

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

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Recurring revenues	\$ 442,576	\$ 429,621	\$ 376,528	\$ 872,197	\$ 720,437
Non-recurring revenues	23,688	22,579	18,372	46,267	37,492
Revenues	466,264	452,200	394,900	918,464	757,929
Cost of revenues	233,192	225,079	215,572	458,271	410,148
Gross profit	233,072	227,121	179,328	460,193	347,781
Operating expenses:					
Sales and marketing	47,764	46,571	37,063	94,335	70,699
General and administrative	80,723	78,425	65,681	159,148	128,282
Restructuring charges	-	-	103	-	599
Acquisition costs	1,919	1,027	1,615	2,946	2,030
Total operating expenses	130,406	126,023	104,462	256,429	201,610
Income from operations	102,666	101,098	74,866	203,764	146,171
Interest and other income (expense):					
Interest income	963	691	632	1,654	847
Interest expense	(46,787)	(52,818)	(37,677)	(99,605)	(75,038)
Other income (expense)	(1,844)	(154)	1,021	(1,998)	3,132
Total interest and other, net	(47,668)	(52,281)	(36,024)	(99,949)	(71,059)
Income before income taxes	54,998	48,817	38,842	103,815	75,112
Income tax expense	(17,358)	(14,006)	(8,109)	(31,364)	(19,234)
Net income	37,640	34,811	30,733	72,451	55,878
Net income attributable to redeemable non-controlling interests	(1,193)	(288)	(3)	(1,481)	(3)
Net income attributable to Equinix	\$ 36,447	\$ 34,523	\$ 30,730	\$ 70,970	\$ 55,875
Net income per share attributable to Equinix:					
Basic net income per share (1)	\$ 0.76	\$ 0.74	\$ 0.65	\$ 1.49	\$ 1.20
Diluted net income per share (1)	\$ 0.73	\$ 0.71	\$ 0.64	\$ 1.44	\$ 1.18
Shares used in computing basic net income per share	48,016	46,955	46,924	47,485	46,688
Shares used in computing diluted net income per share	52,351	51,061	50,664	51,633	50,454

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

Net income	\$ 37,640	\$ 34,811	\$ 30,733	\$ 72,451	\$ 55,878
Net income attributable to non-controlling interests	(1,193)	(288)	(3)	(1,481)	(3)
Adjustments attributable to redemption value of non-controlling interests	-	209	-	-	-
Net income attributable to Equinix, basic	36,447	34,732	30,730	70,970	55,875
Interest on convertible debt	1,678	1,699	1,746	3,377	3,485
Net income attributable to Equinix, diluted	\$ 38,125	\$ 36,431	\$ 32,476	\$ 74,347	\$ 59,360

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

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net income	\$ 37,640	\$ 34,811	\$ 30,733	\$ 72,451	\$ 55,878
Other comprehensive income (loss), net of tax:					
Foreign currency translation gain (loss)	(49,207)	34,312	20,749	(14,895)	71,432
Unrealized gain (loss) on available for sale securities	(177)	78	(5)	(99)	(26)
Other comprehensive income (loss), net of tax:	<u>(49,384)</u>	<u>34,390</u>	<u>20,744</u>	<u>(14,994)</u>	<u>71,406</u>
Comprehensive income (loss), net of tax	<u>(11,744)</u>	<u>69,201</u>	<u>51,477</u>	<u>57,457</u>	<u>127,284</u>
Net income attributable to redeemable non-controlling interests	(1,193)	(288)	(3)	(1,481)	(3)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	3,974	(1,059)	(1,067)	2,915	(1,067)
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ (8,963)</u>	<u>\$ 67,854</u>	<u>\$ 50,407</u>	<u>\$ 58,891</u>	<u>\$ 126,214</u>

