

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

	Three Months Ended			Nine Months Ended	
	September 30, 2010	June 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Recurring revenues	\$ 314,727	\$ 282,117	\$ 216,517	\$ 834,080	\$ 610,384
Non-recurring revenues	15,620	13,977	11,041	41,010	29,573
Revenues	330,347	296,094	227,558	875,090	639,957
Cost of revenues	185,476	162,582	126,007	481,108	356,346
Gross profit	144,871	133,512	101,551	393,982	283,611
Operating expenses:					
Sales and marketing	31,205	28,913	15,543	79,586	46,315
General and administrative	58,640	54,166	39,071	155,961	111,677
Restructuring charges	1,886	4,357	-	6,243	(6,053)
Acquisition costs	1,114	5,849	1,379	11,957	1,379
Total operating expenses	92,845	93,285	55,993	253,747	153,318
Income from operations	52,026	40,227	45,558	140,235	130,293
Interest and other income (expense):					
Interest income	310	491	353	1,307	1,949
Interest expense	(38,363)	(37,615)	(22,256)	(101,653)	(51,619)
Other-than-temporary impairment recovery (loss) on investments	206	-	-	3,626	(2,687)
Loss on debt extinguishment and interest rate swaps, net	-	(1,454)	-	(4,831)	-
Other income (expense)	1,654	(1,481)	2,484	193	3,675
Total interest and other, net	(36,193)	(40,059)	(19,419)	(101,358)	(48,682)
Income before income taxes	15,833	168	26,139	38,877	81,611
Income tax expense	(4,637)	(2,442)	(7,327)	(15,756)	(29,902)
Net income (loss)	\$ 11,196	\$ (2,274)	\$ 18,812	\$ 23,121	\$ 51,709
Net income (loss) per share:					
Basic net income (loss) per share	\$ 0.24	\$ (0.05)	\$ 0.49	\$ 0.54	\$ 1.35
Diluted net income (loss) per share	\$ 0.24	\$ (0.05)	\$ 0.47	\$ 0.52	\$ 1.32
Shares used in computing basic net income (loss) per share	45,745	43,507	38,787	42,961	38,270
Shares used in computing diluted net income (loss) per share	46,735	43,507	39,887	44,082	39,305

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

	Three Months Ended			Nine Months Ended	
	September 30, 2010	June 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Recurring revenues	\$ 314,727	\$ 282,117	\$ 216,517	\$ 834,080	\$ 610,384
Non-recurring revenues	15,620	13,977	11,041	41,010	29,573
Revenues (1)	330,347	296,094	227,558	875,090	639,957
Cash cost of revenues (2)	116,602	103,892	81,931	305,578	229,047
Cash gross profit (3)	213,745	192,202	145,627	569,512	410,910
Cash operating expenses (4):					
Cash sales and marketing expenses(5)	24,171	22,158	11,453	61,514	34,637
Cash general and administrative expenses (6)	43,113	37,889	28,138	112,110	79,325
Total cash operating expenses (7)	67,284	60,047	39,591	173,624	113,962
Adjusted EBITDA (8)	\$ 146,461	\$ 132,155	\$ 106,036	\$ 395,888	\$ 296,948
Cash gross margins (9)	65%	65%	64%	65%	64%
Adjusted EBITDA margins (10)	44%	45%	47%	45%	46%
Adjusted EBITDA flow-through rate (11)	42%	31%	45%	41%	71%

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

North America Revenues:

Colocation	\$ 164,653	\$ 148,569	\$ 108,018	\$ 432,154	\$ 308,388
Interconnection	42,102	35,072	22,494	100,938	65,966
Managed infrastructure	821	746	529	2,106	1,620
Rental	520	407	123	1,109	402
Recurring revenues	208,096	184,794	131,164	536,307	376,376
Non-recurring revenues	7,229	6,852	5,170	19,220	14,598
Revenues	215,325	191,646	136,334	555,527	390,974

Asia-Pacific Revenues:

Colocation	31,672	28,853	22,691	87,510	63,026
Interconnection	4,430	3,860	2,831	11,819	7,643
Managed infrastructure	4,250	3,946	3,515	12,056	10,640
Recurring revenues	40,352	36,659	29,037	111,385	81,309
Non-recurring revenues	1,876	1,705	1,381	5,136	4,012
Revenues	42,228	38,364	30,418	116,521	85,321

Europe Revenues:

Colocation	60,970	55,898	51,258	171,310	138,078
Interconnection	2,305	2,010	1,910	6,254	4,957
Managed infrastructure	2,734	2,603	2,976	8,238	9,268
Rental	270	153	172	586	396
Recurring revenues	66,279	60,664	56,316	186,388	152,699
Non-recurring revenues	6,515	5,420	4,490	16,654	10,963
Revenues	72,794	66,084	60,806	203,042	163,662

Worldwide Revenues:

Colocation	257,295	233,320	181,967	690,974	509,492
Interconnection	48,837	40,942	27,235	119,011	78,566
Managed infrastructure	7,805	7,295	7,020	22,400	21,528
Rental	790	560	295	1,695	798
Recurring revenues	314,727	282,117	216,517	834,080	610,384
Non-recurring revenues	15,620	13,977	11,041	41,010	29,573
Revenues	\$ 330,347	\$ 296,094	\$ 227,558	\$ 875,090	\$ 639,957

	Three Months Ended			Nine Months Ended	
	September 30, 2010	June 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
(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	\$ 185,476	\$ 162,582	\$ 126,007	\$ 481,108	\$ 356,346
Depreciation, amortization and accretion expense	(67,255)	(56,946)	(42,189)	(170,573)	(122,860)
Stock-based compensation expense	(1,619)	(1,744)	(1,887)	(4,957)	(4,439)
Cash cost of revenues	<u>\$ 116,602</u>	<u>\$ 103,892</u>	<u>\$ 81,931</u>	<u>\$ 305,578</u>	<u>\$ 229,047</u>
The geographic split of our cash cost of revenues is presented below:					
North America cash cost of revenues	\$ 71,879	\$ 61,220	\$ 43,123	\$ 177,247	\$ 121,778
Asia-Pacific cash cost of revenues	15,350	13,612	10,697	41,362	30,959
Europe cash cost of revenues	29,373	29,060	28,111	86,969	76,310
Cash cost of revenues	<u>\$ 116,602</u>	<u>\$ 103,892</u>	<u>\$ 81,931</u>	<u>\$ 305,578</u>	<u>\$ 229,047</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	\$ 31,205	\$ 28,913	\$ 15,543	\$ 79,586	\$ 46,315
Depreciation and amortization expense	(3,407)	(2,997)	(1,409)	(7,756)	(3,979)
Stock-based compensation expense	(3,627)	(3,758)	(2,681)	(10,316)	(7,699)
Cash sales and marketing expenses	<u>\$ 24,171</u>	<u>\$ 22,158</u>	<u>\$ 11,453</u>	<u>\$ 61,514</u>	<u>\$ 34,637</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	\$ 58,640	\$ 54,166	\$ 39,071	\$ 155,961	\$ 111,677
Depreciation and amortization expense	(3,823)	(3,683)	(1,468)	(9,104)	(5,460)
Stock-based compensation expense	(11,704)	(12,594)	(9,465)	(34,747)	(26,892)
Cash general and administrative expenses	<u>\$ 43,113</u>	<u>\$ 37,889</u>	<u>\$ 28,138</u>	<u>\$ 112,110</u>	<u>\$ 79,325</u>
(7) Our cash operating expenses, or cash SG&A, as defined above, is presented below:					
Cash sales and marketing expenses	\$ 24,171	\$ 22,158	\$ 11,453	\$ 61,514	\$ 34,637
Cash general and administrative expenses	43,113	37,889	28,138	112,110	79,325
Cash SG&A	<u>\$ 67,284</u>	<u>\$ 60,047</u>	<u>\$ 39,591</u>	<u>\$ 173,624</u>	<u>\$ 113,962</u>
The geographic split of our cash operating expenses, or cash SG&A, is presented below:					
North America cash SG&A	\$ 45,499	\$ 40,960	\$ 25,187	\$ 117,085	\$ 72,195
Asia-Pacific cash SG&A	7,420	6,003	5,023	18,417	14,709
Europe cash SG&A	14,365	13,084	9,381	38,122	27,058
Cash SG&A	<u>\$ 67,284</u>	<u>\$ 60,047</u>	<u>\$ 39,591</u>	<u>\$ 173,624</u>	<u>\$ 113,962</u>
(8) We define adjusted EBITDA as income from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and acquisition costs as presented below:					
Income from operations	\$ 52,026	\$ 40,227	\$ 45,558	\$ 140,235	\$ 130,293
Depreciation, amortization and accretion expense	74,485	63,626	45,066	187,433	132,299
Stock-based compensation expense	16,950	18,096	14,033	50,020	39,030
Restructuring charges	1,886	4,357	-	6,243	(6,053)
Acquisition costs	1,114	5,849	1,379	11,957	1,379
Adjusted EBITDA	<u>\$ 146,461</u>	<u>\$ 132,155</u>	<u>\$ 106,036</u>	<u>\$ 395,888</u>	<u>\$ 296,948</u>

