

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Recurring revenues	\$ 797,094	\$ 686,072	\$ 609,657
Non-recurring revenues	47,062	44,390	33,517
Revenues	844,156	730,462	643,174
Cost of revenues	427,680	351,968	298,313
Gross profit	416,476	378,494	344,861
Operating expenses:			
Sales and marketing	106,590	88,439	78,616
General and administrative	165,904	136,829	113,640
Acquisition costs	36,536	17,349	1,156
Gains on asset sales	(5,242)	-	-
Total operating expenses	303,788	242,617	193,412
Income from continuing operations	112,688	135,877	151,449
Interest and other income (expense):			
Interest income	925	1,206	520
Interest expense	(100,863)	(79,499)	(68,791)
Loss on debt extinguishment	-	(289)	-
Other expense	(60,710)	(48,617)	(514)
Total interest and other, net	(160,648)	(127,199)	(68,785)
Income (loss) from continuing operations before income taxes	(47,960)	8,678	82,664
Income tax benefit (expense)	10,633	2,053	(6,212)
Net income (loss) from continuing operations	(37,327)	10,731	76,452
Net income from discontinued operations, net of tax	6,216	-	-
Net income (loss)	\$ (31,111)	\$ 10,731	\$ 76,452
Net income (loss) per share:			
Basic net income (loss) per share from continuing operations	\$ (0.55)	\$ 0.18	\$ 1.35
Basic net income (loss) per share from discontinued operations	0.09	-	-
Basic net income (loss) per share	\$ (0.46)	\$ 0.18	\$ 1.35
Diluted net income (loss) per share from continuing operations	\$ (0.55)	\$ 0.18	\$ 1.34
Diluted net income (loss) per share from discontinued operations	0.09	-	-
Diluted net income (loss) per share	\$ (0.46)	\$ 0.18	\$ 1.34
Shares used in computing basic net income (loss) per share	68,132	60,393	56,661
Shares used in computing diluted net income (loss) per share	68,132	60,943	57,227

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Net income (loss)	\$ (31,111)	\$ 10,731	\$ 76,452
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment ("CTA") gain (loss)	111,415	(37,217)	(146,311)
Unrealized gain (loss) on available-for-sale securities	(304)	(139)	103
Unrealized gain (loss) on cash flow hedges	(6,784)	4,975	10,556
Net investment hedge CTA gain (loss)	(11,828)	10,447	-
Net actuarial gain on defined benefit plans	6	887	59
Other comprehensive income (loss), net of tax:	<u>92,505</u>	<u>(21,047)</u>	<u>(135,593)</u>
Comprehensive income (loss), net of tax	<u>61,394</u>	<u>(10,316)</u>	<u>(59,141)</u>

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

Assets	March 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 633,758	\$ 2,228,838
Short-term investments	12,353	12,875
Accounts receivable, net	326,440	291,964
Current portion of restricted cash	3,420	479,417
Other current assets	236,466	212,929
Assets held for sale	955,904	33,257
Total current assets	2,168,341	3,259,280
Long-term investments	3,969	4,584
Property, plant and equipment, net	6,888,232	5,606,436
Goodwill	3,336,968	1,063,200
Intangible assets, net	867,536	224,565
Other assets	230,789	198,630
Total assets	\$ 13,495,835	\$ 10,356,695
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 475,343	\$ 400,948
Accrued property and equipment	124,684	103,107
Current portion of capital lease and other financing obligations	48,325	40,121
Current portion of mortgage and loans payable	487,065	770,236
Current portion of convertible debt	148,282	146,121
Other current liabilities	171,925	192,286
Liabilities held for sale	124,571	3,535
Total current liabilities	1,580,195	1,656,354
Capital lease and other financing obligations, less current portion	1,552,145	1,287,139
Mortgage and loans payable, less current portion	1,139,807	472,769
Senior notes	3,806,167	3,804,634
Other liabilities	598,416	390,413
Total liabilities	8,676,730	7,611,309
Common stock	69	62
Additional paid-in capital	6,973,460	4,838,444
Treasury stock	(6,635)	(7,373)
Accumulated dividends	(1,591,908)	(1,468,472)
Accumulated other comprehensive loss	(416,554)	(509,059)
Accumulated deficit	(139,327)	(108,216)
Total stockholders' equity	4,819,105	2,745,386
Total liabilities and stockholders' equity	\$ 13,495,835	\$ 10,356,695