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

Assets	June 30, 2012	December 31, 2011
	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 654,096	\$ 278,823
Short-term investments	115,465	635,721
Accounts receivable, net	169,812	139,057
Other current assets	70,219	182,156
Total current assets	1,009,592	1,235,757
Long-term investments	53,460	161,801
Property, plant and equipment, net	3,525,839	3,225,912
Goodwill	863,187	866,495
Intangible assets, net	138,199	148,635
Other assets	134,411	146,724
Total assets	\$ 5,724,688	\$ 5,785,324
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 224,989	\$ 229,043
Accrued property and equipment	119,703	93,224
Current portion of capital lease and other financing obligations	12,978	11,542
Current portion of loans payable	72,791	87,440
Current portion of convertible debt	-	246,315
Other current liabilities	60,698	57,690
Total current liabilities	491,159	725,254
Capital lease and other financing obligations, less current portion	464,622	390,269
Loans payable, less current portion	141,504	168,795
Senior notes	1,500,000	1,500,000
Convertible debt	701,578	694,769
Other liabilities	282,350	286,424
Total liabilities	3,581,213	3,765,511
Redeemable non-controlling interests	75,854	67,601
Common stock	49	48
Additional paid-in capital	2,444,640	2,437,623
Treasury stock	(37,166)	(86,666)
Accumulated other comprehensive loss	(155,777)	(143,698)
Accumulated deficit	(184,125)	(255,095)
Total stockholders' equity	2,067,621	1,952,212
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 5,724,688	\$ 5,785,324

Ending headcount by geographic region is as follows:

Americas headcount	1,784	1,763
EMEA headcount	644	570
Asia-Pacific headcount	420	376
Total headcount	2,848	2,709

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

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
Capital lease and other financing obligations	<u>\$ 477,600</u>	<u>\$ 401,811</u>
Paris IBX financing	14,925	52,104
ALOG financing	14,546	10,288
Asia-Pacific financing	184,824	193,843
Total loans payable	<u>214,295</u>	<u>256,235</u>
Senior notes	<u>1,500,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	701,578	941,084
Plus debt discount	68,158	78,652
Total convertible debt principal	<u>769,736</u>	<u>1,019,736</u>
Total debt outstanding	<u><u>\$ 2,961,631</u></u>	<u><u>\$ 3,177,782</u></u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Cash flows from operating activities:					
Net income	\$ 37,640	\$ 34,811	\$ 30,733	\$ 72,451	\$ 55,878
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	96,944	93,922	86,426	190,866	165,951
Stock-based compensation	20,549	19,103	18,318	39,652	33,853
Debt issuance costs and debt discount	4,902	8,107	8,325	13,009	15,609
Restructuring charges	-	-	103	-	599
Other reconciling items	984	2,857	3,074	3,841	4,637
Changes in operating assets and liabilities:					
Accounts receivable	(14,864)	(19,677)	(19,409)	(34,541)	(16,310)
Deferred tax assets, net	9,531	5,370	(2,507)	14,901	3,133
Accounts payable and accrued expenses	35,544	(33,737)	4,082	1,807	(9,524)
Other assets and liabilities	3,552	15,237	11,203	18,789	4,292
Net cash provided by operating activities	194,782	125,993	140,348	320,775	258,118
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	279,621	346,366	30,979	625,987	28,794
Purchase of ALOG, less cash acquired	-	-	(41,954)	-	(41,954)
Purchases of real estate	-	-	(9,042)	-	(23,993)
Purchases of other property, plant and equipment	(196,484)	(145,490)	(188,875)	(341,974)	(363,990)
Other investing activities	10,743	68,557	(845)	79,300	(94,983)
Net cash provided by (used in) investing activities	93,880	269,433	(209,737)	363,313	(496,126)
Cash flows from financing activities:					
Purchases of treasury stock	-	(13,364)	-	(13,364)	-
Proceeds from employee equity awards	6,013	30,460	8,929	36,473	24,597
Proceeds from loans payable	-	8,909	55,264	8,909	77,917
Repayment of capital lease and other financing obligations	(3,032)	(2,826)	(2,355)	(5,858)	(4,323)
Repayment of mortgage and loans payable	(10,170)	(67,129)	-	(77,299)	(10,102)
Repayment of convertible debt	(250,007)	-	-	(250,007)	-
Other financing activities	(7,520)	-	-	(7,520)	(125)
Net cash provided by (used in) financing activities	(264,716)	(43,950)	61,838	(308,666)	87,964
Effect of foreign currency exchange rates on cash and cash equivalents	(2,794)	2,645	957	(149)	5,075
Net increase (decrease) in cash and cash equivalents	21,152	354,121	(6,594)	375,273	(144,969)
Cash and cash equivalents at beginning of period	632,944	278,823	304,466	278,823	442,841
Cash and cash equivalents at end of period	\$ 654,096	\$ 632,944	\$ 297,872	\$ 654,096	\$ 297,872
Supplemental cash flow information:					
Cash paid for taxes	\$ 5,031	\$ 1,734	\$ 6,651	\$ 6,765	\$ 6,825
Cash paid for interest	\$ 28,965	\$ 63,336	\$ 23,725	\$ 92,301	\$ 60,462
Free cash flow (1)	\$ 9,041	\$ 49,060	\$ (100,368)	\$ 58,101	\$ (266,802)
Adjusted free cash flow (2)	\$ 9,041	\$ 49,060	\$ (49,372)	\$ 58,101	\$ (200,855)

