

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

	Three Months Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Recurring revenues	\$ 237,236	\$ 231,465	\$ 190,322
Non-recurring revenues	11,413	11,087	8,909
Revenues	248,649	242,552	199,231
Cost of revenues	133,050	127,074	111,805
Gross profit	115,599	115,478	87,426
Operating expenses:			
Sales and marketing	19,468	17,269	14,403
General and administrative	43,155	43,647	35,150
Restructuring charges	-	-	(5,833)
Acquisition costs	4,994	3,776	-
Total operating expenses	67,617	64,692	43,720
Income from operations	47,982	50,786	43,706
Interest and other income (expense):			
Interest income	506	435	916
Interest expense	(25,675)	(22,613)	(13,451)
Other-than-temporary impairment recovery (loss) on investments	3,420	97	(2,687)
Loss on debt extinguishment and interest rate swaps, net	(3,377)	-	-
Other income (expense)	20	(1,288)	(1,419)
Total interest and other, net	(25,106)	(23,369)	(16,641)
Income before income taxes	22,876	27,417	27,065
Income tax expense	(8,677)	(9,695)	(11,608)
Net income	\$ 14,199	\$ 17,722	\$ 15,457
Net income per share:			
Basic net income per share	\$ 0.36	\$ 0.45	\$ 0.41
Diluted net income per share	\$ 0.35	\$ 0.44	\$ 0.40
Shares used in computing basic net income per share	39,562	39,136	37,861
Shares used in computing diluted net income per share	40,785	40,498	38,739

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

	Three Months Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Recurring revenues	\$ 237,236	\$ 231,465	\$ 190,322
Non-recurring revenues	11,413	11,087	8,909
Revenues (1)	248,649	242,552	199,231
Cash cost of revenues (2)	85,084	85,533	71,939
Cash gross profit (3)	163,565	157,019	127,292
Cash operating expenses (4):			
Cash sales and marketing expenses(5)	15,185	13,238	10,980
Cash general and administrative expenses (6)	31,108	32,121	24,934
Total cash operating expenses (7)	46,293	45,359	35,914
Adjusted EBITDA (8)	\$ 117,272	\$ 111,660	\$ 91,378
Cash gross margins (9)	66%	65%	64%
Adjusted EBITDA margins (10)	47%	46%	46%
Adjusted EBITDA flow-through rate (11)	92%	38%	85%

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

United States Revenues:

Colocation	\$ 118,932	\$ 115,695	\$ 97,915
Interconnection	23,764	23,048	21,516
Managed infrastructure	539	541	569
Rental	182	120	161
Recurring revenues	143,417	139,404	120,161
Non-recurring revenues	5,139	5,111	4,733
Revenues	148,556	144,515	124,894

Asia-Pacific Revenues:

Colocation	26,985	25,074	19,455
Interconnection	3,529	3,263	2,296
Managed infrastructure	3,860	3,788	3,535
Recurring revenues	34,374	32,125	25,286
Non-recurring revenues	1,555	1,438	1,251
Revenues	35,929	33,563	26,537

Europe Revenues:

Colocation	54,442	54,599	40,114
Interconnection	1,939	2,017	1,385
Managed infrastructure	2,901	3,147	3,273
Rental	163	173	103
Recurring revenues	59,445	59,936	44,875
Non-recurring revenues	4,719	4,538	2,925
Revenues	64,164	64,474	47,800

Worldwide Revenues:

Colocation	200,359	195,368	157,484
Interconnection	29,232	28,328	25,197
Managed infrastructure	7,300	7,476	7,377
Rental	345	293	264
Recurring revenues	237,236	231,465	190,322
Non-recurring revenues	11,413	11,087	8,909
Revenues	\$ 248,649	\$ 242,552	\$ 199,231

	Three Months Ended		
	March 31, 2010	December 31, 2009	March 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	\$ 133,050	\$ 127,074	\$ 111,805
Depreciation, amortization and accretion expense	(46,372)	(40,072)	(38,772)
Stock-based compensation expense	(1,594)	(1,469)	(1,094)
Cash cost of revenues	<u>\$ 85,084</u>	<u>\$ 85,533</u>	<u>\$ 71,939</u>