Ending headcount by geographic region is as follows:

Americas headcount	2,371	2,329
EMEA headcount	2,019	1,188
Asia-Pacific headcount	1,326	1,525
Total headcount	5,716	5,042

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

	<u>March 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Capital lease and other financing obligations	\$ 1,600,470	\$ 1,327,260
Term loan, net of debt discount and debt issuance costs	1,124,490	454,503
Brazil financings, net of debt issuance costs	28,473	26,668
Mortgage payable and other loans payable	473,909	436,212
Revolving credit facility borrowings	-	325,622
Plus: debt discount, debt issuance costs and premium, net	13,830	694
Total mortgage and loans payable principal	<u>1,640,702</u>	<u>1,243,699</u>
Senior notes, net of debt issuance costs	3,806,167	3,804,634
Plus: debt issuance costs	43,833	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	148,282	146,121
Plus: debt discount and debt issuance costs	1,800	3,961
Total convertible debt principal	<u>150,082</u>	<u>150,082</u>
Total debt principal outstanding	<u>\$ 7,241,254</u>	<u>\$ 6,571,041</u>

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Cash flows from operating activities:			
Net income (loss)	\$ (31,111)	\$ 10,731	\$ 76,452
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, amortization and accretion	202,153	144,861	122,530
Stock-based compensation	34,061	33,868	30,613
Amortization of debt issuance costs and debt discounts	5,508	4,493	3,774
Gains on asset sales	(5,242)	-	-
Other items	4,871	5,741	4,162
Changes in operating assets and liabilities:			
Accounts receivable	(11,312)	(2,581)	(30,791)
Income taxes, net	(28,656)	(25,056)	(12,555)
Accounts payable and accrued expenses	(40,217)	33,906	29,693
Other assets and liabilities	(25,785)	29,155	8,933
Net cash provided by operating activities	104,270	235,118	232,811
Cash flows from investing activities:			
Purchases, sales and maturities of investments, net	3,419	(9,369)	(4,706)
Business acquisitions, net of cash acquired	(1,601,627)	(235,306)	(10,247)
Purchases of real estate	(16,408)	-	(38,282)
Purchases of other property, plant and equipment	(197,700)	(280,612)	(150,120)
Proceeds from asset sales	22,825	-	-
Other investing activities	466,704	(3,709)	3,521
Net cash used in investing activities	(1,322,787)	(528,996)	(199,834)
Cash flows from financing activities:			
Proceeds from employee equity awards	16,304	185	16,384
Payment of dividend distributions	(124,836)	(230,452)	(96,619)
Proceeds from public offering of common stock, net of issuance costs	-	829,496	-
Proceeds from loans payable	701,250	707,108	-
Proceeds from senior notes	-	1,100,000	-
Repayment of capital lease and other financing obligations	(33,232)	(8,450)	(5,296)
Repayment of mortgage and loans payable	(936,353)	(185,823)	(13,361)
Other financing activities	499	(19,114)	98
Net cash provided by (used in) financing activities	(376,368)	2,192,950	(98,794)
Effect of foreign currency exchange rates on cash and cash equivalents	(195)	(5,703)	(8,391)
Net increase (decrease) in cash and cash equivalents	(1,595,080)	1,893,369	(74,208)
Cash and cash equivalents at beginning of period	2,228,838	335,469	610,917
Cash and cash equivalents at end of period	\$ 633,758	\$ 2,228,838	\$ 536,709
Supplemental cash flow information:			
Cash paid for taxes	\$ 19,215	\$ 29,165	\$ 14,538
Cash paid for interest	\$ 74,540	\$ 73,044	\$ 23,976
Free cash flow (1)	\$ (1,221,936)	\$ (284,509)	\$ 37,683
Adjusted free cash flow (2)	\$ 396,663	\$ (33,081)	\$ 87,666

