

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

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Recurring revenues	\$ 282,117	\$ 237,236	\$ 203,545	\$ 519,353	\$ 393,867
Non-recurring revenues	13,977	11,413	9,623	25,390	18,532
Revenues	296,094	248,649	213,168	544,743	412,399
Cost of revenues	162,582	133,050	118,534	295,632	230,339
Gross profit	133,512	115,599	94,634	249,111	182,060
Operating expenses:					
Sales and marketing	28,913	19,468	16,369	48,381	30,772
General and administrative	54,166	43,155	37,456	97,321	72,606
Restructuring charges	4,357	-	(220)	4,357	(6,053)
Acquisition costs	5,849	4,994	-	10,843	-
Total operating expenses	93,285	67,617	53,605	160,902	97,325
Income from operations	40,227	47,982	41,029	88,209	84,735
Interest and other income (expense):					
Interest income	491	506	680	997	1,596
Interest expense	(37,615)	(25,675)	(15,912)	(63,290)	(29,363)
Other-than-temporary impairment recovery (loss) on investments	-	3,420	-	3,420	(2,687)
Loss on debt extinguishment and interest rate swaps, net	(1,454)	(3,377)	-	(4,831)	-
Other income (expense)	(1,481)	20	2,610	(1,461)	1,191
Total interest and other, net	(40,059)	(25,106)	(12,622)	(65,165)	(29,263)
Income before income taxes	168	22,876	28,407	23,044	55,472
Income tax expense	(2,442)	(8,677)	(10,967)	(11,119)	(22,575)
Net income (loss)	\$ (2,274)	\$ 14,199	\$ 17,440	\$ 11,925	\$ 32,897
Net income (loss) per share:					
Basic net income (loss) per share	\$ (0.05)	\$ 0.36	\$ 0.46	\$ 0.29	\$ 0.87
Diluted net income (loss) per share	\$ (0.05)	\$ 0.35	\$ 0.44	\$ 0.28	\$ 0.84
Shares used in computing basic net income (loss) per share	43,507	39,562	38,152	41,546	38,007
Shares used in computing diluted net income (loss) per share	43,507	40,785	39,318	42,721	39,008

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

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Recurring revenues	\$ 282,117	\$ 237,236	\$ 203,545	\$ 519,353	\$ 393,867
Non-recurring revenues	13,977	11,413	9,623	25,390	18,532
Revenues (1)	296,094	248,649	213,168	544,743	412,399
Cash cost of revenues (2)	103,892	85,084	75,177	188,976	147,116
Cash gross profit (3)	192,202	163,565	137,991	355,767	265,283
Cash operating expenses (4):					
Cash sales and marketing expenses(5)	22,158	15,185	12,204	37,343	23,184
Cash general and administrative expenses (6)	37,889	31,108	26,253	68,997	51,187
Total cash operating expenses (7)	60,047	46,293	38,457	106,340	74,371
Adjusted EBITDA (8)	\$ 132,155	\$ 117,272	\$ 99,534	\$ 249,427	\$ 190,912
Cash gross margins (9)	65%	66%	65%	65%	64%
Adjusted EBITDA margins (10)	45%	47%	47%	46%	46%
Adjusted EBITDA flow-through rate (11)	31%	92%	59%	43%	79%

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

North America Revenues:

Colocation	\$ 148,569	\$ 118,932	\$ 102,455	\$ 267,501	\$ 200,370
Interconnection	35,072	23,764	21,956	58,836	43,472
Managed infrastructure	746	539	522	1,285	1,091
Rental	407	182	118	589	279
Recurring revenues	184,794	143,417	125,051	328,211	245,212
Non-recurring revenues	6,852	5,139	4,695	11,991	9,428
Revenues	191,646	148,556	129,746	340,202	254,640

Asia-Pacific Revenues:

Colocation	28,853	26,985	20,880	55,838	40,335
Interconnection	3,860	3,529	2,516	7,389	4,812
Managed infrastructure	3,946	3,860	3,590	7,806	7,125
Recurring revenues	36,659	34,374	26,986	71,033	52,272
Non-recurring revenues	1,705	1,555	1,380	3,260	2,631
Revenues	38,364	35,929	28,366	74,293	54,903

Europe Revenues:

Colocation	55,898	54,442	46,706	110,340	86,820
Interconnection	2,010	1,939	1,662	3,949	3,047
Managed infrastructure	2,603	2,901	3,019	5,504	6,292
Rental	153	163	121	316	224
Recurring revenues	60,664	59,445	51,508	120,109	96,383
Non-recurring revenues	5,420	4,719	3,548	10,139	6,473
Revenues	66,084	64,164	55,056	130,248	102,856

Worldwide Revenues:

Colocation	233,320	200,359	170,041	433,679	327,525
Interconnection	40,942	29,232	26,134	70,174	51,331
Managed infrastructure	7,295	7,300	7,131	14,595	14,508
Rental	560	345	239	905	503
Recurring revenues	282,117	237,236	203,545	519,353	393,867
Non-recurring revenues	13,977	11,413	9,623	25,390	18,532
Revenues	\$ 296,094	\$ 248,649	\$ 213,168	\$ 544,743	\$ 412,399

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 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	\$ 162,582	\$ 133,050	\$ 118,534	\$ 295,632	\$ 230,339
Depreciation, amortization and accretion expense	(56,946)	(46,372)	(41,899)	(103,318)	(80,671)
Stock-based compensation expense	(1,744)	(1,594)	(1,458)	(3,338)	(2,552)
Cash cost of revenues	<u>\$ 103,892</u>	<u>\$ 85,084</u>	<u>\$ 75,177</u>	<u>\$ 188,976</u>	<u>\$ 147,116</u>
The geographic split of our cash cost of revenues is presented below:					
North America cash cost of revenues	\$ 61,220	\$ 44,148	\$ 40,054	\$ 105,368	\$ 78,655
Asia-Pacific cash cost of revenues	13,612	12,400	10,451	26,012	20,262
Europe cash cost of revenues	29,060	28,536	24,672	57,596	48,199
Cash cost of revenues	<u>\$ 103,892</u>	<u>\$ 85,084</u>	<u>\$ 75,177</u>	<u>\$ 188,976</u>	<u>\$ 147,116</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	\$ 28,913	\$ 19,468	\$ 16,369	\$ 48,381	\$ 30,772
Depreciation and amortization expense	(2,997)	(1,352)	(1,327)	(4,349)	(2,570)
Stock-based compensation expense	(3,758)	(2,931)	(2,838)	(6,689)	(5,018)
Cash sales and marketing expenses	<u>\$ 22,158</u>	<u>\$ 15,185</u>	<u>\$ 12,204</u>	<u>\$ 37,343</u>	<u>\$ 23,184</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	\$ 54,166	\$ 43,155	\$ 37,456	\$ 97,321	\$ 72,606
Depreciation and amortization expense	(3,683)	(1,598)	(2,040)	(5,281)	(3,992)
Stock-based compensation expense	(12,594)	(10,449)	(9,163)	(23,043)	(17,427)
Cash general and administrative expenses	<u>\$ 37,889</u>	<u>\$ 31,108</u>	<u>\$ 26,253</u>	<u>\$ 68,997</u>	<u>\$ 51,187</u>
(7) Our cash operating expenses, or cash SG&A, as defined above, is presented below:					
Cash sales and marketing expenses	\$ 22,158	\$ 15,185	\$ 12,204	\$ 37,343	\$ 23,184
Cash general and administrative expenses	37,889	31,108	26,253	68,997	51,187
Cash SG&A	<u>\$ 60,047</u>	<u>\$ 46,293</u>	<u>\$ 38,457</u>	<u>\$ 106,340</u>	<u>\$ 74,371</u>
The geographic split of our cash operating expenses, or cash SG&A, is presented below:					
North America cash SG&A	\$ 40,960	\$ 30,626	\$ 23,678	\$ 71,586	\$ 47,008
Asia-Pacific cash SG&A	6,003	4,994	4,996	10,997	9,686
Europe cash SG&A	13,084	10,673	9,783	23,757	17,677
Cash SG&A	<u>\$ 60,047</u>	<u>\$ 46,293</u>	<u>\$ 38,457</u>	<u>\$ 106,340</u>	<u>\$ 74,371</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	\$ 40,227	\$ 47,982	\$ 41,029	\$ 88,209	\$ 84,735
Depreciation, amortization and accretion expense	63,626	49,322	45,266	112,948	87,233
Stock-based compensation expense	18,096	14,974	13,459	33,070	24,997
Restructuring charges	4,357	-	(220)	4,357	(6,053)
Acquisition costs	5,849	4,994	-	10,843	-
Adjusted EBITDA	<u>\$ 132,155</u>	<u>\$ 117,272</u>	<u>\$ 99,534</u>	<u>\$ 249,427</u>	<u>\$ 190,912</u>