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

U.S. cash cost of revenues	\$ 44,148	\$ 42,713	\$ 38,601
Asia-Pacific cash cost of revenues	12,400	12,678	9,811
Europe cash cost of revenues	28,536	30,142	23,527
Cash cost of revenues	<u>\$ 85,084</u>	<u>\$ 85,533</u>	<u>\$ 71,939</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	\$ 19,468	\$ 17,269	\$ 14,403
Depreciation and amortization expense	(1,352)	(1,401)	(1,243)
Stock-based compensation expense	(2,931)	(2,630)	(2,180)
Cash sales and marketing expenses	<u>\$ 15,185</u>	<u>\$ 13,238</u>	<u>\$ 10,980</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	\$ 43,155	\$ 43,647	\$ 35,150
Depreciation and amortization expense	(1,598)	(1,599)	(1,952)
Stock-based compensation expense	(10,449)	(9,927)	(8,264)
Cash general and administrative expenses	<u>\$ 31,108</u>	<u>\$ 32,121</u>	<u>\$ 24,934</u>

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

Cash sales and marketing expenses	\$ 15,185	\$ 13,238	\$ 10,980
Cash general and administrative expenses	31,108	32,121	24,934
Cash SG&A	<u>\$ 46,293</u>	<u>\$ 45,359</u>	<u>\$ 35,914</u>

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

U.S. cash SG&A	\$ 30,626	\$ 26,308	\$ 23,330
Asia-Pacific cash SG&A	4,994	6,278	4,690
Europe cash SG&A	10,673	12,773	7,894
Cash SG&A	<u>\$ 46,293</u>	<u>\$ 45,359</u>	<u>\$ 35,914</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	\$ 47,982	\$ 50,786	\$ 43,706
Depreciation, amortization and accretion expense	49,322	43,072	41,967
Stock-based compensation expense	14,974	14,026	11,538
Restructuring charges	-	-	(5,833)
Acquisition costs	4,994	3,776	-
Adjusted EBITDA	<u>\$ 117,272</u>	<u>\$ 111,660</u>	<u>\$ 91,378</u>

	Three Months Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
The geographic split of our adjusted EBITDA is presented below:			
U.S. income from operations	\$ 29,601	\$ 33,908	\$ 33,941
U.S. depreciation, amortization and accretion expense	28,174	27,056	26,039
U.S. stock-based compensation expense	11,013	10,759	8,816
U.S. restructuring charges	-	-	(5,833)
U.S. acquisition costs	4,994	3,771	-
U.S. adjusted EBITDA	<u>73,782</u>	<u>75,494</u>	<u>62,963</u>
Asia-Pacific income from operations	10,060	6,084	4,339
Asia-Pacific depreciation, amortization and accretion expense	6,664	6,723	6,327
Asia-Pacific stock-based compensation expense	1,811	1,800	1,370
Asia-Pacific adjusted EBITDA	<u>18,535</u>	<u>14,607</u>	<u>12,036</u>
Europe income from operations	8,321	10,794	5,426
Europe depreciation, amortization and accretion expense	14,484	9,293	9,601
Europe stock-based compensation expense	2,150	1,467	1,352
Europe acquisition costs	-	5	-
Europe adjusted EBITDA	<u>24,955</u>	<u>21,559</u>	<u>16,379</u>
Adjusted EBITDA	<u>\$ 117,272</u>	<u>\$ 111,660</u>	<u>\$ 91,378</u>

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

Our cash gross margins by geographic region is presented below:

U.S. cash gross margins	<u>70%</u>	<u>70%</u>	<u>69%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>62%</u>	<u>63%</u>
Europe cash gross margins	<u>56%</u>	<u>53%</u>	<u>51%</u>

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

U.S. adjusted EBITDA margins	<u>50%</u>	<u>52%</u>	<u>50%</u>
Asia-Pacific adjusted EBITDA margins	<u>52%</u>	<u>44%</u>	<u>45%</u>
Europe adjusted EBITDA margins	<u>39%</u>	<u>33%</u>	<u>34%</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	\$ 117,272	\$ 111,660	\$ 91,378
Less adjusted EBITDA - prior period	(111,660)	(106,036)	(84,100)
Adjusted EBITDA growth	<u>\$ 5,612</u>	<u>\$ 5,624</u>	<u>\$ 7,278</u>
Revenues - current period	\$ 248,649	\$ 242,552	\$ 199,231
Less revenues - prior period	(242,552)	(227,558)	(190,683)
Revenue growth	<u>\$ 6,097</u>	<u>\$ 14,994</u>	<u>\$ 8,548</u>
Adjusted EBITDA flow-through rate	<u>92%</u>	<u>38%</u>	<u>85%</u>

