

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

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Recurring revenues	\$ 376,528	\$ 343,909	\$ 282,117	\$ 720,437	\$ 519,353
Non-recurring revenues	18,372	19,120	13,977	37,492	25,390
Revenues	394,900	363,029	296,094	757,929	544,743
Cost of revenues	215,572	194,576	162,582	410,148	295,632
Gross profit	179,328	168,453	133,512	347,781	249,111
Operating expenses:					
Sales and marketing	37,063	33,636	28,913	70,699	48,381
General and administrative	65,681	62,601	54,166	128,282	97,321
Restructuring charges	103	496	4,357	599	4,357
Acquisition costs	1,615	415	5,849	2,030	10,843
Total operating expenses	104,462	97,148	93,285	201,610	160,902
Income from operations	74,866	71,305	40,227	146,171	88,209
Interest and other income (expense):					
Interest income	632	215	491	847	997
Interest expense	(37,677)	(37,361)	(37,615)	(75,038)	(63,290)
Other-than-temporary impairment recovery on investments	-	-	-	-	3,420
Loss on debt extinguishment and interest rate swaps, net	-	-	(1,454)	-	(4,831)
Other income (expense)	1,021	2,111	(1,481)	3,132	(1,461)
Total interest and other, net	(36,024)	(35,035)	(40,059)	(71,059)	(65,165)
Income before income taxes	38,842	36,270	168	75,112	23,044
Income tax expense	(8,109)	(11,125)	(2,442)	(19,234)	(11,119)
Net income (loss)	30,733	25,145	(2,274)	55,878	11,925
Net (income) loss attributable to redeemable non-controlling interests	(3)	-	-	(3)	-
Net income (loss) attributable to Equinix	\$ 30,730	\$ 25,145	\$ (2,274)	\$ 55,875	\$ 11,925
Net income (loss) per share attributable to Equinix:					
Basic net income (loss) per share	\$ 0.65	\$ 0.54	\$ (0.05)	\$ 1.20	\$ 0.29
Diluted net income (loss) per share	\$ 0.64	\$ 0.53	\$ (0.05)	\$ 1.18	\$ 0.28
Shares used in computing basic net income (loss) per share	46,924	46,451	43,507	46,688	41,546
Shares used in computing diluted net income (loss) per share	50,664	47,219	43,507	50,454	42,694

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

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Recurring revenues	\$ 376,528	\$ 343,909	\$ 282,117	\$ 720,437	\$ 519,353
Non-recurring revenues	18,372	19,120	13,977	37,492	25,390
Revenues (1)	394,900	363,029	296,094	757,929	544,743
Cash cost of revenues (2)	137,558	122,631	103,892	260,189	188,976
Cash gross profit (3)	257,342	240,398	192,202	497,740	355,767
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	29,261	27,104	22,158	56,365	37,343
Cash general and administrative expenses (6)	46,753	46,018	37,889	92,771	68,997
Total cash operating expenses (7)	76,014	73,122	60,047	149,136	106,340
Adjusted EBITDA (8)	\$ 181,328	\$ 167,276	\$ 132,155	\$ 348,604	\$ 249,427
Cash gross margins (9)	65%	66%	65%	66%	65%
Adjusted EBITDA margins (10)	46%	46%	45%	46%	46%
Adjusted EBITDA flow-through rate (11)	44%	103%	31%	65%	43%

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

Americas Revenues:

Colocation	\$ 187,840	\$ 176,196	\$ 148,569	\$ 364,036	267,501
Interconnection	49,886	45,922	35,072	95,808	58,836
Managed infrastructure	6,984	767	746	7,751	1,285
Rental	489	504	407	993	589
Recurring revenues	245,199	223,389	184,794	468,588	328,211
Non-recurring revenues	8,690	9,138	6,852	17,828	11,991
Revenues	253,889	232,527	191,646	486,416	340,202

EMEA Revenues:

Colocation	74,645	68,200	55,898	142,845	110,340
Interconnection	3,203	2,812	2,010	6,015	3,949
Managed infrastructure	3,481	3,198	2,603	6,679	5,504
Rental	177	118	153	295	316
Recurring revenues	81,506	74,328	60,664	155,834	120,109
Non-recurring revenues	7,105	7,711	5,420	14,816	10,139
Revenues	88,611	82,039	66,084	170,650	130,248

Asia-Pacific Revenues:

Colocation	39,101	36,339	28,853	75,440	55,838
Interconnection	5,818	5,341	3,860	11,159	7,389
Managed infrastructure	4,904	4,512	3,946	9,416	7,806
Recurring revenues	49,823	46,192	36,659	96,015	71,033
Non-recurring revenues	2,577	2,271	1,705	4,848	3,260
Revenues	52,400	48,463	38,364	100,863	74,293

