

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2010	September 30, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Recurring revenues	\$ 326,338	\$ 314,727	\$ 231,465	\$ 1,160,418	\$ 841,849
Non-recurring revenues	18,906	15,620	11,087	59,916	40,660
Revenues	345,244	330,347	242,552	1,220,334	882,509
Cost of revenues	193,559	185,476	127,074	674,667	483,420
Gross profit	151,685	144,871	115,478	545,667	399,089
Operating expenses:					
Sales and marketing	31,518	31,205	17,269	111,104	63,584
General and administrative	64,820	58,640	43,647	220,781	155,324
Restructuring charges	491	1,886	-	6,734	(6,053)
Acquisition costs	380	1,114	3,776	12,337	5,155
Total operating expenses	97,209	92,845	64,692	350,956	218,010
Income from operations	54,476	52,026	50,786	194,711	181,079
Interest and other income (expense):					
Interest income	208	310	435	1,515	2,384
Interest expense	(38,822)	(38,363)	(22,613)	(140,475)	(74,232)
Other-than-temporary impairment recovery (loss) on investments	-	206	97	3,626	(2,590)
Loss on debt extinguishment and interest rate swaps, net	(5,356)	-	-	(10,187)	-
Other income (expense)	497	1,654	(1,288)	690	2,387
Total interest and other, net	(43,473)	(36,193)	(23,369)	(144,831)	(72,051)
Income before income taxes	11,003	15,833	27,417	49,880	109,028
Income tax benefit (expense)	2,757	(4,637)	(9,695)	(12,999)	(39,597)
Net income	\$ 13,760	\$ 11,196	\$ 17,722	\$ 36,881	\$ 69,431
Net income per share:					
Basic net income per share	\$ 0.30	\$ 0.24	\$ 0.45	\$ 0.84	\$ 1.80
Diluted net income per share	\$ 0.29	\$ 0.24	\$ 0.44	\$ 0.82	\$ 1.75
Shares used in computing basic net income per share	46,059	45,745	39,136	43,742	38,488
Shares used in computing diluted net income per share	46,871	46,735	40,498	44,810	39,676

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2010	September 30, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Recurring revenues	\$ 326,338	\$ 314,727	\$ 231,465	\$ 1,160,418	\$ 841,849
Non-recurring revenues	18,906	15,620	11,087	59,916	40,660
Revenues (1)	345,244	330,347	242,552	1,220,334	882,509
Cash cost of revenues (2)	125,456	116,602	85,533	431,034	314,580
Cash gross profit (3)	219,788	213,745	157,019	789,300	567,929
Cash operating expenses (4):					
Cash sales and marketing expenses(5)	25,523	24,171	13,238	87,037	47,875
Cash general and administrative expenses (6)	45,318	43,113	32,121	157,428	111,446
Total cash operating expenses (7)	70,841	67,284	45,359	244,465	159,321
Adjusted EBITDA (8)	\$ 148,947	\$ 146,461	\$ 111,660	\$ 544,835	\$ 408,608
Cash gross margins (9)	64%	65%	65%	65%	64%
Adjusted EBITDA margins (10)	43%	44%	46%	45%	46%
Adjusted EBITDA flow-through rate (11)	17%	42%	38%	40%	65%

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

North America Revenues:

Colocation	\$ 166,477	\$ 164,653	\$ 115,695	\$ 598,631	424,083
Interconnection	44,443	42,102	23,048	145,381	89,014
Managed infrastructure	779	821	541	2,885	2,161
Rental	642	520	120	1,751	522
Recurring revenues	212,341	208,096	139,404	748,648	515,780
Non-recurring revenues	8,307	7,229	5,111	27,527	19,709
Revenues	220,648	215,325	144,515	776,175	535,489

Europe Revenues:

Colocation	64,439	60,970	54,599	235,749	192,677
Interconnection	2,607	2,305	2,017	8,861	6,974
Managed infrastructure	3,002	2,734	3,147	11,240	12,415
Rental	134	270	173	720	569
Recurring revenues	70,182	66,279	59,936	256,570	212,635
Non-recurring revenues	8,569	6,515	4,538	25,223	15,501
Revenues	78,751	72,794	64,474	281,793	228,136

Asia-Pacific Revenues:

Colocation	34,546	31,672	25,074	122,056	88,100
Interconnection	4,948	4,430	3,263	16,767	10,906
Managed infrastructure	4,321	4,250	3,788	16,377	14,428
Recurring revenues	43,815	40,352	32,125	155,200	113,434
Non-recurring revenues	2,030	1,876	1,438	7,166	5,450
Revenues	45,845	42,228	33,563	162,366	118,884

Worldwide Revenues:

Colocation	265,462	257,295	195,368	956,436	704,860
Interconnection	51,998	48,837	28,328	171,009	106,894
Managed infrastructure	8,102	7,805	7,476	30,502	29,004
Rental	776	790	293	2,471	1,091
Recurring revenues	326,338	314,727	231,465	1,160,418	841,849
Non-recurring revenues	18,906	15,620	11,087	59,916	40,660
Revenues	\$ 345,244	\$ 330,347	\$ 242,552	\$ 1,220,334	\$ 882,509

	Three Months Ended			Twelve Months Ended	
	December 31, 2010	September 30, 2010	December 31, 2009	December 31, 2010	December 31, 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	\$ 193,559	\$ 185,476	\$ 127,074	\$ 674,667	\$ 483,420
Depreciation, amortization and accretion expense	(66,978)	(67,255)	(40,072)	(237,551)	(162,932)
Stock-based compensation expense	(1,125)	(1,619)	(1,469)	(6,082)	(5,908)
Cash cost of revenues	<u>\$ 125,456</u>	<u>\$ 116,602</u>	<u>\$ 85,533</u>	<u>\$ 431,034</u>	<u>\$ 314,580</u>

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

North America cash cost of revenues	\$ 72,651	\$ 71,879	\$ 42,713	\$ 249,898	\$ 164,491
Europe cash cost of revenues	34,808	29,373	30,142	121,777	106,452
Asia-Pacific cash cost of revenues	17,997	15,350	12,678	59,359	43,637
Cash cost of revenues	<u>\$ 125,456</u>	<u>\$ 116,602</u>	<u>\$ 85,533</u>	<u>\$ 431,034</u>	<u>\$ 314,580</u>

(3) We define cash gross profit as revenues less cash cost of revenues (as defined above).

(4) We define cash operating expenses as operating expenses less depreciation, amortization, stock-based compensation, restructuring charges and acquisition costs. We also refer to cash operating expenses as cash selling, general and administrative expenses or "cash SG&A".

(5) We define cash sales and marketing expenses as sales and marketing expenses less depreciation, amortization and stock-based compensation as presented below:

Sales and marketing expenses	\$ 31,518	\$ 31,205	\$ 17,269	\$ 111,104	\$ 63,584
Depreciation and amortization expense	(3,645)	(3,407)	(1,401)	(11,401)	(5,380)
Stock-based compensation expense	(2,350)	(3,627)	(2,630)	(12,666)	(10,329)
Cash sales and marketing expenses	<u>\$ 25,523</u>	<u>\$ 24,171</u>	<u>\$ 13,238</u>	<u>\$ 87,037</u>	<u>\$ 47,875</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	\$ 64,820	\$ 58,640	\$ 43,647	\$ 220,781	\$ 155,324
Depreciation and amortization expense	(5,508)	(3,823)	(1,599)	(14,612)	(7,059)
Stock-based compensation expense	(13,994)	(11,704)	(9,927)	(48,741)	(36,819)
Cash general and administrative expenses	<u>\$ 45,318</u>	<u>\$ 43,113</u>	<u>\$ 32,121</u>	<u>\$ 157,428</u>	<u>\$ 111,446</u>