(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	\$ 104,270	\$ 235,118	\$ 232,811
Net cash used in investing activities as presented above	(1,322,787)	(528,996)	(199,834)
Purchases, sales and maturities of investments, net	(3,419)	9,369	4,706
Free cash flow (negative free cash flow)	\$ (1,221,936)	\$ (284,509)	\$ 37,683

(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)	\$ (1,221,936)	\$ (284,509)	\$ 37,683
Less business acquisitions, net of cash	1,601,627	235,306	10,247
Less purchases of real estate	16,408	-	38,282
Less excess tax benefits from employee equity awards	564	(1,633)	708
Less cash paid for taxes resulting from the REIT conversion	-	17,306	-
Less costs related to the REIT conversion	-	449	746
Adjusted free cash flow	\$ 396,663	\$ (33,081)	\$ 87,666

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	\$ -	\$ 17,306	\$ -
Other cash taxes paid	19,215	11,859	14,538
Total cash paid for taxes	\$ 19,215	\$ 29,165	\$ 14,538

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

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Recurring revenues	\$ 797,094	\$ 686,072	\$ 609,657
Non-recurring revenues	47,062	44,390	33,517
Revenues (1)	844,156	730,462	643,174
Cash cost of revenues (2)	271,100	227,956	192,130
Cash gross profit (3)	573,056	502,506	451,044
Cash operating expenses (4):			
Cash sales and marketing expenses (5)	79,692	72,069	63,820
Cash general and administrative expenses (6)	112,714	97,292	81,476
Total cash operating expenses (7)	192,406	169,361	145,296
Adjusted EBITDA (8)	\$ 380,650	\$ 333,145	\$ 305,748
Cash gross margins (9)	68%	69%	70%
Adjusted EBITDA margins (10)	45%	46%	48%
Adjusted EBITDA flow-through rate (11)	42%	27%	225%
FFO (12)	\$ 115,875	\$ 131,483	\$ 179,190
AFFO (13)	\$ 209,846	\$ 178,293	\$ 221,756
Basic FFO per share (14)	\$ 1.70	\$ 2.18	\$ 3.16
Diluted FFO per share (14)	\$ 1.68	\$ 2.14	\$ 3.09
Basic AFFO per share (15)	\$ 3.08	\$ 2.95	\$ 3.91
Diluted AFFO per share (15)	\$ 2.98	\$ 2.85	\$ 3.77

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

Americas Revenues:

Colocation	\$ 282,321	\$ 275,779	\$ 257,932
Interconnection	85,936	83,168	75,086
Managed infrastructure	11,170	10,974	13,295
Other	729	817	741
Recurring revenues	380,156	370,738	347,054
Non-recurring revenues	24,238	23,751	16,915
Revenues	404,394	394,489	363,969

EMEA Revenues:

Colocation	214,178	146,879	132,735
Interconnection	19,700	16,775	13,048
Managed infrastructure	18,560	7,619	5,783
Other	943	862	1,858
Recurring revenues	253,381	172,135	153,424
Non-recurring revenues	14,475	10,519	11,199
Revenues	267,856	182,654	164,623

Asia-Pacific Revenues:

Colocation	123,394	112,498	90,878
Interconnection	21,569	18,979	13,524
Managed infrastructure	15,006	9,447	4,777
Other	3,588	2,275	-
Recurring revenues	163,557	143,199	109,179
Non-recurring revenues	8,349	10,120	5,403
Revenues	171,906	153,319	114,582

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<i>Worldwide Revenues:</i>			
Colocation	619,893	535,156	481,545
Interconnection	127,205	118,922	101,658
Managed infrastructure	44,736	28,040	23,855
Other	5,260	3,954	2,599
Recurring revenues	797,094	686,072	609,657
Non-recurring revenues	47,062	44,390	33,517
Revenues	<u>\$ 844,156</u>	<u>\$ 730,462</u>	<u>\$ 643,174</u>