Worldwide Revenues:

Colocation	301,586	280,735	233,320	582,321	433,679
Interconnection	58,907	54,075	40,942	112,982	70,174
Managed infrastructure	15,369	8,477	7,295	23,846	14,595
Rental	666	622	560	1,288	905
Recurring revenues	376,528	343,909	282,117	720,437	519,353
Non-recurring revenues	18,372	19,120	13,977	37,492	25,390
Revenues	\$ 394,900	\$ 363,029	\$ 296,094	\$ 757,929	\$ 544,743

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
(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	\$ 215,572	\$ 194,576	\$ 162,582	\$ 410,148	\$ 295,632
Depreciation, amortization and accretion expense	(76,515)	(70,600)	(56,946)	(147,115)	(103,318)
Stock-based compensation expense	(1,499)	(1,345)	(1,744)	(2,844)	(3,338)
Cash cost of revenues	<u>\$ 137,558</u>	<u>\$ 122,631</u>	<u>\$ 103,892</u>	<u>\$ 260,189</u>	<u>\$ 188,976</u>

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

Americas cash cost of revenues	\$ 81,886	\$ 70,210	\$ 61,220	\$ 152,096	\$ 105,368
EMEA cash cost of revenues	36,217	34,491	29,060	70,708	57,596
Asia-Pacific cash cost of revenues	19,455	17,930	13,612	37,385	26,012
Cash cost of revenues	<u>\$ 137,558</u>	<u>\$ 122,631</u>	<u>\$ 103,892</u>	<u>\$ 260,189</u>	<u>\$ 188,976</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	\$ 37,063	\$ 33,636	\$ 28,913	\$ 70,699	\$ 48,381
Depreciation and amortization expense	(4,192)	(3,666)	(2,997)	(7,858)	(4,349)
Stock-based compensation expense	(3,610)	(2,866)	(3,758)	(6,476)	(6,689)
Cash sales and marketing expenses	<u>\$ 29,261</u>	<u>\$ 27,104</u>	<u>\$ 22,158</u>	<u>\$ 56,365</u>	<u>\$ 37,343</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	\$ 65,681	\$ 62,601	\$ 54,166	\$ 128,282	\$ 97,321
Depreciation and amortization expense	(5,719)	(5,259)	(3,683)	(10,978)	(5,281)
Stock-based compensation expense	(13,209)	(11,324)	(12,594)	(24,533)	(23,043)
Cash general and administrative expenses	<u>\$ 46,753</u>	<u>\$ 46,018</u>	<u>\$ 37,889</u>	<u>\$ 92,771</u>	<u>\$ 68,997</u>

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

Cash sales and marketing expenses	\$ 29,261	\$ 27,104	\$ 22,158	\$ 56,365	\$ 37,343
Cash general and administrative expenses	46,753	46,018	37,889	92,771	68,997
Cash SG&A	<u>\$ 76,014</u>	<u>\$ 73,122</u>	<u>\$ 60,047</u>	<u>\$ 149,136</u>	<u>\$ 106,340</u>

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

Americas cash SG&A	\$ 49,499	\$ 48,812	\$ 40,960	\$ 98,311	\$ 71,586
EMEA cash SG&A	17,545	16,936	13,084	34,481	23,757
Asia-Pacific cash SG&A	8,970	7,374	6,003	16,344	10,997
Cash SG&A	<u>\$ 76,014</u>	<u>\$ 73,122</u>	<u>\$ 60,047</u>	<u>\$ 149,136</u>	<u>\$ 106,340</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	\$ 74,866	\$ 71,305	\$ 40,227	\$ 146,171	\$ 88,209
Depreciation, amortization and accretion expense	86,426	79,525	63,626	165,951	112,948
Stock-based compensation expense	18,318	15,535	18,096	33,853	33,070
Restructuring charges	103	496	4,357	599	4,357
Acquisition costs	1,615	415	5,849	2,030	10,843
Adjusted EBITDA	<u>\$ 181,328</u>	<u>\$ 167,276</u>	<u>\$ 132,155</u>	<u>\$ 348,604</u>	<u>\$ 249,427</u>