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

Net cash provided by operating activities as presented above	\$ 194,782	\$ 125,993	\$ 140,348	\$ 320,775	\$ 258,118
Net cash provided by (used in) investing activities as presented above	93,880	269,433	(209,737)	363,313	(496,126)
Purchases, sales and maturities of investments, net	(279,621)	(346,366)	(30,979)	(625,987)	(28,794)
Free cash flow (negative free cash flow)	<u>\$ 9,041</u>	<u>\$ 49,060</u>	<u>\$ (100,368)</u>	<u>\$ 58,101</u>	<u>\$ (266,802)</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)	\$ 9,041	\$ 49,060	\$ (100,368)	\$ 58,101	\$ (266,802)
Less purchase of ALOG, less cash acquired	-	-	41,954	-	41,954
Less purchases of real estate	-	-	9,042	-	23,993
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ 9,041</u>	<u>\$ 49,060</u>	<u>\$ (49,372)</u>	<u>\$ 58,101</u>	<u>\$ (200,855)</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Recurring revenues	\$ 442,576	\$ 429,621	\$ 376,528	\$ 872,197	\$ 720,437
Non-recurring revenues	23,688	22,579	18,372	46,267	37,492
Revenues (1)	466,264	452,200	394,900	918,464	757,929
Cash cost of revenues (2)	146,233	140,586	137,558	286,819	260,189
Cash gross profit (3)	320,031	311,614	257,342	631,645	497,740
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	38,756	38,186	29,261	76,942	56,365
Cash general and administrative expenses (6)	59,197	58,278	46,753	117,475	92,771
Total cash operating expenses (7)	97,953	96,464	76,014	194,417	149,136
Adjusted EBITDA (8)	\$ 222,078	\$ 215,150	\$ 181,328	\$ 437,228	\$ 348,604
Cash gross margins (9)	69%	69%	65%	69%	66%
Adjusted EBITDA margins (10)	48%	48%	46%	48%	46%
Adjusted EBITDA flow-through rate (11)	49%	81%	44%	68%	65%

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

Americas Revenues:

Colocation	\$ 215,288	\$ 209,708	\$ 187,840	\$ 424,996	\$ 364,036
Interconnection	56,273	54,646	48,164	110,919	94,086
Managed infrastructure	12,597	13,970	8,706	26,567	9,473
Rental	445	439	489	884	993
Recurring revenues	284,603	278,763	245,199	563,366	468,588
Non-recurring revenues	12,533	9,321	8,690	21,854	17,828
Revenues	297,136	288,084	253,889	585,220	486,416

EMEA Revenues:

Colocation	87,820	83,951	74,645	171,771	142,845
Interconnection	4,192	3,824	3,203	8,016	6,015
Managed infrastructure	3,262	3,414	3,481	6,676	6,679
Rental	336	344	177	680	295
Recurring revenues	95,610	91,533	81,506	187,143	155,834
Non-recurring revenues	7,087	9,803	7,105	16,890	14,816
Revenues	102,697	101,336	88,611	204,033	170,650