	Three Months Ended			Nine Months Ended	
	September 30, 2010	June 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
The geographic split of our adjusted EBITDA is presented below:					
North America income from operations	\$ 31,921	\$ 22,529	\$ 31,571	\$ 84,051	\$ 94,260
North America depreciation, amortization and accretion expense	51,108	43,081	25,838	122,363	79,151
North America stock-based compensation expense	12,683	13,650	10,295	37,346	29,323
North America restructuring charges	1,886	4,357	-	6,243	(6,053)
North America acquisition costs	349	5,849	320	11,192	320
North America adjusted EBITDA	<u>97,947</u>	<u>89,466</u>	<u>68,024</u>	<u>261,195</u>	<u>197,001</u>
Asia-Pacific income from operations	9,847	10,026	6,892	29,933	15,625
Asia-Pacific depreciation, amortization and accretion expense	7,846	6,808	5,612	21,318	18,697
Asia-Pacific stock-based compensation expense	1,765	1,915	2,194	5,491	5,331
Asia-Pacific adjusted EBITDA	<u>19,458</u>	<u>18,749</u>	<u>14,698</u>	<u>56,742</u>	<u>39,653</u>
Europe income from operations	10,258	7,672	7,095	26,251	20,408
Europe depreciation, amortization and accretion expense	15,531	13,737	13,616	43,752	34,451
Europe stock-based compensation expense	2,502	2,531	1,544	7,183	4,376
Europe acquisition costs	765	-	1,059	765	1,059
Europe adjusted EBITDA	<u>29,056</u>	<u>23,940</u>	<u>23,314</u>	<u>77,951</u>	<u>60,294</u>
Adjusted EBITDA	<u>\$ 146,461</u>	<u>\$ 132,155</u>	<u>\$ 106,036</u>	<u>\$ 395,888</u>	<u>\$ 296,948</u>

(9) We define cash gross margins as cash gross profit divided by revenues.

Our cash gross margins by geographic region is presented below:

North America cash gross margins	<u>67%</u>	<u>68%</u>	<u>68%</u>	<u>68%</u>	<u>69%</u>
Asia-Pacific cash gross margins	<u>64%</u>	<u>65%</u>	<u>65%</u>	<u>65%</u>	<u>64%</u>
Europe cash gross margins	<u>60%</u>	<u>56%</u>	<u>54%</u>	<u>57%</u>	<u>53%</u>

