>\$ 112,415</u>	<u>\$ 102,394</u>	<u>\$ 346,178</u>	<u>\$ 296,440</u>

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

Americas cash SG&A	\$ 76,226	\$ 69,287	\$ 67,136	\$ 219,064	\$ 199,759
EMEA cash SG&A	28,191	29,016	22,818	84,818	62,017
Asia-Pacific cash SG&A	16,110	14,112	12,440	42,296	34,664
Cash SG&A	<u>\$ 120,527</u>	<u>\$ 112,415</u>	<u>\$ 102,394</u>	<u>\$ 346,178</u>	<u>\$ 296,440</u>

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

Income from continuing operations	\$ 108,580	\$ 112,177	\$ 95,869	\$ 329,321	\$ 298,711
Depreciation, amortization and accretion expense	108,940	110,117	105,450	327,588	288,874
Stock-based compensation expense	27,280	24,194	22,437	74,177	61,906
Restructuring charges	-	(4,837)	-	(4,837)	-
Acquisition costs	438	2,526	4,542	6,626	6,883
Adjusted EBITDA	<u>\$ 245,238</u>	<u>\$ 244,177</u>	<u>\$ 228,298</u>	<u>\$ 732,875</u>	<u>\$ 656,374</u>

	Three Months Ended			Nine Months Ended	
	September 30, 2013	June 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
The geographic split of our adjusted EBITDA is presented below:					
Americas income from continuing operations	\$ 65,375	\$ 72,064	\$ 63,740	\$ 200,036	\$ 191,978
Americas depreciation, amortization and accretion expense	62,345	65,077	60,322	190,646	175,630
Americas stock-based compensation expense	20,591	18,168	17,299	56,070	47,924
Americas restructuring charges	-	(4,837)	-	(4,837)	-
Americas acquisition costs	83	2,138	-	5,619	(91)
Americas adjusted EBITDA	<u>148,394</u>	<u>152,610</u>	<u>141,361</u>	<u>447,534</u>	<u>415,441</u>
EMEA income from continuing operations	28,334	22,414	20,565	73,611	70,806
EMEA depreciation, amortization and accretion expense	24,503	23,424	22,054	70,998	57,695
EMEA stock-based compensation expense	3,596	3,065	2,900	9,699	7,737
EMEA acquisition costs	355	389	1,006	826	2,376
EMEA adjusted EBITDA	<u>56,788</u>	<u>49,292</u>	<u>46,525</u>	<u>155,134</u>	<u>138,614</u>
Asia-Pacific income from continuing operations	14,871	17,699	11,564	55,674	35,927
Asia-Pacific depreciation, amortization and accretion expense	22,092	21,616	23,074	65,944	55,549
Asia-Pacific stock-based compensation expense	3,093	2,961	2,238	8,408	6,245
Asia-Pacific acquisition costs	-	(1)	3,536	181	4,598
Asia-Pacific adjusted EBITDA	<u>40,056</u>	<u>42,275</u>	<u>40,412</u>	<u>130,207</u>	<u>102,319</u>
Adjusted EBITDA	<u>\$ 245,238</u>	<u>\$ 244,177</u>	<u>\$ 228,298</u>	<u>\$ 732,875</u>	<u>\$ 656,374</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>71%</u>	<u>71%</u>	<u>71%</u>	<u>71%</u>	<u>71%</u>
EMEA cash gross margins	<u>64%</u>	<u>62%</u>	<u>62%</u>	<u>63%</u>	<u>63%</u>
Asia-Pacific cash gross margins	<u>63%</u>	<u>64%</u>	<u>64%</u>	<u>64%</u>	<u>65%</u>

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

Americas adjusted EBITDA margins	<u>47%</u>	<u>49%</u>	<u>48%</u>	<u>48%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>43%</u>	<u>39%</u>	<u>42%</u>	<u>41%</u>	<u>44%</u>
Asia-Pacific adjusted EBITDA margins	<u>45%</u>	<u>48%</u>	<u>49%</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	\$ 245,238	\$ 244,177	\$ 228,298	\$ 732,875	\$ 656,374
Less adjusted EBITDA - prior period	(244,177)	(243,460)	(217,480)	(685,061)	(558,044)
Adjusted EBITDA growth	<u>\$ 1,061</u>	<u>\$ 717</u>	<u>\$ 10,818</u>	<u>\$ 47,814</u>	<u>\$ 98,330</u>
Revenues - current period	\$ 540,523	\$ 525,669	\$ 488,730	\$ 1,585,647	\$ 1,389,224
Less revenues - prior period	(525,669)	(519,455)	(457,249)	(1,452,499)	(1,215,835)
Revenue growth	<u>\$ 14,854</u>	<u>\$ 6,214</u>	<u>\$ 31,481</u>	<u>\$ 133,148</u>	<u>\$ 173,389</u>
Adjusted EBITDA flow-through rate	<u>7%</u>	<u>12%</u>	<u>34%</u>	<u>36%</u>	<u>57%</u>