UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): February 8, 2006

EQUINIX, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	000-31293	77-0487526
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

301 Velocity Way, 5th Floor
Foster City, California 94404
(650) 513-7000

(Addresses of principal executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

The information in Item 2.02 of this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 2.02 of this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On February 8, 2006, the Company issued a press release announcing its financial results for the quarter and year ended December 31, 2005. A copy of the press release is attached as Exhibit 99.1. The Company released certain non-GAAP information in the press release. Attached to the press release is a reconciliation to the non-GAAP information.

On February 8, 2006, in connection with the issuance of the press release, the Company will hold a conference call to discuss the press release.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

99.1 Press Release of Equinix, Inc. dated February 8, 2006, furnished in accordance with Item 2.02 of this Current Report on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EQUINIX, INC.

DATE: February 8, 2006

By: /s/ KEITH D. TAYLOR

Keith D. Taylor
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Text of Press Release dated February 8, 2006.

Equinix Reports Fourth Quarter and Year-End 2005 Results

FOSTER CITY, Calif.--(BUSINESS WIRE)--Feb. 8, 2006--Equinix, Inc. (Nasdaq:EQIX):

-- Increased quarterly revenues to $61.8 million, a 6% increase over previous quarter; increased annual revenues to $221.1 million, a 35% increase over 2004

-- Increased annual EBITDA, a non-GAAP financial measure, to $70.1 million, up from $35.6 million in previous year

-- Announces new expansion build in Washington D.C. metro area and plans to expand in the Chicago metro area

Equinix, Inc. (Nasdaq:EQIX), the leading provider of network-neutral data centers and Internet exchange services, today reported its quarterly and year-end results for the period ended December 31, 2005.

Revenues were $61.8 million for the fourth quarter and $221.1 million for the year ended December 31, 2005, representing a 6% increase over the previous quarter, and a 35% increase over 2004 revenues. Recurring revenues, consisting primarily of colocation, interconnection and managed services, were $58.4 million for the quarter and $208.0 million for the year ended December 31, 2005, an 8% increase over the previous quarter, and a 35% increase over 2004.

Non-recurring revenues for the fourth quarter were $3.4 million, consisting primarily of professional services and installation fees. Non-recurring revenues for the year ended December 31, 2005 were $13.1 million, consisting of $12.2 million of professional services and installation fees, and $861,000 of customer settlements. Annual non-recurring revenues, excluding customer settlements, increased 46% year over year.

Note: Equinix uses non-GAAP financial measures, such as EBITDA, cash cost of revenues, cash gross margins, cash operating expenses (also known as cash selling, general and administrative expenses or cash SG&A), cash interest expense, cash net income (loss), non-GAAP net income (loss), free cash flow and adjusted free cash flow to evaluate its operations. A reconciliation of these non-GAAP financial measures to the most closely applicable GAAP financial measure are attached to this release and commence at the bottom of our condensed consolidated statements of operations -- GAAP presentation.

Cost of revenues were $41.7 million for the fourth quarter and $158.4 million for the year ended December 31, 2005, representing a 2% increase over the previous quarter, and a 16% increase over 2004 cost of revenues. Cost of revenues, excluding depreciation, amortization, accretion and stock-based compensation, were $25.2 million for the fourth quarter and $95.6 million for the year ended December 31, 2005. Cash gross margins, defined as gross profit less depreciation, amortization, accretion and stock-based compensation, divided by revenues, for the quarter were 59%, up from 57% the previous quarter. Cash gross margins were 57% for 2005, up from 50% in 2004.

Selling, general and administrative expenses were $17.3 million for the fourth quarter. Selling, general and administrative expenses, excluding depreciation, amortization and stock-based compensation were $14.8 million for the fourth quarter, a 2% decrease from the previous quarter, and $55.4 million for 2005, a 21% increase over 2004.

The company was able to expand its IBX footprint by approximately 19% in 2005 through the acquisition of previously built-out data centers in the Silicon Valley, Chicago and Los Angeles areas, all scheduled to open around the first half of 2006. Equinix also acquired the campus that houses its flagship Washington, D.C. area IBX center for a total purchase price of $53.8 million. In fourth quarter, Equinix completed transactions to purchase and finance its Washington, D.C. area center, the sale and leaseback of its Los Angeles area center, and the planned exit of its San Jose ground lease. The exit of the San Jose ground lease resulted in the recognition of a restructuring charge totaling $33.8 million in the quarter.