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
The geographic split of our adjusted EBITDA is presented below:					
North America income from operations	\$ 22,529	\$ 29,601	\$ 28,748	\$ 52,130	\$ 62,689
North America depreciation, amortization and accretion expense	43,081	28,174	27,274	71,255	53,313
North America stock-based compensation expense	13,650	11,013	10,212	24,663	19,028
North America restructuring charges	4,357	-	(220)	4,357	(6,053)
North America acquisition costs	5,849	4,994	-	10,843	-
North America adjusted EBITDA	<u>89,466</u>	<u>73,782</u>	<u>66,014</u>	<u>163,248</u>	<u>128,977</u>
Asia-Pacific income from operations	10,026	10,060	4,394	20,086	8,733
Asia-Pacific depreciation, amortization and accretion expense	6,808	6,664	6,758	13,472	13,085
Asia-Pacific stock-based compensation expense	1,915	1,811	1,767	3,726	3,137
Asia-Pacific adjusted EBITDA	<u>18,749</u>	<u>18,535</u>	<u>12,919</u>	<u>37,284</u>	<u>24,955</u>
Europe income from operations	7,672	8,321	7,887	15,993	13,313
Europe depreciation, amortization and accretion expense	13,737	14,484	11,234	28,221	20,835
Europe stock-based compensation expense	2,531	2,150	1,480	4,681	2,832
Europe adjusted EBITDA	<u>23,940</u>	<u>24,955</u>	<u>20,601</u>	<u>48,895</u>	<u>36,980</u>
Adjusted EBITDA	<u>\$ 132,155</u>	<u>\$ 117,272</u>	<u>\$ 99,534</u>	<u>\$ 249,427</u>	<u>\$ 190,912</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>68%</u>	<u>70%</u>	<u>69%</u>	<u>69%</u>	<u>69%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>65%</u>	<u>63%</u>	<u>65%</u>	<u>63%</u>
Europe cash gross margins	<u>56%</u>	<u>56%</u>	<u>55%</u>	<u>56%</u>	<u>53%</u>

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

North America adjusted EBITDA margins	<u>47%</u>	<u>50%</u>	<u>51%</u>	<u>48%</u>	<u>51%</u>
Asia-Pacific adjusted EBITDA margins	<u>49%</u>	<u>52%</u>	<u>46%</u>	<u>50%</u>	<u>45%</u>
Europe adjusted EBITDA margins	<u>36%</u>	<u>39%</u>	<u>37%</u>	<u>38%</u>	<u>36%</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	\$ 132,155	\$ 117,272	\$ 99,534	\$ 249,427	\$ 190,912
Less adjusted EBITDA - prior period	(117,272)	(111,660)	(91,378)	(217,696)	(161,073)
Adjusted EBITDA growth	<u>\$ 14,883</u>	<u>\$ 5,612</u>	<u>\$ 8,156</u>	<u>\$ 31,731</u>	<u>\$ 29,839</u>
Revenues - current period	\$ 296,094	\$ 248,649	\$ 213,168	\$ 544,743	\$ 412,399
Less revenues - prior period	(248,649)	(242,552)	(199,231)	(470,110)	(374,418)
Revenue growth	<u>\$ 47,445</u>	<u>\$ 6,097</u>	<u>\$ 13,937</u>	<u>\$ 74,633</u>	<u>\$ 37,981</u>
Adjusted EBITDA flow-through rate	<u>31%</u>	<u>92%</u>	<u>59%</u>	<u>43%</u>	<u>79%</u>

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

Assets	June 30, 2010	December 31, 2009
	2010	2009
Cash and cash equivalents	\$ 511,342	\$ 346,056
Short-term investments	206,111	248,508
Accounts receivable, net	106,255	64,767
Other current assets	64,527	68,556
Total current assets	888,235	727,887
Long-term investments	4,497	9,803
Property, plant and equipment, net	2,400,808	1,808,115
Goodwill	752,717	381,050
Intangible assets, net	169,913	51,015
Other assets	71,240	60,280
Total assets	\$ 4,287,410	\$ 3,038,150
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 138,725	\$ 99,053
Accrued property and equipment	85,350	109,876
Current portion of capital lease and other financing obligations	7,995	6,452
Current portion of mortgage and loans payable	21,968	58,912
Other current liabilities	45,531	41,166
Total current liabilities	299,569	315,459
Capital lease and other financing obligations, less current portion	207,305	154,577
Mortgage and loans payable, less current portion	167,351	371,322
Senior notes	750,000	-
Convertible debt	904,769	893,706
Other liabilities	208,245	120,603
Total liabilities	2,537,239	1,855,667
Common stock	46	39
Additional paid-in capital	2,288,817	1,665,662
Accumulated other comprehensive loss	(164,637)	(97,238)
Accumulated deficit	(374,055)	(385,980)
Total stockholders' equity	1,750,171	1,182,483
Total liabilities and stockholders' equity	\$ 4,287,410	\$ 3,038,150

Ending headcount by geographic region is as follows:

North America headcount	1,162	718
Asia-pacific headcount	263	236
Europe headcount	429	347
Total headcount	1,854	1,301