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

North America adjusted EBITDA margins	<u>45%</u>	<u>47%</u>	<u>50%</u>	<u>47%</u>	<u>50%</u>
Asia-Pacific adjusted EBITDA margins	<u>46%</u>	<u>49%</u>	<u>48%</u>	<u>49%</u>	<u>46%</u>
Europe adjusted EBITDA margins	<u>40%</u>	<u>36%</u>	<u>38%</u>	<u>38%</u>	<u>37%</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	\$ 146,461	\$ 132,155	\$ 106,036	\$ 395,888	\$ 296,948
Less adjusted EBITDA - prior period	(132,155)	(117,272)	(99,534)	(317,230)	(230,207)
Adjusted EBITDA growth	<u>\$ 14,306</u>	<u>\$ 14,883</u>	<u>\$ 6,502</u>	<u>\$ 78,658</u>	<u>\$ 66,741</u>
Revenues - current period	\$ 330,347	\$ 296,094	\$ 227,558	\$ 875,090	\$ 639,957
Less revenues - prior period	(296,094)	(248,649)	(213,168)	(683,278)	(546,462)
Revenue growth	<u>\$ 34,253</u>	<u>\$ 47,445</u>	<u>\$ 14,390</u>	<u>\$ 191,812</u>	<u>\$ 93,495</u>
Adjusted EBITDA flow-through rate	<u>42%</u>	<u>31%</u>	<u>45%</u>	<u>41%</u>	<u>71%</u>

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

Assets	September 30, 2010	December 31, 2009
Cash and cash equivalents	\$ 389,149	\$ 346,056
Short-term investments	322,979	248,508
Accounts receivable, net	115,616	64,767
Other current assets	64,067	68,556
Total current assets	891,811	727,887
Long-term investments	3,223	9,803
Property, plant and equipment, net	2,582,890	1,808,115
Goodwill	778,258	381,050
Intangible assets, net	155,601	51,015
Other assets	69,108	60,280
Total assets	\$ 4,480,891	\$ 3,038,150
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 134,091	\$ 99,053
Accrued property and equipment	97,012	109,876
Current portion of capital lease and other financing obligations	7,624	6,452
Current portion of mortgage and loans payable	22,480	58,912
Other current liabilities	49,818	41,166
Total current liabilities	311,025	315,459
Capital lease and other financing obligations, less current portion	261,929	154,577
Mortgage and loans payable, less current portion	179,027	371,322
Senior notes	750,000	-
Convertible debt	910,495	893,706
Other liabilities	214,442	120,603
Total liabilities	2,626,918	1,855,667
Common stock	46	39
Additional paid-in capital	2,320,107	1,665,662
Accumulated other comprehensive loss	(103,321)	(97,238)
Accumulated deficit	(362,859)	(385,980)
Total stockholders' equity	1,853,973	1,182,483
Total liabilities and stockholders' equity	\$ 4,480,891	\$ 3,038,150

Ending headcount by geographic region is as follows:

North America headcount	1,164	718
Asia-pacific headcount	275	236
Europe headcount	459	347
Total headcount	1,898	1,301