Net loss for the fourth quarter was $32.6 million, including stock-based compensation expense of $2.0 million, and including the restructuring charge of $33.8 million. This represents a basic and diluted net loss per share of $1.25 on a weighted average share count of 26.1 million. Net loss for the year ended December 31, 2005 was $42.6 million, or a basic and diluted net loss per share of $1.78. Excluding the restructuring charge and stock-based compensation, the company was net income positive for the quarter, with a non-GAAP net income of $3.2 million, a $7.7 million improvement over the same quarter last year and $2.6 million improvement over the previous quarter. The company's cash net income, defined as net income (loss) less depreciation, amortization, accretion, stock-based compensation expense, restructuring changes and non-cash interest expense for the quarter was $20.5 million, a 19% improvement over the previous quarter.

EBITDA, defined as loss from operations before depreciation, amortization, accretion, stock-based compensation expense and restructuring charges, was $21.8 million for the fourth quarter and $70.1 million for the year ended December 31, 2005, an increase of 22% over the previous quarter and up from $35.6 million in 2004, or a 60% EBITDA flow-through rate in 2005.

Capital expenditures in the fourth quarter were $22.9 million, of which $8.0 million was attributed to ongoing capital expenditures and $14.9 million was attributed to expansion capital expenditures. Capital expenditures for the year ended December 31, 2005 were $45.4 million, of which $19.7 million was attributed to ongoing capital expenditures and $25.7 million was attributed to expansion capital expenditures.

The Company generated cash from operating activities of $18.6 million for the fourth quarter as compared to $15.5 million in the previous quarter. Cash generated from operating activities for the year ended December 31, 2005 was $67.6 million as compared to $36.9 million in 2004. Cash used in investing activities was $65.9 million in the fourth quarter as compared to $42.1 million in the previous quarter. Cash used in investing activities for the year was $120.9 million, which includes the purchase of real estate properties, as compared to $20.7 million in 2004. Adjusted free cash flow was $6.4 million in the fourth quarter and $35.2 million for the year ended December 31, 2005. Adjusted free cash flow is defined as net cash generated from operating activities less net cash used in investing activities (excluding the purchases, sales and maturities of short-term and long-term investments and the purchase and sale of real estate).

As of December 31, 2005, the Company's cash, cash equivalents and investments were $188.9 million, including the $30.0 million draw-down under the Silicon Valley Bank revolving line of credit, an increase of $80.8 million over the previous year. The draw down was repaid in full in January 2006.

Other Company Developments & Metrics

-- On a same IBX basis (defined as IBX centers which have been available for new customer installs for at least four full quarters), revenues were $56.8 million; cost of revenues were $35.9 million; cost of revenues, excluding depreciation, amortization, accretion and stock-based compensation, were $21.6 million and cash gross margins for the quarter were 62%. EBITDA on a same IBX basis was $20.7 million. Included in the same IBX results were certain selling, general and administrative expenses related to costs for the filing of our recent S-3 registration statement and certain severance charges.

-- Equinix added 68 new customers in the fourth quarter and 287 customers for the year 2005, ending the year with 1,138 total customers. Some of the customers added in the fourth quarter include Cable & Wireless Global Ptd Ltd, Bausch & Lomb (HK) Ltd, NTT Australia Pty Ltd, Nokia Japan, PNC Bank, Hotel Booking Solutions, Inc. and Xanga. Over 50 percent of Equinix's new bookings in the quarter came from existing customers including Amazon.com, GE Capital, Goldman Sachs Group, IBM, XM Satellite Radio and Yahoo!.

-- Based on a total cabinet capacity of approximately 26,200, the number of cabinets billing as of December 31, 2005 was approximately 14,100, up from approximately 13,700 the previous quarter, and up from 11,100 as of December 31, 2004. On a weighted average basis, the number of cabinets billing was approximately 14,000 representing a utilization rate of 54%.

-- U.S. interconnection service revenues were 21% of U.S. recurring revenues for the fourth quarter and 22% for the year ended December 31, 2005. Interconnection services revenues represent approximately 20% of total worldwide recurring revenues for the year ended December 31, 2005. Equinix signed additional customers on its new 10 Gigabit Ethernet service including Akamai, Beyond the Network, Big Pipe and Cable and Wireless.

-- The Company also announced that it will build out a new center at its Washington, D.C. area campus to further expand its Washington, D.C. area Internet Business Exchange(TM) (IBX(R)) center. Equinix also announced that it intends to expand in the Chicago metro area and has identified a potential site and commenced performing its due diligence for possible expansion.

