

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Recurring revenues	\$ 410,734	\$ 397,351	\$ 326,338	\$ 1,528,522	\$ 1,160,418
Non-recurring revenues	20,578	20,250	18,906	78,320	59,916
Revenues	431,312	417,601	345,244	1,606,842	1,220,334
Cost of revenues	229,340	228,153	193,559	867,641	674,667
Gross profit	201,972	189,448	151,685	739,201	545,667
Operating expenses:					
Sales and marketing	45,322	43,070	31,518	159,091	111,104
General and administrative	71,674	65,976	64,820	265,932	220,781
Restructuring charges	1,295	1,587	491	3,481	6,734
Acquisition costs	805	699	380	3,534	12,337
Total operating expenses	119,096	111,332	97,209	432,038	350,956
Income from operations	82,876	78,116	54,476	307,163	194,711
Interest and other income (expense):					
Interest income	754	679	208	2,280	1,515
Interest expense	(55,151)	(51,114)	(38,822)	(181,303)	(140,475)
Other-than-temporary impairment recovery on investments	-	-	-	-	3,626
Loss on debt extinguishment and interest rate swaps, net	-	-	(5,356)	-	(10,187)
Other income (expense)	1,383	(1,694)	497	2,821	690
Total interest and other, net	(53,014)	(52,129)	(43,473)	(176,202)	(144,831)
Income before income taxes	29,862	25,987	11,003	130,961	49,880
Income tax benefit (expense)	(13,769)	(5,348)	2,757	(38,351)	(12,999)
Net income	16,093	20,639	13,760	92,610	36,881
Net loss (income) attributable to redeemable non-controlling interests	1,717	(320)	-	1,394	-
Net income attributable to Equinix	\$ 17,810	\$ 20,319	\$ 13,760	\$ 94,004	\$ 36,881
Net income per share attributable to Equinix:					
Basic net income per share (1)	\$ 0.36	\$ 0.21	\$ 0.30	\$ 1.76	\$ 0.84
Diluted net income per share (1)	\$ 0.35	\$ 0.20	\$ 0.29	\$ 1.72	\$ 0.82
Shares used in computing basic net income per share	47,235	47,202	46,059	46,956	43,742
Shares used in computing diluted net income per share	48,083	47,943	46,871	47,898	44,810

(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	\$ 16,093	\$ 20,639	\$ 13,760	\$ 92,610	\$ 36,881
Adjustments attributable to redeemable non-controlling interests:	880	(10,959)	-	(10,082)	-
Net income attributable to Equinix, basic	16,973	9,680	13,760	82,528	36,881
Interest on convertible debt	-	-	-	-	-
Net income attributable to Equinix, diluted	\$ 16,973	\$ 9,680	\$ 13,760	\$ 82,528	\$ 36,881

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Recurring revenues	\$ 410,734	\$ 397,351	\$ 326,338	\$ 1,528,522	\$ 1,160,418
Non-recurring revenues	20,578	20,250	18,906	78,320	59,916
Revenues (1)	431,312	417,601	345,244	1,606,842	1,220,334
Cash cost of revenues (2)	143,504	144,560	125,456	548,253	431,034
Cash gross profit (3)	287,808	273,041	219,788	1,058,589	789,300
Cash operating expenses (4):					
Cash sales and marketing expenses (5)	37,085	34,504	25,523	127,954	87,037
Cash general and administrative expenses (6)	52,592	46,909	45,318	192,272	157,428
Total cash operating expenses (7)	89,677	81,413	70,841	320,226	244,465
Adjusted EBITDA (8)	\$ 198,131	\$ 191,628	\$ 148,947	\$ 738,363	\$ 544,835
Cash gross margins (9)	67%	65%	64%	66%	65%
Adjusted EBITDA margins (10)	46%	46%	43%	46%	45%
Adjusted EBITDA flow-through rate (11)	47%	45%	17%	50%	40%

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

Americas Revenues:

Colocation	\$ 202,840	\$ 193,317	\$ 166,477	\$ 760,193	\$ 598,631
Interconnection	52,383	49,432	44,443	195,901	145,381
Managed infrastructure	12,476	15,966	779	37,915	2,885
Rental	463	550	642	2,006	1,751
Recurring revenues	268,162	259,265	212,341	996,015	748,648
Non-recurring revenues	9,341	9,589	8,307	36,758	27,527
Revenues	277,503	268,854	220,648	1,032,773	776,175

EMEA Revenues:

Colocation	80,174	77,709	64,439	300,728	235,749
Interconnection	3,600	3,446	2,607	13,061	8,861
Managed infrastructure	3,401	3,691	3,002	13,771	11,240
Rental	238	262	134	795	720
Recurring revenues	87,413	85,108	70,182	328,355	256,570
Non-recurring revenues	7,835	7,216	8,569	29,867	25,223
Revenues	95,248	92,324	78,751	358,222	281,793

Asia-Pacific Revenues:

Colocation	43,686	41,874	34,546	161,000	122,056
Interconnection	6,789	6,378	4,948	24,326	16,767
Managed infrastructure	4,684	4,726	4,321	18,826	16,377
Recurring revenues	55,159	52,978	43,815	204,152	155,200
Non-recurring revenues	3,402	3,445	2,030	11,695	7,166
Revenues	58,561	56,423	45,845	215,847	162,366

Worldwide Revenues:

Colocation	326,700	312,900	265,462	1,221,921	956,436
Interconnection	62,772	59,256	51,998	233,288	171,009
Managed infrastructure	20,561	24,383	8,102	70,512	30,502
Rental	701	812	776	2,801	2,471
Recurring revenues	410,734	397,351	326,338	1,528,522	1,160,418
Non-recurring revenues	20,578	20,250	18,906	78,320	59,916
Revenues	\$ 431,312	\$ 417,601	\$ 345,244	\$ 1,606,842	\$ 1,220,334

	Three Months Ended			Twelve Months Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 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	\$ 229,340	\$ 228,153	\$ 193,559	\$ 867,641	\$ 674,667
Depreciation, amortization and accretion expense	(84,289)	(82,020)	(66,978)	(313,424)	(237,551)
Stock-based compensation expense	(1,547)	(1,573)	(1,125)	(5,964)	(6,082)
Cash cost of revenues	<u>\$ 143,504</u>	<u>\$ 144,560</u>	<u>\$ 125,456</u>	<u>\$ 548,253</u>	<u>\$ 431,034</u>

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

Americas cash cost of revenues	\$ 84,664	\$ 86,503	\$ 72,651	\$ 323,263	\$ 249,898
EMEA cash cost of revenues	36,677	36,930	34,808	144,315	121,777
Asia-Pacific cash cost of revenues	22,163	21,127	17,997	80,675	59,359
Cash cost of revenues	<u>\$ 143,504</u>	<u>\$ 144,560</u>	<u>\$ 125,456</u>	<u>\$ 548,253</u>	<u>\$ 431,034</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	\$ 45,322	\$ 43,070	\$ 31,518	\$ 159,091	\$ 111,104
Depreciation and amortization expense	(4,308)	(4,413)	(3,645)	(16,579)	(11,401)
Stock-based compensation expense	(3,929)	(4,153)	(2,350)	(14,558)	(12,666)
Cash sales and marketing expenses	<u>\$ 37,085</u>	<u>\$ 34,504</u>	<u>\$ 25,523</u>	<u>\$ 127,954</u>	<u>\$ 87,037</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	\$ 71,674	\$ 65,976	\$ 64,820	\$ 265,932	\$ 220,781
Depreciation and amortization expense	(6,086)	(5,586)	(5,508)	(22,650)	(14,612)
Stock-based compensation expense	(12,996)	(13,481)	(13,994)	(51,010)	(48,741)
Cash general and administrative expenses	<u>\$ 52,592</u>	<u>\$ 46,909</u>	<u>\$ 45,318</u>	<u>\$ 192,272</u>	<u>\$ 157,428</u>