- (2) We define cash cost of revenues as cost of revenues less depreciation, amortization, accretion and stock-based compensation as presented below:

Cost of revenues	\$ 427,680	\$ 351,968	\$ 298,313
Depreciation, amortization and accretion expense	(153,583)	(121,505)	(103,877)
Stock-based compensation expense	(2,997)	(2,507)	(2,306)
Cash cost of revenues	<u>\$ 271,100</u>	<u>\$ 227,956</u>	<u>\$ 192,130</u>

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

Americas cash cost of revenues	\$ 109,020	\$ 107,640	\$ 95,162
EMEA cash cost of revenues	101,509	64,089	58,494
Asia-Pacific cash cost of revenues	60,571	56,227	38,474
Cash cost of revenues	<u>\$ 271,100</u>	<u>\$ 227,956</u>	<u>\$ 192,130</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	\$ 106,590	\$ 88,439	\$ 78,616
Depreciation and amortization expense	(17,127)	(7,329)	(6,085)
Stock-based compensation expense	(9,771)	(9,041)	(8,711)
Cash sales and marketing expenses	<u>\$ 79,692</u>	<u>\$ 72,069</u>	<u>\$ 63,820</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	\$ 165,904	\$ 136,829	\$ 113,640
Depreciation and amortization expense	(31,443)	(16,027)	(12,568)
Stock-based compensation expense	(21,747)	(23,510)	(19,596)
Cash general and administrative expenses	<u>\$ 112,714</u>	<u>\$ 97,292</u>	<u>\$ 81,476</u>

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

Cash sales and marketing expenses	\$ 79,692	\$ 72,069	\$ 63,820
Cash general and administrative expenses	112,714	97,292	81,476
Cash SG&A	<u>\$ 192,406</u>	<u>\$ 169,361</u>	<u>\$ 145,296</u>

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

Americas cash SG&A	\$ 110,914	\$ 106,035	\$ 96,073
EMEA cash SG&A	54,858	36,971	30,098
Asia-Pacific cash SG&A	26,634	26,355	19,125
Cash SG&A	<u>\$ 192,406</u>	<u>\$ 169,361</u>	<u>\$ 145,296</u>

		Three Months Ended		
		March 31, 2016	December 31, 2015	March 31, 2015
(8)	We define adjusted EBITDA as income from continuing operations plus depreciation, amortization, accretion, stock-based compensation expense, acquisition costs and gains on asset sales as presented below:			
	Income from continuing operations	\$ 112,688	\$ 135,877	\$ 151,449
	Depreciation, amortization and accretion expense	202,153	144,861	122,530
	Stock-based compensation expense	34,515	35,058	30,613
	Acquisition costs	36,536	17,349	1,156
	Gains on asset sales	(5,242)	-	-
	Adjusted EBITDA	\$ 380,650	\$ 333,145	\$ 305,748
	The geographic split of our adjusted EBITDA is presented below:			
	Americas income from continuing operations	\$ 88,539	\$ 83,425	\$ 81,466
	Americas depreciation, amortization and accretion expense	76,720	73,023	66,811
	Americas stock-based compensation expense	24,329	25,576	23,491
	Americas acquisition costs	114	(1,210)	966
	Americas gains on asset sales	(5,242)	-	-
	Americas adjusted EBITDA	184,460	180,814	172,734
	EMEA income from continuing operations	(7,419)	34,011	45,541
	EMEA depreciation, amortization and accretion expense	76,488	30,434	26,693
	EMEA stock-based compensation expense	6,235	4,348	3,607
	EMEA acquisition costs	36,185	12,801	190
	EMEA adjusted EBITDA	111,489	81,594	76,031
	Asia-Pacific income from continuing operations	31,568	18,441	24,442
	Asia-Pacific depreciation, amortization and accretion expense	48,945	41,404	29,026
	Asia-Pacific stock-based compensation expense	3,951	5,134	3,515
	Asia-Pacific acquisition costs	237	5,758	-
	Asia-Pacific adjusted EBITDA	84,701	70,737	56,983
	Adjusted EBITDA	\$ 380,650	\$ 333,145	\$ 305,748
(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	73%	73%	74%
	EMEA cash gross margins	62%	65%	64%
	Asia-Pacific cash gross margins	65%	63%	66%
(10)	We define adjusted EBITDA margins as adjusted EBITDA divided by revenues.			
	Americas adjusted EBITDA margins	46%	46%	47%
	EMEA adjusted EBITDA margins	42%	45%	46%
	Asia-Pacific adjusted EBITDA margins	49%	46%	50%
(11)	We define adjusted EBITDA flow-through rate as incremental adjusted EBITDA growth divided by incremental revenue growth as follows:			
	Adjusted EBITDA - current period	\$ 380,650	\$ 333,145	\$ 305,748
	Less adjusted EBITDA - prior period	(333,145)	(321,472)	(294,365)
	Adjusted EBITDA growth	\$ 47,505	\$ 11,673	\$ 11,383
	Revenues - current period	\$ 844,156	\$ 730,462	\$ 643,174
	Less revenues - prior period	(730,462)	(686,649)	(638,121)
	Revenue growth	\$ 113,694	\$ 43,813	\$ 5,053
	Adjusted EBITDA flow-through rate	42%	27%	225%