Business Outlook

For the first quarter 2006, the company expects revenue to be in the range of $63.5 to $64.5 million. Cash gross margins are expected to be in the range of 57% to 59%. Cash selling, general and administrative expenses are expected to approximate $15.0 million. EBITDA is expected to be between $21.5 and $22.5 million. Net loss is expected to range between $9.0 and $10.0 million including the impact of approximately $10.0 million of stock-based compensation expense, primarily related to the new stock-based compensation expensing requirements. Net interest expense will approximate $2.0 million. The weighted average shares outstanding will approximate 27.6 million. Capital expenditures are expected to be approximately $30.0 to $35.0 million including between $24.0 and $27.0 million of expansion capital expenditures.

For the full year of 2006, revenues are expected to be in the range of $275.0 to $285.0 million. Cash gross margins are expected to be in the range of 57%-59%. Cash selling, general and administrative expenses are expected to be in the range of $60.0 to $64.0 million. EBITDA is expected to be between $95.0 and $105.0 million. Capital expenditures for 2006 are expected to be in a range of $95.0 to $100.0 million, comprised of approximately $20.0 million of ongoing capital expenditures and approximately $75.0 to $80.0 million of expansion capital expenditures for the new Chicago, Los Angeles, and Silicon Valley expansions, as well as the expansion build out in the Washington D.C. area campus announced today. We expect our adjusted free cash flow to be in a range of breakeven to a negative $5.0 million for the year. Adjusted free cash flow is defined as net cash generated from operating activities less net cash used in investing activities (excluding the purchases, sales and maturities of short-term and long-term investments, as well as purchases and sales of real estate).

The company will discuss its results and guidance on its quarterly conference call on Wednesday, February 8, 2006, at 5:30 p.m. ET (2:30 p.m. PT). To hear the conference call live, please dial 1-773-799-3263 (domestic and international) and reference the passcode (EQIX). A simultaneous live Webcast of the call will be available over the Internet at www.equinix.com, under the Investor Relations heading. A replay of the call will be available beginning on Wednesday, February 8, 2006 at 7:30 p.m. (ET) by dialing 402-220-9685. In addition, the Webcast will be available on the company's Web site at www.equinix.com. No password is required for either method of replay.

A reconciliation between GAAP information and non-GAAP information contained in this press release is provided in a table immediately following the Condensed Consolidated Statements of Operations - GAAP Presentation. This information is also available on our Web Site under the Investor Relations heading.

About Equinix

Equinix is the leading global provider of network-neutral data centers and Internet exchange services for enterprises, content companies, systems integrators and network services providers. Through the company's Internet Business Exchange(TM) (IBX(R)) centers in 11 markets in the U.S. and Asia, customers can directly interconnect with every major global network and ISP for their critical peering, transit and traffic exchange requirements. These interconnection points facilitate the highest performance and growth of the Internet by serving as neutral and open marketplaces for Internet infrastructure services, allowing customers to expand their businesses while reducing costs.

This press release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements. Factors that might cause such differences include, but are not limited to, the challenges of acquiring, operating and constructing IBX centers and developing, deploying and delivering Equinix services; a failure to receive significant revenue from customers in recently-acquired data centers; failure to complete any financing arrangements contemplated from time to time; competition from existing and new competitors; the ability to generate sufficient cash flow or otherwise obtain funds to repay new or outstanding indebtedness; the loss or decline in business from our key customers and other risks described from time to time in Equinix's filings with the Securities and Exchange Commission. In particular, see Equinix's recent quarterly and annual reports and registration statement on Form S-3 filed with the Securities and Exchange Commission, copies of which are available upon request from Equinix. Equinix does not assume any obligation to update the forward-looking information contained in this press release.

Non-GAAP Financial Measures

Equinix continues to provide all information required in accordance with generally accepted accounting principles (GAAP), but it believes that evaluating its ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, Equinix uses non-GAAP financial measures, such as EBITDA, cash cost of revenues, cash gross margins, cash operating expenses (also known as cash selling, general and administrative expenses or cash SG&A), cash interest expense, cash net income (loss), non-GAAP net income (loss), free cash flow and adjusted free cash flow to evaluate its operations. In presenting these non-GAAP financial measures, Equinix excludes certain non-cash or non-recurring items that it believes are not good indicators of the Company's current or future operating performance. These non-cash or non-recurring items are depreciation, amortization, accretion, stock-based compensation, non-cash interest, restructuring charges and, with respect to 2004 results, the non-cash portion of loss on debt extinguishment and conversion (there were no such charges or losses in 2005). Recent legislative and regulatory changes encourage use of and emphasis on GAAP financial metrics and require companies to explain why non-GAAP financial metrics are relevant to management and investors. Equinix excludes these non-cash or non-recurring items in order for Equinix's lenders, investors, and industry analysts who review and report on the Company, to better evaluate the Company's operating performance and cash spending levels relative to its industry sector and competitor base.