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

Cash sales and marketing expenses	\$ 37,085	\$ 34,504	\$ 25,523	\$ 127,954	\$ 87,037
Cash general and administrative expenses	52,592	46,909	45,318	192,272	157,428
Cash SG&A	<u>\$ 89,677</u>	<u>\$ 81,413</u>	<u>\$ 70,841</u>	<u>\$ 320,226</u>	<u>\$ 244,465</u>

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

Americas cash SG&A	\$ 59,881	\$ 54,838	\$ 45,469	\$ 213,030	\$ 162,554
EMEA cash SG&A	18,853	17,427	16,212	70,761	54,334
Asia-Pacific cash SG&A	10,943	9,148	9,160	36,435	27,577
Cash SG&A	<u>\$ 89,677</u>	<u>\$ 81,413</u>	<u>\$ 70,841</u>	<u>\$ 320,226</u>	<u>\$ 244,465</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	\$ 82,876	\$ 78,116	\$ 54,476	\$ 307,163	\$ 194,711
Depreciation, amortization and accretion expense	94,683	92,019	76,131	352,653	263,564
Stock-based compensation expense	18,472	19,207	17,469	71,532	67,489
Restructuring charges	1,295	1,587	491	3,481	6,734
Acquisition costs	805	699	380	3,534	12,337
Adjusted EBITDA	<u>\$ 198,131</u>	<u>\$ 191,628</u>	<u>\$ 148,947</u>	<u>\$ 738,363</u>	<u>\$ 544,835</u>

	Three Months Ended			Twelve Months Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010
The geographic split of our adjusted EBITDA is presented below:					
Americas income from operations	\$ 57,145	\$ 51,659	\$ 37,067	\$ 205,195	\$ 121,118
Americas depreciation, amortization and accretion expense	59,597	58,414	51,448	228,739	173,811
Americas stock-based compensation expense	14,669	15,176	13,620	56,214	50,966
Americas restructuring charges	1,295	1,587	491	3,481	6,734
Americas acquisition costs	252	677	(98)	2,851	11,094
Americas adjusted EBITDA	<u>132,958</u>	<u>127,513</u>	<u>102,528</u>	<u>496,480</u>	<u>363,723</u>
EMEA income from operations	17,466	16,305	8,678	59,420	34,929
EMEA depreciation, amortization and accretion expense	19,776	19,354	16,539	74,486	60,291
EMEA stock-based compensation expense	2,119	2,308	2,214	8,869	9,397
EMEA acquisition costs	357	-	300	371	1,065
EMEA adjusted EBITDA	<u>39,718</u>	<u>37,967</u>	<u>27,731</u>	<u>143,146</u>	<u>105,682</u>
Asia-Pacific income from operations	8,265	10,152	8,731	42,548	38,664
Asia-Pacific depreciation, amortization and accretion expense	15,310	14,251	8,144	49,428	29,462
Asia-Pacific stock-based compensation expense	1,684	1,723	1,635	6,449	7,126
Asia-Pacific acquisition costs	196	22	178	312	178
Asia-Pacific adjusted EBITDA	<u>25,455</u>	<u>26,148</u>	<u>18,688</u>	<u>98,737</u>	<u>75,430</u>
Adjusted EBITDA	<u>\$ 198,131</u>	<u>\$ 191,628</u>	<u>\$ 148,947</u>	<u>\$ 738,363</u>	<u>\$ 544,835</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>69%</u>	<u>68%</u>	<u>67%</u>	<u>69%</u>	<u>68%</u>
EMEA cash gross margins	<u>61%</u>	<u>60%</u>	<u>56%</u>	<u>60%</u>	<u>57%</u>
Asia-Pacific cash gross margins	<u>62%</u>	<u>63%</u>	<u>61%</u>	<u>63%</u>	<u>63%</u>