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 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 (loss)	\$ (31,111)	\$ 10,731	\$ 76,452
Adjustments:			
Real estate depreciation and amortization	150,995	120,144	102,648
Gain/loss on disposition of real estate property	(4,037)	579	62
Adjustments for FFO from unconsolidated joint ventures	28	29	28
FFO	<u>\$ 115,875</u>	<u>\$ 131,483</u>	<u>\$ 179,190</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	\$ 115,875	\$ 131,483	\$ 179,190
Adjustments:			
Installation revenue adjustment	3,354	5,843	8,654
Straight-line rent expense adjustment	1,133	1,462	3,201
Amortization of deferred financing costs	5,508	4,495	3,858
Stock-based compensation expense	34,515	35,058	30,613
Non-real estate depreciation expense	21,387	15,921	12,693
Amortization expense	28,152	8,100	6,295
Accretion expense	1,619	696	894
Recurring capital expenditures	(31,815)	(44,668)	(22,373)
Loss on debt extinguishment	-	289	-
Acquisition costs	36,536	17,349	1,156
Income tax expense adjustment	(190)	2,279	(2,408)
Net Income from discontinued operations, net of tax	(6,216)	-	-
Adjustments for AFFO from unconsolidated joint ventures	(12)	(14)	(17)
AFFO	<u>\$ 209,846</u>	<u>\$ 178,293</u>	<u>\$ 221,756</u>

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

FFO, basic	\$ 115,875	\$ 131,483	\$ 179,190
Interest on convertible debt	3,226	3,442	3,362
FFO, diluted	<u>\$ 119,101</u>	<u>\$ 134,925</u>	<u>\$ 182,552</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	68,132	60,393	56,661
Effect of dilutive securities:			
Convertible debt	1,969	2,041	1,942
Employee equity awards	585	612	566
Shares used in computing diluted FFO per share	<u>70,686</u>	<u>63,046</u>	<u>59,169</u>

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

AFFO, basic	\$ 209,846	\$ 178,293	\$ 221,756
Interest on convertible debt	1,062	1,557	1,554
AFFO, diluted	<u>\$ 210,908</u>	<u>\$ 179,850</u>	<u>\$ 223,310</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	68,132	60,393	56,661
Effect of dilutive securities:			
Convertible debt	1,969	2,041	1,942
Employee equity awards	585	612	566
Shares used in computing diluted AFFO per share	<u>70,686</u>	<u>63,046</u>	<u>59,169</u>