Equinix excludes depreciation expense as these charges primarily relate to the initial construction costs of our IBX centers and do not reflect our current or future cash spending levels to support our business. Our IBX centers are long-lived assets, and have an economic life greater than ten years. The construction costs of our IBX centers do not recur and future capital expenditures remain minor relative to our initial investment. This is a trend we expect to continue. In addition, depreciation is also based on the estimated useful lives of our IBX centers. These estimates could vary from actual performance of the asset, are based on historic costs incurred to build out our IBX centers, and are not indicative of current or expected future capital expenditures. Therefore, Equinix excludes depreciation from its operating results when evaluating its operations.

In addition, in presenting the non-GAAP financial measures, Equinix excludes amortization expense related to certain intangible assets, as it represents a non-cash cost that may not recur and is not a good indicator of the Company's current or future operating performance. Equinix excludes accretion expense, both as it relates to its asset retirement obligations as well as its accrued restructuring charge liability, as these expenses represent costs, which Equinix believes are not meaningful in evaluating the Company's current operations. Equinix excludes non-cash stock-based compensation expense as it represents expense attributed to stock awards that have no current or future cash obligations. As such, we, and our investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. Equinix excludes interest expense associated with the amortization of debt issuance costs and discounts, as well as the interest expense associated with its convertible secured notes as such interest expenses do not require any cash in the periods presented nor will they in future periods. Lastly, with respect to its 2005 and 2004 results, Equinix excludes restructuring charges and the non-cash portion of the loss on debt extinguishment and conversion. The restructuring charges relate to the Company's decision to exit leases for excess space adjacent to several of our IBX centers, which we do not intend to build out now or in the future. The non-cash portion of the loss on debt extinguishment and conversion, which represents the write-off of the unamortized debt issuance costs and discounts associated with the debt facilities extinguished or converted as no cash was expended in the periods presented for such write-offs nor will there be in the future. Management believes such restructuring charges and write-offs of debt issuance costs and discounts were unique costs that are not expected to recur, and consequently, does not consider these charges as a normal component of expenses related to current and ongoing operations.

Our management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. However, we have presented such non-GAAP financial measures to provide investors with an additional tool to evaluate our operating results in a manner that focuses on what management believes to be our ongoing business operations. Management believes that the inclusion of these non-GAAP financial measures provide consistency and comparability with past reports and provide a better understanding of the overall performance of the business and its ability to perform in subsequent periods. Equinix believes that if it did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

Investors should note, however, that the non-GAAP financial measures used by Equinix may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. In addition, whenever Equinix uses such non-GAAP financial measures, it provides a reconciliation of non-GAAP financial measures to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

Equinix does not provide forward-looking guidance for certain financial data, such as depreciation, amortization, accretion, stock-based compensation (with respect to 2006), net income (loss) from operations, interest income, cash generated from operating activities and cash used in investing activities, and as a result, is not able to provide a reconciliation of GAAP to non-GAAP financial measures for forward-looking data. Equinix intends to calculate the various non-GAAP financial measures in future periods consistent with how it was calculated for the three and twelve months ended December 31, 2005 and 2004, presented within this press release.

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2005	September 30, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Recurring revenues	$58,380	$54,291	$42,638	$208,003	$154,449
Non-recurring revenues	3,418	3,805	2,351	13,054	9,222
Revenues	61,798	58,096	44,989	221,057	163,671
Cost of revenues	41,715	40,955	34,705	158,354	136,950
Gross profit	20,083	17,141	10,284	62,703	26,721
Operating expenses:					
Sales and marketing	5,759	4,829	5,106	20,552	18,604
General and administrative	11,516	12,078	7,950	45,110	32,494
Restructuring charges	33,814	-	17,685	33,814	17,685
Total operating expenses	51,089	16,907	30,741	99,476	68,783
Income (loss) from operations	(31,006)	234	(20,457)	(36,773)	(42,062)
Interest and other income (expense):					
Interest income	940	1,075	472	3,584	1,291
Interest expense and other	(2,548)	(1,928)	(2,731)	(8,880)	(11,496)
Loss on debt extinguishment and conversion	-	-	-	-	(16,211)
Total interest and other, net	(1,608)	(853)	(2,259)	(5,296)	(26,416)
Net loss before income taxes	(32,614)	(619)	(22,716)	(42,069)	(68,478)
Income taxes	10	(164)	47	(543)	(153)
Net loss	$(32,604)	$(783)	$(22,669)	$(42,612)	$(68,631)
Basic and diluted net loss per share	$(1.25)	$(0.03)	$(1.21)	$(1.78)	$(3.87)