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

Americas adjusted EBITDA margins	<u>48%</u>	<u>47%</u>	<u>46%</u>	<u>48%</u>	<u>47%</u>
EMEA adjusted EBITDA margins	<u>42%</u>	<u>41%</u>	<u>35%</u>	<u>40%</u>	<u>38%</u>
Asia-Pacific adjusted EBITDA margins	<u>43%</u>	<u>46%</u>	<u>41%</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	\$ 198,131	\$ 191,628	\$ 148,947	\$ 738,363	\$ 544,835
Less adjusted EBITDA - prior period	(191,628)	(181,328)	(146,461)	(544,835)	(408,608)
Adjusted EBITDA growth	<u>\$ 6,503</u>	<u>\$ 10,300</u>	<u>\$ 2,486</u>	<u>\$ 193,528</u>	<u>\$ 136,227</u>
Revenues - current period	\$ 431,312	\$ 417,601	\$ 345,244	\$ 1,606,842	\$ 1,220,334
Less revenues - prior period	(417,601)	(394,900)	(330,347)	(1,220,334)	(882,509)
Revenue growth	<u>\$ 13,711</u>	<u>\$ 22,701</u>	<u>\$ 14,897</u>	<u>\$ 386,508</u>	<u>\$ 337,825</u>
Adjusted EBITDA flow-through rate	<u>47%</u>	<u>45%</u>	<u>17%</u>	<u>50%</u>	<u>40%</u>

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

Assets	December 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 278,823	\$ 442,841
Short-term investments	635,721	147,192
Accounts receivable, net	139,057	116,358
Other current assets	182,156	71,657
Total current assets	1,235,757	778,048
Long-term investments	161,801	2,806
Property, plant and equipment, net	3,225,912	2,650,953
Goodwill	866,495	774,365
Intangible assets, net	148,635	150,945
Other assets	146,724	90,892
Total assets	\$ 5,785,324	\$ 4,448,009
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 229,043	\$ 145,854
Accrued property and equipment	93,224	91,667
Current portion of capital lease and other financing obligations	11,542	7,988
Current portion of loans payable	87,440	19,978
Current portion of convertible debt	246,315	-
Other current liabilities	57,690	52,628
Total current liabilities	725,254	318,115
Capital lease and other financing obligations, less current portion	390,269	253,945
Loans payable, less current portion	168,795	100,337
Senior notes	1,500,000	750,000
Convertible debt	694,769	916,337
Other liabilities	286,424	228,760
Total liabilities	3,765,511	2,567,494
Redeemable non-controlling interests	67,601	-
Common stock	48	46
Additional paid-in capital	2,437,623	2,341,586
Treasury stock	(86,666)	-
Accumulated other comprehensive loss	(143,698)	(112,018)
Accumulated deficit	(255,095)	(349,099)
Total stockholders' equity	1,952,212	1,880,515
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 5,785,324	\$ 4,448,009

Ending headcount by geographic region is as follows:

Americas headcount	1,763	1,156
EMEA headcount	570	482
Asia-Pacific headcount	376	283
Total headcount	2,709	1,921

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

	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Capital lease and other financing obligations	\$ 401,811	\$ 261,933
Paris IBX financing	52,104	-
ALOG financing	10,288	-
Asia-Pacific financing	193,843	120,315
Total loans payable	<u>256,235</u>	<u>120,315</u>
Senior notes	<u>1,500,000</u>	<u>750,000</u>
Convertible debt, net of debt discount	941,084	916,337
Plus debt discount	<u>78,652</u>	<u>103,399</u>
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 3,177,782</u>	<u>\$ 2,151,984</u>