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

Cash sales and marketing expenses	\$ 25,523	\$ 24,171	\$ 13,238	\$ 87,037	\$ 47,875
Cash general and administrative expenses	45,318	43,113	32,121	157,428	111,446
Cash SG&A	<u>\$ 70,841</u>	<u>\$ 67,284</u>	<u>\$ 45,359</u>	<u>\$ 244,465</u>	<u>\$ 159,321</u>

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

North America cash SG&A	\$ 45,469	\$ 45,499	\$ 26,308	\$ 162,554	\$ 98,503
Europe cash SG&A	16,212	14,365	12,773	54,334	39,831
Asia-Pacific cash SG&A	9,160	7,420	6,278	27,577	20,987
Cash SG&A	<u>\$ 70,841</u>	<u>\$ 67,284</u>	<u>\$ 45,359</u>	<u>\$ 244,465</u>	<u>\$ 159,321</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	\$ 54,476	\$ 52,026	\$ 50,786	\$ 194,711	\$ 181,079
Depreciation, amortization and accretion expense	76,131	74,485	43,072	263,564	175,371
Stock-based compensation expense	17,469	16,950	14,026	67,489	53,056
Restructuring charges	491	1,886	-	6,734	(6,053)
Acquisition costs	380	1,114	3,776	12,337	5,155
Adjusted EBITDA	<u>\$ 148,947</u>	<u>\$ 146,461</u>	<u>\$ 111,660</u>	<u>\$ 544,835</u>	<u>\$ 408,608</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2010	September 30, 2010	December 31, 2009	December 31, 2010	December 31, 2009
The geographic split of our adjusted EBITDA is presented below:					
North America income from operations	\$ 37,067	\$ 31,921	\$ 33,908	\$ 121,118	\$ 128,168
North America depreciation, amortization and accretion expense	51,448	51,108	27,056	173,811	106,207
North America stock-based compensation expense	13,620	12,683	10,759	50,966	40,082
North America restructuring charges	491	1,886	-	6,734	(6,053)
North America acquisition costs	(98)	349	3,771	11,094	4,091
North America adjusted EBITDA	<u>102,528</u>	<u>97,947</u>	<u>75,494</u>	<u>363,723</u>	<u>272,495</u>
Europe income from operations	8,678	10,258	10,794	34,929	31,202
Europe depreciation, amortization and accretion expense	16,539	15,531	9,293	60,291	43,744
Europe stock-based compensation expense	2,214	2,502	1,467	9,397	5,843
Europe acquisition costs	300	765	5	1,065	1,064
Europe adjusted EBITDA	<u>27,731</u>	<u>29,056</u>	<u>21,559</u>	<u>105,682</u>	<u>81,853</u>
Asia-Pacific income from operations	8,731	9,847	6,084	38,664	21,709
Asia-Pacific depreciation, amortization and accretion expense	8,144	7,846	6,723	29,462	25,420
Asia-Pacific stock-based compensation expense	1,635	1,765	1,800	7,126	7,131
Asia-Pacific acquisition costs	178	-	-	178	-
Asia-Pacific adjusted EBITDA	<u>18,688</u>	<u>19,458</u>	<u>14,607</u>	<u>75,430</u>	<u>54,260</u>
Adjusted EBITDA	<u>\$ 148,947</u>	<u>\$ 146,461</u>	<u>\$ 111,660</u>	<u>\$ 544,835</u>	<u>\$ 408,608</u>

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

Our cash gross margins by geographic region is presented below:

North America cash gross margins	<u>67%</u>	<u>67%</u>	<u>70%</u>	<u>68%</u>	<u>69%</u>
Europe cash gross margins	<u>56%</u>	<u>60%</u>	<u>53%</u>	<u>57%</u>	<u>53%</u>
Asia-Pacific cash gross margins	<u>61%</u>	<u>64%</u>	<u>62%</u>	<u>63%</u>	<u>63%</u>