Shares used in computing basic and diluted net loss per share	26,100	24,076	18,766	23,956	17,719
Non-GAAP net income (loss) (1)	$3,196	$575	$(4,536)	$(521)	$(33,268)

(1) Non-GAAP net income (loss) excludes stock-based compensation, restructuring charges and the $16,211,000 loss on debt extinguishment and conversion during the twelve months ended December 31, 2004 as follows:

Net loss	$(32,604)	$(783)	$(22,669)	$(42,612)	$(68,631)
Stock-based compensation	1,986	1,358	448	8,277	1,467
Restructuring charges	33,814	-	17,685	33,814	17,685
Loss on debt extinguishment and conversion	-	-	-	-	16,211
Non-GAAP net income (loss)	$3,196	$575	$(4,536)	$(521)	$(33,268)

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2005	September 30, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Recurring revenues	$58,380	$54,291	$42,638	$208,003	$154,449
Non-recurring revenues	3,418	3,805	2,351	13,054	9,222
Revenues (1)	61,798	58,096	44,989	221,057	163,671
Cash cost of revenues (2)	25,192	25,119	20,928	95,557	82,438
Cash gross profit (3)	36,606	32,977	24,061	125,500	81,233
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	5,332	4,566	4,613	18,931	16,642
Cash general and administrative expenses (6)	9,446	10,492	7,085	36,430	28,977
Total cash operating expenses (7)	14,778	15,058	11,698	55,361	45,619
EBITDA (8)	21,828	17,919	12,363	70,139	35,614
Cash interest and other income (expense) (9):					
Interest income	940	1,075	472	3,584	1,291
Cash interest expense and other (10)	(2,324)	(1,650)	(972)	(7,205)	(3,691)
Cash loss on debt extinguishment and					

conversion (11)	-	-	-	-	(2,505)
Income taxes	10	(164)	47	(543)	(153)
Total cash interest and other, net	(1,374)	(739)	(453)	(4,164)	(5,058)
Cash net income (12)	$20,454	$17,180	$11,910	$65,975	$30,556
Cash gross margins(13)	59%	57%	53%	57%	50%
EBITDA flow-through rate (14)	106%	33%	90%	60%	74%

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(1) The geographic split of our revenues is presented below:

U.S. revenues	$53,463	$50,527	$38,705	$191,390	$141,598
Asia-Pacific revenues	8,335	7,569	6,284	29,667	22,073
Revenues	$61,798	$58,096	$44,989	$221,057	$163,671

Revenues on a services basis is presented below:

Colocation	$43,127	$40,138	$30,814	$152,606	$111,986
Interconnection	11,181	10,527	8,901	40,877	31,414
Managed infrastructure	3,760	3,626	2,923	14,208	11,049
Other	312	-	-	312	-
Recurring revenues	58,380	54,291	42,638	208,003	154,449
Non-recurring revenues	3,418	3,805	2,351	13,054	9,222
Revenues	$61,798	$58,096	$44,989	$221,057	$163,671

New IBX centers are IBX centers which have not been available for customer installs for at least four full quarters. Revenues on a same IBX versus new IBX basis is presented below:

Same IBX centers	$56,752	$54,776	$43,165	$211,267	$157,656
New IBX centers	5,046	3,320	1,824	9,790	6,015
Revenues	$61,798	$58,096	$44,989	$221,057	$163,671

(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	$41,715	$40,955	$34,705	$158,354	$136,950
Depreciation, amortization and accretion expense	(16,523)	(15,836)	(13,777)	(62,797)	(54,477)
Stock-based compensation expense	-	-	-	-	(35)
Cash cost of revenues	$25,192	$25,119	$20,928	$95,557	$82,438

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

U.S. cash cost of revenues	$20,954	$20,933	$16,962	$79,287	$67,702
Asia-Pacific cash cost of revenues	4,238	4,186	3,966	16,270	14,736
Cash cost of revenues	$25,192	$25,119	$20,928	$95,557	$82,438

New IBX centers are IBX centers which have not been available for customer installs for at least four full quarters. Cost of revenues and cash cost of revenues on a same IBX versus new IBX basis is presented below:

Same IBX centers-cash cost of revenues	$21,605	$23,292	$18,703	$87,378	$74,647
Same IBX centers-					

depreciation, amortization and accretion expense	14,277	14,031	13,312	56,687	53,255
Same IBX centers-stock-based compensation expense	-	-	-	-	35
Same IBX centers cost of revenues	35,882	37,323	32,015	144,065	127,937
New IBX centers-cash cost of revenues	3,587	1,827	2,225	8,179	7,791
New IBX centers-depreciation, amortization and accretion expense	2,246	1,805	465	6,110	1,222
New IBX centers-stock-based compensation expense	-	-	-	-	-
New IBX centers cost of revenues	5,833	3,632	2,690	14,289	9,013
Cost of revenues	$41,715	$40,955	$34,705	$158,354	$136,950

(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 and stock-based compensation. 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	$5,759	$4,829	$5,106	$20,552	$18,604
Depreciation and amortization expense	(15)	(15)	(484)	(60)	(1,902)
Stock-based compensation expense	(412)	(248)	(9)	(1,561)	(60)
Cash sales and marketing expenses	$5,332	$4,566	$4,613	$18,931	$16,642

(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	$11,516	$12,078	$7,950	$45,110	$32,494
Depreciation and amortization expense	(496)	(476)	(426)	(1,964)	(2,145)
Stock-based compensation expense	(1,574)	(1,110)	(439)	(6,716)	(1,372)
Cash general and administrative expenses	$9,446	$10,492	$7,085	$36,430	$28,977

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

Cash sales and marketing expenses	$5,332	$4,566	$4,613	$18,931	$16,642
Cash general and administrative expenses	9,446	10,492	7,085	36,430	28,977
	$14,778	$15,058	$11,698	$55,361	$45,619

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

U.S. cash SG&A	$12,026	$12,338	$9,408	$44,758	$36,439
Asia-Pacific cash SG&A	2,752	2,720	2,290	10,603	9,180

Cash SG&A	$14,778	$15,058	$11,698	$55,361	$45,619

(8) We define EBITDA as income (loss) from operations less depreciation, amortization, accretion, stock-based compensation expense and restructuring charges as presented below:

Income (loss) from operations	$(31,006)	$234	$(20,457)	$(36,773)	$(42,062)
Depreciation, amortization and accretion expense	17,034	16,327	14,687	64,821	58,524
Stock-based compensation expense	1,986	1,358	448	8,277	1,467
Restructuring charges	33,814	-	17,685	33,814	17,685
EBITDA	$21,828	$17,919	$12,363	$70,139	$35,614

The geographic split of our EBITDA is presented below:

U.S. income (loss) from operations	$(31,504)	$541	$(18,877)	$(35,448)	$(34,107)
U.S. depreciation, amortization and accretion expense	16,187	15,357	13,079	60,702	52,412
U.S. stock-based compensation expense	1,986	1,358	448	8,277	1,467
U.S. restructuring charges	33,814	-	17,685	33,814	17,685
U.S. EBITDA	20,483	17,256	12,335	67,345	37,457
Asia-Pacific income (loss) from operations	498	(307)	(1,580)	(1,325)	(7,955)
Asia-Pacific depreciation, amortization and accretion expense	847	970	1,608	4,119	6,112
Asia-Pacific stock-based compensation expense	-	-	-	-	-
Asia-Pacific restructuring charges	-	-	-	-	-
Asia-Pacific EBITDA	1,345	663	28	2,794	(1,843)
EBITDA	$21,828	$17,919	$12,363	$70,139	$35,614

New IBX centers are IBX centers which have not been available for customer installs for at least four full quarters. EBITDA on a same IBX versus new IBX basis is presented below:

Same IBX centers-income (loss) from operations	$(29,882)	$1,008	$(19,533)	$(31,061)	$(38,925)
Same IBX centers-depreciation, amortization and accretion expense	14,788	14,522	14,222	58,711	57,302
Same IBX centers-stock-based compensation expense	1,986	1,358	448	8,277	1,467
Same IBX centers-restructuring charges	33,814	-	17,685	33,814	17,685
Same IBX center EBITDA	20,706	16,888	12,822	69,741	37,529
New IBX centers-income (loss) from operations	(1,124)	(774)	(924)	(5,712)	(3,137)
New IBX centers-depreciation, amortization and accretion expense	2,246	1,805	465	6,110	1,222
New IBX centers-stock-based compensation expense	-	-	-	-	-

New IBX centers-restructuring charges	-	-	-	-	-
New IBX center EBITDA	1,122	1,031	(459)	398	(1,915)
EBITDA	$21,828	$17,919	$12,363	$70,139	$35,614

(9) We define cash interest and other income (expense) as interest expense plus income taxes less interest income, non-cash interest expense and non-cash loss on debt extinguishment and conversion. Non-cash interest expense is comprised of amortization of debt discounts and debt issuance costs and non-cash interest on our convertible secured notes. Non-cash loss on debt extinguishment and conversion is comprised of the non-cash write-off of debt issuance costs and discounts.