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

	Three Months Ended			Twelve Months Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Cash flows from operating activities:					
Net income	\$ 16,093	\$ 20,639	\$ 13,760	\$ 92,610	\$ 36,881
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, amortization and accretion	94,683	92,019	76,131	352,653	263,564
Stock-based compensation	18,472	19,207	17,469	71,532	67,489
Debt issuance costs and debt discount	8,356	8,207	8,512	32,172	27,915
Loss on debt extinguishment and interest rate swaps	-	-	5,356	-	10,187
Restructuring charges	1,295	1,587	491	3,481	6,734
Other reconciling items	4,526	711	1,888	9,874	4,050
Changes in operating assets and liabilities:					
Accounts receivable	3,238	(9,989)	(1,400)	(23,061)	(39,886)
Deferred tax assets, net	2,516	1,760	(1,611)	7,409	6,110
Accounts payable and accrued expenses	45,274	32	14,316	35,782	30,363
Other assets and liabilities	(7,175)	7,697	(12,021)	4,814	(20,535)
Net cash provided by operating activities	187,278	141,870	122,891	587,266	392,872
Cash flows from investing activities:					
Purchases, sales and maturities of investments, net	1,400	(677,229)	176,172	(647,035)	107,916
Purchase of ALOG, less cash acquired	-	-	-	(41,954)	-
Purchase of Switch and Data, less cash acquired	-	-	-	-	(113,289)
Purchases of real estate	(4,073)	-	(14,861)	(28,066)	(14,861)
Purchases of other property and equipment	(189,817)	(131,525)	(143,351)	(685,332)	(579,397)
Other investing activities	(1,792)	61	(422)	(96,714)	(1,338)
Net cash provided by (used in) investing activities	(194,282)	(808,693)	17,538	(1,499,101)	(600,969)
Cash flows from financing activities:					
Purchases of treasury stock	(86,666)	-	-	(86,666)	-
Proceeds from employee equity awards	3,189	11,107	3,638	38,893	39,817
Proceeds from loans payable	4,701	12,718	5,770	95,336	121,581
Proceeds from senior notes	-	750,000	-	750,000	750,000
Repayment of capital lease and other financing obligations	(3,022)	(3,081)	(2,019)	(10,426)	(16,133)
Repayment of mortgage and loans payable	(1,556)	(11,171)	(88,930)	(22,829)	(558,007)
Debt issuance costs	(110)	(15,426)	-	(15,661)	(23,124)
Debt extinguishment costs	-	-	(4,448)	-	(4,448)
Other financing activities	81	-	-	81	-
Net cash provided by (used in) financing activities	(83,383)	744,147	(85,989)	748,728	309,686
Effect of foreign currency exchange rates on cash and cash equivalents	(1,313)	(4,673)	(748)	(911)	(4,804)
Net increase (decrease) in cash and cash equivalents	(91,700)	72,651	53,692	(164,018)	96,785
Cash and cash equivalents at beginning of period	370,523	297,872	389,149	442,841	346,056
Cash and cash equivalents at end of period	\$ 278,823	\$ 370,523	\$ 442,841	\$ 278,823	\$ 442,841
Supplemental cash flow information:					
Cash paid for taxes	\$ 1,985	\$ 347	\$ 7,914	\$ 9,157	\$ 11,043
Cash paid for interest	\$ 28,846	\$ 39,821	\$ 27,171	\$ 129,129	\$ 97,943
Free cash flow (1)	\$ (8,404)	\$ 10,406	\$ (35,743)	\$ (264,800)	\$ (316,013)
Adjusted free cash flow (2)	\$ (4,331)	\$ 10,406	\$ (20,882)	\$ (194,780)	\$ (187,863)

(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	\$ 187,278	\$ 141,870	\$ 122,891	\$ 587,266	\$ 392,872
Net cash used in investing activities as presented above	(194,282)	(808,693)	17,538	(1,499,101)	(600,969)
Purchases, sales and maturities of investments, net	(1,400)	677,229	(176,172)	647,035	(107,916)
Free cash flow (negative free cash flow)	<u>\$ (8,404)</u>	<u>\$ 10,406</u>	<u>\$ (35,743)</u>	<u>\$ (264,800)</u>	<u>\$ (316,013)</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)	\$ (8,404)	\$ 10,406	\$ (35,743)	\$ (264,800)	\$ (316,013)
Less purchase of ALOG, less cash acquired	-	-	-	41,954	-
Less purchase of Switch and Data, less cash acquired	-	-	-	-	113,289
Less purchases of real estate	4,073	-	14,861	28,066	14,861
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ (4,331)</u>	<u>\$ 10,406</u>	<u>\$ (20,882)</u>	<u>\$ (194,780)</u>	<u>\$ (187,863)</u>