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

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Capital lease and other financing obligations	\$ 215,300	\$ 161,029
European financing	-	130,058
Chicago IBX financing	-	109,991
Mortgage payable	90,361	91,756
Asia-Pacific financing	-	64,559
Singapore financing	-	24,559
Netherlands financing	-	9,311
New Asia-Pacific financing	98,958	-
Total mortgage and loans payable	<u>189,319</u>	<u>430,234</u>
Senior notes	<u>750,000</u>	<u>-</u>
Convertible debt, net of debt discount	904,769	893,706
Plus debt discount	114,967	126,030
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 2,174,355</u>	<u>\$ 1,610,999</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash flows from operating activities:					
Net income (loss)	\$ (2,274)	\$ 14,199	\$ 17,440	\$ 11,925	\$ 32,897
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	63,626	49,322	45,266	112,948	87,233
Stock-based compensation	18,096	14,974	13,459	33,070	24,997
Debt issuance costs and debt discount	6,689	5,554	3,277	12,243	5,714
Loss on debt extinguishment and interest rate swaps	1,454	3,377	-	4,831	-
Restructuring charges	4,357	-	(220)	4,357	(6,053)
Other reconciling items	834	434	921	1,268	3,695
Changes in operating assets and liabilities:					
Accounts receivable	(25,671)	(6,086)	(5,838)	(31,757)	(1,026)
Deferred tax assets, net	(733)	5,002	8,068	4,269	16,939
Accounts payable and accrued expenses	3,174	15,886	6,683	19,060	12,965
Other assets and liabilities	(12,657)	(2,850)	(10,317)	(15,507)	(11,918)
Net cash provided by operating activities	56,895	99,812	78,739	156,707	165,443
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	(64,987)	112,285	(136,157)	47,298	(112,537)
Purchase of Switch and Data, less cash acquired	(113,289)	-	-	(113,289)	-
Purchases of property and equipment	(148,694)	(143,400)	(70,766)	(292,094)	(179,607)
Other investing activities	(474)	(442)	2,863	(916)	10,199
Net cash used in investing activities	(327,444)	(31,557)	(204,060)	(359,001)	(281,945)
Cash flows from financing activities:					
Proceeds from employee equity awards	11,270	10,883	4,892	22,153	8,954
Proceeds from convertible debt	-	-	373,750	-	373,750
Proceeds from mortgage and loans payable	98,958	-	-	98,958	744
Proceeds from senior notes	-	750,000	-	750,000	-
Repayment of capital lease and other financing obligations	(10,847)	(1,554)	(1,369)	(12,401)	(2,338)
Repayment of mortgage and loans payable	(343,688)	(114,340)	(16,312)	(458,028)	(23,522)
Capped call costs	-	-	(49,664)	-	(49,664)
Debt issuance costs	(7,926)	(15,193)	(9,956)	(23,119)	(9,956)
Other financing activities	-	-	-	-	(252)
Net cash provided by (used in) financing activities	(252,233)	629,796	301,341	377,563	297,716
Effect of foreign currency exchange rates on cash and cash equivalents	(5,178)	(4,805)	7,148	(9,983)	3,796
Net increase (decrease) in cash and cash equivalents	(527,960)	693,246	183,168	165,286	185,010
Cash and cash equivalents at beginning of period	1,039,302	346,056	222,049	346,056	220,207
Cash and cash equivalents at end of period	\$ 511,342	\$ 1,039,302	\$ 405,217	\$ 511,342	\$ 405,217
Free cash flow (1)	\$ (205,562)	\$ (44,030)	\$ 10,836	\$ (249,592)	\$ (3,965)
Adjusted free cash flow (2)	\$ (92,273)	\$ (44,030)	\$ 10,836	\$ (136,303)	\$ (3,965)

(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	\$ 56,895	\$ 99,812	\$ 78,739	\$ 156,707	\$ 165,443
Net cash used in investing activities as presented above	(327,444)	(31,557)	(204,060)	(359,001)	(281,945)
Purchases, sales and maturities of investments, net	64,987	(112,285)	136,157	(47,298)	112,537
Free cash flow (negative free cash flow)	<u>\$ (205,562)</u>	<u>\$ (44,030)</u>	<u>\$ 10,836</u>	<u>\$ (249,592)</u>	<u>\$ (3,965)</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)	\$ (205,562)	\$ (44,030)	\$ 10,836	\$ (249,592)	\$ (3,965)
Less purchase of Switch and Data, less cash acquired	113,289	-	-	113,289	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ (92,273)</u>	<u>\$ (44,030)</u>	<u>\$ 10,836</u>	<u>\$ (136,303)</u>	<u>\$ (3,965)</u>