(10) Cash interest expense and other is defined as interest expense less amortization of debt discounts and debt issuance costs and non-cash interest on our convertible secured notes as presented below:

Interest expense and other	$(2,548)	$(1,928)	$(2,731)	$(8,880)	$(11,496)
Amortization of debt discounts and debt issuance costs	194	206	442	796	2,693
Non-cash interest on convertible secured notes	30	72	1,317	879	5,112
Non-cash interest expense	224	278	1,759	1,675	7,805
Cash interest expense and other	$(2,324)	$(1,650)	$(972)	$(7,205)	$(3,691)

(11) Loss on debt extinguishment and conversion	$-	$-	$-	$-	$(16,211)
Non-cash write-off of debt issuance costs and discounts	-	-	-	-	13,706
Non-cash loss on debt extinguishment and conversion	-	-	-	-	13,706
Cash loss on debt extinguishment and conversion	$-	$-	$-	$-	$(2,505)

(12) We define cash net income as net income (loss) less depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, non-cash interest expense and non-cash loss on debt extinguishment and conversion as presented below:

Net income (loss)	$(32,604)	$(783)	$(22,669)	$(42,612)	$(68,631)
Depreciation, amortization and accretion expense	17,034	16,327	14,687	64,821	58,524
Stock-based compensation expense	1,986	1,358	448	8,277	1,467
Restructuring charges	33,814	-	17,685	33,814	17,685
Non-cash interest expense (defined above)	224	278	1,759	1,675	7,805
Non-cash loss on debt extinguishment and conversion (defined above)	-	-	-	-	13,706
Cash net income	$20,454	$17,180	$11,910	$65,975	$30,556

Cash net income presents only our actual income taxes calculated on a GAAP basis on our actual net income (loss). Cash net income does not present additional pro forma income taxes on our substantially higher non-GAAP cash net income.

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

Our cash gross margins by geographic region is presented below:

U.S. cash gross margins	61%	59%	56%	59%	52%

Asia-Pacific cash gross margins	49%	45%	37%	45%	33%

Same IBX centers are IBX centers which have been available for customer installs for at least four full quarters. Our cash gross margins for same IBX centers is presented below:

Same IBX cash gross margins	62%	57%	57%	59%	53%

(14) We define EBITDA flow-through rate as incremental adjusted EBITDA growth divided by incremental revenue growth as follows:

EBITDA - current period	$21,828	$17,919	$12,363	$70,139	$35,614
Less EBITDA - prior period	(17,919)	(16,055)	(10,066)	(35,614)	(1,698)
EBITDA growth	$3,909	$1,864	$2,297	$34,525	$33,916
Revenues - current period	$61,798	$58,096	$44,989	$221,057	$163,671
Less revenues - prior period	(58,096)	(52,479)	(42,439)	(163,671)	(117,942)
Revenue growth	$3,702	$5,617	$2,550	$57,386	$45,729
EBITDA flow-through rate	106%	33%	90%	60%	74%

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

Assets	December 31, 2005	December 31, 2004
Cash, cash equivalents and investments	$188,855	$108,092
Accounts receivable, net	17,237	11,919
Property and equipment, net	438,790	343,361
Goodwill and other intangible assets, net	21,829	22,253
Debt issuance costs, net	3,075	3,164
Prepaid expenses	5,098	3,603
Deposits	3,548	6,062
Other assets	2,565	3,344
Total assets	$680,997	$501,798
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	$22,557	$19,822
Accrued property and equipment	15,783	2,912
Accrued restructuring charges	49,831	14,750
Borrowings under credit line	30,000	-
Mortgage payable	60,000	-
Capital lease obligations	34,530	35,204
Other debt facilities	61,675	-
Convertible secured notes	-	35,824
Convertible subordinated debentures	86,250	86,250
Deferred installation revenue	7,658	3,745
Customer deposits	1,188	3,360
Deferred rent	18,792	22,915

Asset retirement obligation	3,649	3,054
Other liabilities	411	256
Total liabilities	392,324	228,092
Preferred stock	-	2
Common stock	27	19
Additional paid-in capital	839,497	776,123
Deferred stock-based compensation	(4,930)	(260)
Accumulated other comprehensive income	1,126	2,257
Accumulated deficit	(547,047)	(504,435)
Total stockholders' equity	288,673	273,706
Total liabilities and stockholders' equity	$680,997	$501,798

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Ending headcount by geographic region is as follows:

U.S. headcount	372	315
Asia-pacific headcount	165	153
Total headcount	537	468

EQUINIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (1)
(in thousands)
(unaudited)

	Three Months Ended			Twelve Months Ended	
	December 31, 2005	September 30, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Cash flows from operating activities:					
Net loss	$(32,604)	$(783)	$(22,669)	$(42,612)	$(68,631)
Adjustments to reconcile net loss to net cash provided by operating activities:					
Depreciation, amortization and accretion	17,034	16,327	14,687	64,821	58,524
Amortization of stock-based compensation	1,986	1,358	448	8,277	1,467
Non-cash interest expense	224	278	1,759	1,675	7,805
Loss on debt extinguishment and conversion	-	-	-	-	16,211
Restructuring charges	33,814	-	17,685	33,814	17,685
Other reconciling items	(507)	100	(524)	643	3,435
Changes in operating assets and liabilities:					
Accounts receivable	(1,031)	(75)	900	(4,854)	(1,691)
Accounts payable and accrued expenses	(451)	1,189	(295)	3,690	2,608
Accrued restructuring charges	(1,618)	(480)	-	(3,066)	(761)

Accrued interest payable	604	(539)	538	65	478
Other assets and liabilities	1,108	(1,881)	(1,903)	5,142	(218)
Net cash provided by operating activities	18,559	15,494	10,626	67,595	36,912
Cash flows from investing activities:					
Purchase of Ashburn campus property	(53,759)	-	-	(53,759)	-
Purchase of Los Angeles IBX property	(21)	(34,727)	-	(34,748)	-
Purchases of other property and equipment	(22,920)	(7,079)	(6,151)	(45,412)	(22,934)
Accrued property and equipment	10,626	(267)	(93)	12,871	458
Other investing activities	125	-	1,751	125	1,751
Net cash used in investing activities	(65,949)	(42,073)	(4,493)	(120,923)	(20,725)
Cash flows from financing activities:					
Proceeds from warrants, stock options and employee stock purchase plans	1,772	3,585	3,658	12,989	7,289
Proceeds from convertible subordinated debentures	-	-	-	-	86,250
Proceeds from borrowing under credit line	30,000	-	-	30,000	-
Proceeds from Los Angeles IBX financing	38,142	-	-	38,142	-
Proceeds from mortgage payable	60,000	-	-	60,000	-
Repayment of capital lease obligations	(186)	(167)	(105)	(675)	(306)
Repayment of other debt facilities	(1,124)	(34)	-	(4,848)	(3,632)
Repayment of credit facility	-	-	-	-	(34,281)
Repayment of senior notes	-	-	-	-	(30,475)
Debt issuance and extinguishment costs	(655)	(342)	(165)	(997)	(5,912)
Net cash provided by financing activities	127,949	3,042	3,388	134,611	18,933
Effect of foreign currency exchange rates on cash and cash equivalents	6	(202)	(242)	(520)	(305)
Net increase in cash, cash equivalents and investments	80,565	(23,739)	9,279	80,763	34,815
Cash, cash equivalents and investments at					

beginning of period	108,290	132,029	98,813	108,092	72,971
Cash, cash equivalents and investments at end of period	$188,855	$108,290	$108,092	$188,855	$107,786
Free cash flow (2)	$(47,390)	$(26,579)	$6,133	$(53,328)	$16,187
Adjusted free cash flow (3)	$6,390	$8,148	$6,133	$35,179	$16,187

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(1) The cash flow statements presented herein combine our short-term and long-term investments with our cash and cash equivalents in an effort to present our total unrestricted cash and equivalent balances. In our quarterly filings with the SEC on Forms 10-Q and 10-K, the purchases, sales and maturities of our short-term and long-term investments will be presented as activities within the investing activities portion of the cash flow statements.

(2) We define free cash flow as net cash provided by operating activities plus net cash used in investing activities (excluding the purchases, sales and maturities of short-term and long- term investments) as presented below:

Net cash provided by operating activities as presented above	$18,559	$15,494	$10,626	$67,595	$36,912
Net cash used in investing activities as presented above	(65,949)	(42,073)	(4,493)	(120,923)	(20,725)
Free cash flow	$(47,390)	$(26,579)	$6,133	$(53,328)	$16,187

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

Free cash flow (as defined above)	$(47,390)	$(26,579)	$6,133	$(53,328)	$16,187
Less purchase of Ashburn campus property	53,759	-	-	53,759	-
Less purchase of Los Angeles IBX property	21	34,727	-	34,748	-
Adjusted free cash flow	$6,390	$8,148	$6,133	$35,179	$16,187

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