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	\$ 49,072	\$ 47,319	\$ 22,529	\$ 96,391	\$ 52,130
Americas depreciation, amortization and accretion expense	57,246	53,482	43,081	110,728	71,255
Americas stock-based compensation expense	14,527	11,842	13,650	26,369	24,663
Americas restructuring charges	103	496	4,357	599	4,357
Americas acquisition costs	1,556	366	5,849	1,922	10,843
Americas adjusted EBITDA	<u>122,504</u>	<u>113,505</u>	<u>89,466</u>	<u>236,009</u>	<u>163,248</u>
EMEA income from operations	14,178	11,471	7,672	25,649	15,993
EMEA depreciation, amortization and accretion expense	18,512	16,844	13,737	35,356	28,221
EMEA stock-based compensation expense	2,147	2,295	2,531	4,442	4,681
EMEA acquisition costs	12	2	-	14	-
EMEA adjusted EBITDA	<u>34,849</u>	<u>30,612</u>	<u>23,940</u>	<u>65,461</u>	<u>48,895</u>
Asia-Pacific income from operations	11,616	12,515	10,026	24,131	20,086
Asia-Pacific depreciation, amortization and accretion expense	10,668	9,199	6,808	19,867	13,472
Asia-Pacific stock-based compensation expense	1,644	1,398	1,915	3,042	3,726
Asia-Pacific acquisition costs	47	47	-	94	-
Asia-Pacific adjusted EBITDA	<u>23,975</u>	<u>23,159</u>	<u>18,749</u>	<u>47,134</u>	<u>37,284</u>
Adjusted EBITDA	<u>\$ 181,328</u>	<u>\$ 167,276</u>	<u>\$ 132,155</u>	<u>\$ 348,604</u>	<u>\$ 249,427</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>68%</u>	<u>70%</u>	<u>68%</u>	<u>69%</u>	<u>69%</u>
EMEA cash gross margins	<u>59%</u>	<u>58%</u>	<u>56%</u>	<u>59%</u>	<u>56%</u>
Asia-Pacific cash gross margins	<u>63%</u>	<u>63%</u>	<u>65%</u>	<u>63%</u>	<u>65%</u>

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

Americas adjusted EBITDA margins	<u>48%</u>	<u>49%</u>	<u>47%</u>	<u>49%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>39%</u>	<u>37%</u>	<u>36%</u>	<u>38%</u>	<u>38%</u>
Asia-Pacific adjusted EBITDA margins	<u>46%</u>	<u>48%</u>	<u>49%</u>	<u>47%</u>	<u>50%</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	\$ 181,328	\$ 167,276	\$ 132,155	\$ 348,604	\$ 249,427
Less adjusted EBITDA - prior period	(167,276)	(148,947)	(117,272)	(295,408)	(217,696)
Adjusted EBITDA growth	<u>\$ 14,052</u>	<u>\$ 18,329</u>	<u>\$ 14,883</u>	<u>\$ 53,196</u>	<u>\$ 31,731</u>
Revenues - current period	\$ 394,900	\$ 363,029	\$ 296,094	\$ 757,929	\$ 544,743
Less revenues - prior period	(363,029)	(345,244)	(248,649)	(675,591)	(470,110)
Revenue growth	<u>\$ 31,871</u>	<u>\$ 17,785</u>	<u>\$ 47,445</u>	<u>\$ 82,338</u>	<u>\$ 74,633</u>
Adjusted EBITDA flow-through rate	<u>44%</u>	<u>103%</u>	<u>31%</u>	<u>65%</u>	<u>43%</u>

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

Assets	June 30, 2011	December 31, 2010
Cash and cash equivalents	\$ 297,872	\$ 442,841
Short-term investments	94,246	147,192
Accounts receivable, net	140,316	116,358
Other current assets	116,654	71,657
Total current assets	649,088	778,048
Long-term investments	30,960	2,806
Property, plant and equipment, net	3,085,202	2,650,953
Goodwill	897,461	774,365
Intangible assets, net	163,771	150,945
Other assets	142,709	90,892
Total assets	\$ 4,969,191	\$ 4,448,009
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 189,739	\$ 145,854
Accrued property and equipment	90,652	91,667
Current portion of capital lease and other financing obligations	9,461	7,988
Current portion of loans payable	31,459	19,978
Current portion of convertible debt	240,134	-
Other current liabilities	59,006	52,628
Total current liabilities	620,451	318,115
Capital lease and other financing obligations, less current portion	337,274	253,945
Loans payable, less current portion	201,233	100,337
Senior notes	750,000	750,000
Convertible debt	688,300	916,337
Other liabilities	238,684	228,760
Total liabilities	2,835,942	2,567,494
Redeemable non-controlling interests	69,050	-
Common stock	47	46
Additional paid-in capital	2,399,055	2,341,586
Accumulated other comprehensive loss	(41,679)	(112,018)
Accumulated deficit	(293,224)	(349,099)
Total stockholders' equity	2,064,199	1,880,515
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 4,969,191	\$ 4,448,009

Ending headcount by geographic region is as follows:

Americas headcount	1,672	1,156
EMEA headcount	526	482
Asia-Pacific headcount	341	283
Total headcount	2,539	1,921