Asia-Pacific Revenues:

Colocation	49,651	47,117	39,101	96,768	75,440
Interconnection	7,794	7,320	5,818	15,114	11,159
Managed infrastructure	4,918	4,888	4,904	9,806	9,416
Recurring revenues	62,363	59,325	49,823	121,688	96,015
Non-recurring revenues	4,068	3,455	2,577	7,523	4,848
Revenues	66,431	62,780	52,400	129,211	100,863

Worldwide Revenues:

Colocation	352,759	340,776	301,586	693,535	582,321
Interconnection	68,259	65,790	57,185	134,049	111,260
Managed infrastructure	20,777	22,272	17,091	43,049	25,568
Rental	781	783	666	1,564	1,288
Recurring revenues	442,576	429,621	376,528	872,197	720,437
Non-recurring revenues	23,688	22,579	18,372	46,267	37,492
Revenues	\$ 466,264	\$ 452,200	\$ 394,900	\$ 918,464	\$ 757,929

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
(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	\$ 233,192	\$ 225,079	\$ 215,572	\$ 458,271	\$ 410,148
Depreciation, amortization and accretion expense	(85,320)	(83,098)	(76,515)	(168,418)	(147,115)
Stock-based compensation expense	(1,639)	(1,395)	(1,499)	(3,034)	(2,844)
Cash cost of revenues	<u>\$ 146,233</u>	<u>\$ 140,586</u>	<u>\$ 137,558</u>	<u>\$ 286,819</u>	<u>\$ 260,189</u>

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

Americas cash cost of revenues	\$ 85,687	\$ 83,307	\$ 81,886	\$ 168,994	\$ 152,096
EMEA cash cost of revenues	37,392	35,353	36,217	72,745	70,708
Asia-Pacific cash cost of revenues	23,154	21,926	19,455	45,080	37,385
Cash cost of revenues	<u>\$ 146,233</u>	<u>\$ 140,586</u>	<u>\$ 137,558</u>	<u>\$ 286,819</u>	<u>\$ 260,189</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	\$ 47,764	\$ 46,571	\$ 37,063	\$ 94,335	\$ 70,699
Depreciation and amortization expense	(4,333)	(4,350)	(4,192)	(8,683)	(7,858)
Stock-based compensation expense	(4,675)	(4,035)	(3,610)	(8,710)	(6,476)
Cash sales and marketing expenses	<u>\$ 38,756</u>	<u>\$ 38,186</u>	<u>\$ 29,261</u>	<u>\$ 76,942</u>	<u>\$ 56,365</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	\$ 80,723	\$ 78,425	\$ 65,681	\$ 159,148	\$ 128,282
Depreciation and amortization expense	(7,291)	(6,474)	(5,719)	(13,765)	(10,978)
Stock-based compensation expense	(14,235)	(13,673)	(13,209)	(27,908)	(24,533)
Cash general and administrative expenses	<u>\$ 59,197</u>	<u>\$ 58,278</u>	<u>\$ 46,753</u>	<u>\$ 117,475</u>	<u>\$ 92,771</u>

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

Cash sales and marketing expenses	\$ 38,756	\$ 38,186	\$ 29,261	\$ 76,942	\$ 56,365
Cash general and administrative expenses	59,197	58,278	46,753	117,475	92,771
Cash SG&A	<u>\$ 97,953</u>	<u>\$ 96,464</u>	<u>\$ 76,014</u>	<u>\$ 194,417</u>	<u>\$ 149,136</u>

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

Americas cash SG&A	\$ 65,969	\$ 67,025	\$ 49,499	\$ 132,994	\$ 98,311
EMEA cash SG&A	20,100	19,099	17,545	39,199	34,481
Asia-Pacific cash SG&A	11,884	10,340	8,970	22,224	16,344
Cash SG&A	<u>\$ 97,953</u>	<u>\$ 96,464</u>	<u>\$ 76,014</u>	<u>\$ 194,417</u>	<u>\$ 149,136</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	\$ 102,666	\$ 101,098	\$ 74,866	\$ 203,764	\$ 146,171
Depreciation, amortization and accretion expense	96,944	93,922	86,426	190,866	165,951
Stock-based compensation expense	20,549	19,103	18,318	39,652	33,853
Restructuring charges	-	-	103	-	599
Acquisition costs	1,919	1,027	1,615	2,946	2,030
Adjusted EBITDA	<u>\$ 222,078</u>	<u>\$ 215,150</u>	<u>\$ 181,328</u>	<u>\$ 437,228</u>	<u>\$ 348,604</u>