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

North America adjusted EBITDA margins	<u>46%</u>	<u>45%</u>	<u>52%</u>	<u>47%</u>	<u>51%</u>
Europe adjusted EBITDA margins	<u>35%</u>	<u>40%</u>	<u>33%</u>	<u>38%</u>	<u>36%</u>
Asia-Pacific adjusted EBITDA margins	<u>41%</u>	<u>46%</u>	<u>44%</u>	<u>46%</u>	<u>46%</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	\$ 148,947	\$ 146,461	\$ 111,660	\$ 544,835	\$ 408,608
Less adjusted EBITDA - prior period	(146,461)	(132,155)	(106,036)	(408,608)	(292,476)
Adjusted EBITDA growth	<u>\$ 2,486</u>	<u>\$ 14,306</u>	<u>\$ 5,624</u>	<u>\$ 136,227</u>	<u>\$ 116,132</u>
Revenues - current period	\$ 345,244	\$ 330,347	\$ 242,552	\$ 1,220,334	\$ 882,509
Less revenues - prior period	(330,347)	(296,094)	(227,558)	(882,509)	(704,680)
Revenue growth	<u>\$ 14,897</u>	<u>\$ 34,253</u>	<u>\$ 14,994</u>	<u>\$ 337,825</u>	<u>\$ 177,829</u>
Adjusted EBITDA flow-through rate	<u>17%</u>	<u>42%</u>	<u>38%</u>	<u>40%</u>	<u>65%</u>

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

Assets	December 31, 2010	December 31, 2009
Cash and cash equivalents	\$ 442,841	\$ 346,056
Short-term investments	147,192	248,508
Accounts receivable, net	116,358	64,767
Other current assets	71,657	68,556
Total current assets	778,048	727,887
Long-term investments	2,806	9,803
Property, plant and equipment, net	2,650,953	1,808,115
Goodwill	774,365	381,050
Intangible assets, net	150,945	51,015
Other assets	90,892	60,280
Total assets	\$ 4,448,009	\$ 3,038,150
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 145,854	\$ 99,053
Accrued property and equipment	91,667	109,876
Current portion of capital lease and other financing obligations	7,988	6,452
Current portion of mortgage and loans payable	19,978	58,912
Other current liabilities	52,628	41,166
Total current liabilities	318,115	315,459
Capital lease and other financing obligations, less current portion	253,945	154,577
Mortgage and loans payable, less current portion	100,337	371,322
Senior notes	750,000	-
Convertible debt	916,337	893,706
Other liabilities	228,760	120,603
Total liabilities	2,567,494	1,855,667
Common stock	46	39
Additional paid-in capital	2,341,586	1,665,662
Accumulated other comprehensive loss	(112,018)	(97,238)
Accumulated deficit	(349,099)	(385,980)
Total stockholders' equity	1,880,515	1,182,483
Total liabilities and stockholders' equity	\$ 4,448,009	\$ 3,038,150

Ending headcount by geographic region is as follows:

North America headcount	1,156	718
Europe headcount	482	347
Asia-pacific headcount	283	236
Total headcount	1,921	1,301