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

	<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Capital lease and other financing obligations	\$ 346,735	\$ 261,933
Paris IBX financing	20,594	-
ALOG financing	19,254	-
New Asia-Pacific financing	192,844	120,315
Total loans payable	<u>232,692</u>	<u>120,315</u>
Senior notes	<u>750,000</u>	<u>750,000</u>
Convertible debt, net of debt discount	928,434	916,337
Plus debt discount	<u>91,302</u>	<u>103,399</u>
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 2,349,163</u>	<u>\$ 2,151,984</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Cash flows from operating activities:					
Net income (loss)	\$ 30,733	\$ 25,145	\$ (2,274)	\$ 55,878	\$ 11,925
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	86,426	79,525	63,626	165,951	112,948
Stock-based compensation	18,318	15,535	18,096	33,853	33,070
Debt issuance costs and debt discount	8,325	7,284	6,689	15,609	12,243
Loss on debt extinguishment and interest rate swaps	-	-	1,454	-	4,831
Restructuring charges	103	496	4,357	599	4,357
Other reconciling items	3,074	1,563	834	4,637	1,268
Changes in operating assets and liabilities:					
Accounts receivable	(19,409)	3,099	(25,671)	(16,310)	(31,757)
Deferred tax assets, net	(2,507)	5,640	(723)	3,133	4,279
Accounts payable and accrued expenses	4,082	(13,606)	3,174	(9,524)	19,060
Other assets and liabilities	11,203	(6,911)	(12,656)	4,292	(15,506)
Net cash provided by operating activities	140,348	117,770	56,906	258,118	156,718
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	30,979	(2,185)	(64,987)	28,794	47,298
Purchase of ALOG, less cash acquired	(41,954)	-	-	(41,954)	-
Purchase of Switch and Data, less cash acquired	-	-	(113,289)	-	(113,289)
Purchase of Frankfurt IBX property	(9,042)	-	-	(9,042)	-
Purchase of Paris IBX property	-	(14,951)	-	(14,951)	-
Purchases of property and equipment	(188,875)	(175,115)	(148,705)	(363,990)	(292,105)
Other investing activities	(845)	(94,138)	(474)	(94,983)	(916)
Net cash used in investing activities	(209,737)	(286,389)	(327,455)	(496,126)	(359,012)
Cash flows from financing activities:					
Proceeds from employee equity awards	8,929	15,668	11,270	24,597	22,153
Proceeds from loans payable	55,264	22,653	98,958	77,917	98,958
Proceeds from senior notes	-	-	-	-	750,000
Repayment of capital lease and other financing obligations	(2,355)	(1,968)	(10,847)	(4,323)	(12,401)
Repayment of mortgage and loans payable	-	(10,102)	(343,688)	(10,102)	(458,028)
Debt issuance costs	-	(125)	(7,926)	(125)	(23,119)
Net cash provided by (used in) financing activities	61,838	26,126	(252,233)	87,964	377,563
Effect of foreign currency exchange rates on cash and cash equivalents	957	4,118	(5,178)	5,075	(9,983)
Net increase (decrease) in cash and cash equivalents	(6,594)	(138,375)	(527,960)	(144,969)	165,286
Cash and cash equivalents at beginning of period	304,466	442,841	1,039,302	442,841	346,056
Cash and cash equivalents at end of period	\$ 297,872	\$ 304,466	\$ 511,342	\$ 297,872	\$ 511,342
Free cash flow (1)	\$ (100,368)	\$ (166,434)	\$ (205,562)	\$ (266,802)	\$ (249,592)
Adjusted free cash flow (2)	\$ (49,372)	\$ (151,483)	\$ (92,273)	\$ (200,855)	\$ (136,303)

(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	\$ 140,348	\$ 117,770	\$ 56,906	\$ 258,118	\$ 156,718
Net cash used in investing activities as presented above	(209,737)	(286,389)	(327,455)	(496,126)	(359,012)
Purchases, sales and maturities of investments, net	(30,979)	2,185	64,987	(28,794)	(47,298)
Free cash flow (negative free cash flow)	\$ (100,368)	\$ (166,434)	\$ (205,562)	\$ (266,802)	\$ (249,592)

(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)	\$ (100,368)	\$ (166,434)	\$ (205,562)	\$ (266,802)	\$ (249,592)
Less purchase of ALOG, less cash acquired	41,954	-	-	41,954	-
Less purchase of Switch and Data, less cash acquired	-	-	113,289	-	113,289
Less purchase of Frankfurt IBX property	9,042	-	-	9,042	-
Less purchase of Paris IBX property	-	14,951	-	14,951	-
Adjusted free cash flow (negative adjusted free cash flow)	\$ (49,372)	\$ (151,483)	\$ (92,273)	\$ (200,855)	\$ (136,303)