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

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Capital lease and other financing obligations	\$ 269,553	\$ 161,029
European financing	-	130,058
Chicago IBX financing	-	109,991
Mortgage payable	89,663	91,756
Asia-Pacific financing	-	64,559
Singapore financing	-	24,559
Netherlands financing	-	9,311
New Asia-Pacific financing	111,844	-
Total mortgage and loans payable	<u>201,507</u>	<u>430,234</u>
Senior notes	<u>750,000</u>	<u>-</u>
Convertible debt, net of debt discount	910,495	893,706
Plus debt discount	109,241	126,030
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 2,240,796</u>	<u>\$ 1,610,999</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2010	June 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Cash flows from operating activities:					
Net income (loss)	\$ 11,196	\$ (2,274)	\$ 18,812	\$ 23,121	\$ 51,709
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	74,485	63,626	45,066	187,433	132,299
Stock-based compensation	16,950	18,096	14,033	50,020	39,030
Debt issuance costs and debt discount	7,160	6,689	6,496	19,403	12,210
Loss on debt extinguishment and interest rate swaps	-	1,454	-	4,831	-
Restructuring charges	1,886	4,357	-	6,243	(6,053)
Other reconciling items	894	834	(426)	2,162	3,269
Changes in operating assets and liabilities:					
Accounts receivable	(6,729)	(25,671)	1,003	(38,486)	(23)
Deferred tax assets, net	3,442	(723)	3,811	7,721	20,750
Accounts payable and accrued expenses	(3,013)	3,174	5,714	16,047	18,248
Other assets and liabilities	6,992	(12,656)	13,030	(8,514)	1,543
Net cash provided by operating activities	113,263	56,906	107,539	269,981	272,982
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(115,554)	(64,987)	(146,045)	(68,256)	(258,582)
Purchase of Switch and Data, less cash acquired	-	(113,289)	-	(113,289)	-
Purchase of Upminster, less cash acquired	-	-	(28,176)	-	(28,176)
Purchases of property and equipment	(143,941)	(148,705)	(88,195)	(436,046)	(267,802)
Other investing activities	-	(474)	1,867	(916)	12,066
Net cash used in investing activities	(259,495)	(327,455)	(260,549)	(618,507)	(542,494)
Cash flows from financing activities:					
Proceeds from employee equity awards	14,026	11,270	14,096	36,179	23,050
Proceeds from convertible debt	-	-	-	-	373,750
Proceeds from mortgage and loans payable	16,853	98,958	27,935	115,811	28,679
Proceeds from senior notes	-	-	-	750,000	-
Repayment of capital lease and other financing obligations	(1,713)	(10,847)	(1,427)	(14,114)	(3,765)
Repayment of mortgage and loans payable	(11,049)	(343,688)	(11,003)	(469,077)	(34,525)
Capped call costs	-	-	-	-	(49,664)
Equity issuance costs	-	-	(9)	-	(2,795)
Debt issuance costs	(5)	(7,926)	(788)	(23,124)	(8,210)
Net cash provided by (used in) financing activities	18,112	(252,233)	28,804	395,675	326,520
Effect of foreign currency exchange rates on cash and cash equivalents	5,927	(5,178)	2,136	(4,056)	5,932
Net increase (decrease) in cash and cash equivalents	(122,193)	(527,960)	(122,070)	43,093	62,940
Cash and cash equivalents at beginning of period	511,342	1,039,302	405,217	346,056	220,207
Cash and cash equivalents at end of period	\$ 389,149	\$ 511,342	\$ 283,147	\$ 389,149	\$ 283,147
Free cash flow (1)	\$ (30,678)	\$ (205,562)	\$ (6,965)	\$ (280,270)	\$ (10,930)
Adjusted free cash flow (2)	\$ (30,678)	\$ (92,273)	\$ 21,211	\$ (166,981)	\$ 17,246

(1) We define free cash flow as net cash provided by operating activities plus net cash 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	\$ 113,263	\$ 56,906	\$ 107,539	\$ 269,981	\$ 272,982
Net cash used in investing activities as presented above	(259,495)	(327,455)	(260,549)	(618,507)	(542,494)
Purchases, sales and maturities of investments, net	115,554	64,987	146,045	68,256	258,582
Free cash flow (negative free cash flow)	<u>\$ (30,678)</u>	<u>\$ (205,562)</u>	<u>\$ (6,965)</u>	<u>\$ (280,270)</u>	<u>\$ (10,930)</u>

(2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases or sales of real estate and acquisitions as presented below:

Free cash flow (as defined above)	\$ (30,678)	\$ (205,562)	\$ (6,965)	\$ (280,270)	\$ (10,930)
Less purchase of Switch and Data, less cash acquired	-	113,289	-	113,289	-
Less purchase of Upminster, less cash acquired	-	-	28,176	-	28,176
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ (30,678)</u>	<u>\$ (92,273)</u>	<u>\$ 21,211</u>	<u>\$ (166,981)</u>	<u>\$ 17,246</u>