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

	<u>December 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Capital lease and other financing obligations	\$ 261,933	\$ 161,029
Chicago IBX financing	-	109,991
Mortgage payable	-	91,756
European financing	-	130,058
Netherlands financing	-	9,311
Asia-Pacific financing	-	64,559
Singapore financing	-	24,559
New Asia-Pacific financing	120,315	-
Total mortgage and loans payable	<u>120,315</u>	<u>430,234</u>
Senior notes	<u>750,000</u>	<u>-</u>
Convertible debt, net of debt discount	916,337	893,706
Plus debt discount	103,399	126,030
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 2,151,984</u>	<u>\$ 1,610,999</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2010	September 30, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Cash flows from operating activities:					
Net income	\$ 13,760	\$ 11,196	\$ 17,722	\$ 36,881	\$ 69,431
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	76,131	74,485	43,072	263,564	175,371
Stock-based compensation	17,469	16,950	14,026	67,489	53,056
Debt issuance costs and debt discount	8,512	7,160	6,581	27,915	18,791
Loss on debt extinguishment and interest rate swaps	5,356	-	-	10,187	-
Restructuring charges	491	1,886	-	6,734	(6,053)
Other reconciling items	1,888	894	184	4,050	3,453
Changes in operating assets and liabilities:					
Accounts receivable	(1,400)	(6,729)	2,300	(39,886)	2,277
Deferred tax assets, net	(1,611)	3,442	7,231	6,110	27,981
Accounts payable and accrued expenses	14,316	(3,013)	(4,876)	30,363	22,762
Other assets and liabilities	(12,021)	6,992	(3,730)	(20,535)	(11,577)
Net cash provided by operating activities	122,891	113,263	82,510	392,872	355,492
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	176,172	(115,554)	85,924	107,916	(172,658)
Purchase of Switch and Data, less cash acquired	-	-	-	(113,289)	-
Purchase of Upminster, less cash acquired	-	-	-	-	(28,176)
Purchase of Amsterdam IBX property	(14,861)	-	-	(14,861)	-
Purchases of property and equipment	(143,351)	(143,941)	(101,740)	(579,397)	(369,542)
Other investing activities	(422)	-	132	(1,338)	12,198
Net cash provided by (used in) investing activities	17,538	(259,495)	(15,684)	(600,969)	(558,178)
Cash flows from financing activities:					
Proceeds from employee equity awards	3,638	14,026	13,956	39,817	37,006
Proceeds from convertible debt	-	-	-	-	373,750
Proceeds from mortgage and loans payable	5,770	16,853	795	121,581	29,474
Proceeds from senior notes	-	-	-	750,000	-
Repayment of capital lease and other financing obligations	(2,019)	(1,713)	(1,514)	(16,133)	(5,279)
Repayment of mortgage and loans payable	(88,930)	(11,049)	(16,593)	(558,007)	(51,118)
Capped call costs	-	-	-	-	(49,664)
Equity issuance costs	-	-	-	-	(2,795)
Debt issuance costs	-	(5)	(10)	(23,124)	(8,220)
Debt extinguishment costs	(4,448)	-	-	(4,448)	-
Other financing activities	-	-	444	-	444
Net cash provided by (used in) financing activities	(85,989)	18,112	(2,922)	309,686	323,598
Effect of foreign currency exchange rates on cash and cash equivalents	(748)	5,927	(995)	(4,804)	4,937
Net increase (decrease) in cash and cash equivalents	53,692	(122,193)	62,909	96,785	125,849
Cash and cash equivalents at beginning of period	389,149	511,342	283,147	346,056	220,207
Cash and cash equivalents at end of period	\$ 442,841	\$ 389,149	\$ 346,056	\$ 442,841	\$ 346,056
Free cash flow (1)	\$ (35,743)	\$ (30,678)	\$ (19,098)	\$ (316,013)	\$ (30,028)
Adjusted free cash flow (2)	\$ (20,882)	\$ (30,678)	\$ (19,098)	\$ (187,863)	\$ (1,852)

(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	\$ 122,891	\$ 113,263	\$ 82,510	\$ 392,872	\$ 355,492
Net cash provided by (used in) investing activities as presented above	17,538	(259,495)	(15,684)	(600,969)	(558,178)
Purchases, sales and maturities of investments, net	(176,172)	115,554	(85,924)	(107,916)	172,658
Free cash flow (negative free cash flow)	\$ (35,743)	\$ (30,678)	\$ (19,098)	\$ (316,013)	\$ (30,028)

(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)	\$ (35,743)	\$ (30,678)	\$ (19,098)	\$ (316,013)	\$ (30,028)
Less purchase of Switch and Data, less cash acquired	-	-	-	113,289	-
Less purchase of Upminster, less cash acquired	-	-	-	-	28,176
Less purchase of Amsterdam IBX property	14,861	-	-	14,861	-
Adjusted free cash flow (negative adjusted free cash flow)	\$ (20,882)	\$ (30,678)	\$ (19,098)	\$ (187,863)	\$ (1,852)