	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	\$ 67,242	\$ 61,918	\$ 49,072	\$ 129,160	\$ 96,391
Americas depreciation, amortization and accretion expense	62,329	60,421	57,246	122,750	110,728
Americas stock-based compensation expense	15,657	15,151	14,527	30,808	26,369
Americas restructuring charges	-	-	103	-	599
Americas acquisition costs	252	262	1,556	514	1,922
Americas adjusted EBITDA	<u>145,480</u>	<u>137,752</u>	<u>122,504</u>	<u>283,232</u>	<u>236,009</u>
EMEA income from operations	22,962	27,279	14,178	50,241	25,649
EMEA depreciation, amortization and accretion expense	18,329	17,312	18,512	35,641	35,356
EMEA stock-based compensation expense	2,673	2,164	2,147	4,837	4,442
EMEA acquisition costs	1,241	129	12	1,370	14
EMEA adjusted EBITDA	<u>45,205</u>	<u>46,884</u>	<u>34,849</u>	<u>92,089</u>	<u>65,461</u>
Asia-Pacific income from operations	12,462	11,901	11,616	24,363	24,131
Asia-Pacific depreciation, amortization and accretion expense	16,286	16,189	10,668	32,475	19,867
Asia-Pacific stock-based compensation expense	2,219	1,788	1,644	4,007	3,042
Asia-Pacific acquisition costs	426	636	47	1,062	94
Asia-Pacific adjusted EBITDA	<u>31,393</u>	<u>30,514</u>	<u>23,975</u>	<u>61,907</u>	<u>47,134</u>
Adjusted EBITDA	<u>\$ 222,078</u>	<u>\$ 215,150</u>	<u>\$ 181,328</u>	<u>\$ 437,228</u>	<u>\$ 348,604</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>71%</u>	<u>71%</u>	<u>68%</u>	<u>71%</u>	<u>69%</u>
EMEA cash gross margins	<u>64%</u>	<u>65%</u>	<u>59%</u>	<u>64%</u>	<u>59%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>65%</u>	<u>63%</u>	<u>65%</u>	<u>63%</u>

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

Americas adjusted EBITDA margins	<u>49%</u>	<u>48%</u>	<u>48%</u>	<u>48%</u>	<u>49%</u>
EMEA adjusted EBITDA margins	<u>44%</u>	<u>46%</u>	<u>39%</u>	<u>45%</u>	<u>38%</u>
Asia-Pacific adjusted EBITDA margins	<u>47%</u>	<u>49%</u>	<u>46%</u>	<u>48%</u>	<u>47%</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	\$ 222,078	\$ 215,150	\$ 181,328	\$ 437,228	\$ 348,604
Less adjusted EBITDA - prior period	(215,150)	(198,131)	(167,276)	(389,759)	(295,408)
Adjusted EBITDA growth	<u>\$ 6,928</u>	<u>\$ 17,019</u>	<u>\$ 14,052</u>	<u>\$ 47,469</u>	<u>\$ 53,196</u>
Revenues - current period	\$ 466,264	\$ 452,200	\$ 394,900	\$ 918,464	\$ 757,929
Less revenues - prior period	(452,200)	(431,312)	(363,029)	(848,913)	(675,591)
Revenue growth	<u>\$ 14,064</u>	<u>\$ 20,888</u>	<u>\$ 31,871</u>	<u>\$ 69,551</u>	<u>\$ 82,338</u>
Adjusted EBITDA flow-through rate	<u>49%</u>	<u>81%</u>	<u>44%</u>	<u>68%</u>	<u>65%</u>