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

Assets	March 31, 2010	December 31, 2009
Cash and cash equivalents	\$ 1,039,302	\$ 346,056
Short-term investments	140,611	248,508
Accounts receivable, net	69,722	64,767
Other current assets	64,014	68,556
Total current assets	1,313,649	727,887
Long-term investments	5,225	9,803
Property, plant and equipment, net	1,874,325	1,808,115
Goodwill	359,319	381,050
Intangible assets, net	46,661	51,015
Other assets	68,589	60,280
Total assets	\$ 3,667,768	\$ 3,038,150
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 113,018	\$ 99,053
Accrued property and equipment	98,993	109,876
Current portion of capital lease and other financing obligations	6,490	6,452
Current portion of mortgage and loans payable	56,225	58,912
Other current liabilities	41,381	41,166
Total current liabilities	316,107	315,459
Capital lease and other financing obligations, less current portion	152,173	154,577
Mortgage and loans payable, less current portion	247,718	371,322
Senior notes	750,000	-
Convertible debt	899,182	893,706
Other liabilities	115,101	120,603
Total liabilities	2,480,281	1,855,667
Common stock	40	39
Additional paid-in capital	1,691,726	1,665,662
Accumulated other comprehensive loss	(132,498)	(97,238)
Accumulated deficit	(371,781)	(385,980)
Total stockholders' equity	1,187,487	1,182,483
Total liabilities and stockholders' equity	\$ 3,667,768	\$ 3,038,150

Ending headcount by geographic region is as follows:

U.S. headcount	759	718
Asia-pacific headcount	252	236
Europe headcount	386	347
Total headcount	1,397	1,301

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

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Capital lease and other financing obligations	\$ 158,663	\$ 161,029
European financing	122,555	130,058
Chicago IBX financing	-	109,991
Mortgage payable	91,046	91,756
Asia-Pacific financing	56,881	64,559
Singapore financing	24,668	24,559
Netherlands financing	8,793	9,311
Total mortgage and loans payable	<u>303,943</u>	<u>430,234</u>
Senior notes	<u>750,000</u>	<u>-</u>
Convertible debt, net of debt discount	899,182	893,706
Plus debt discount	120,554	126,030
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u>\$ 2,232,342</u>	<u>\$ 1,610,999</u>

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

	Three Months Ended		
	March 31, 2010	December 31, 2009	March 31, 2009
Cash flows from operating activities:			
Net income	\$ 14,199	\$ 17,722	\$ 15,457
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	49,322	43,072	41,967
Stock-based compensation	14,974	14,026	11,538
Debt issuance costs and debt discount	5,554	6,581	2,437
Loss on debt extinguishment and interest rate swaps	3,377	-	-
Restructuring charges	-	-	(5,833)
Other reconciling items	434	184	2,774
Changes in operating assets and liabilities:			
Accounts receivable	(6,086)	2,300	4,812
Deferred tax assets, net	5,002	7,231	8,871
Accounts payable and accrued expenses	15,886	(4,876)	6,282
Other assets and liabilities	(2,850)	(3,730)	(1,601)
Net cash provided by operating activities	99,812	82,510	86,704
Cash flows from investing activities:			
Purchases, sales and maturities of investments, net	112,285	85,924	23,620
Purchases of property and equipment	(143,400)	(101,740)	(108,841)
Other investing activities	(442)	132	7,336
Net cash used in investing activities	(31,557)	(15,684)	(77,885)
Cash flows from financing activities:			
Proceeds from employee equity awards	10,883	13,956	4,062
Proceeds from mortgage and loans payable	-	795	744
Proceeds from senior notes	750,000	-	-
Repayment of capital lease and other financing obligations	(1,554)	(1,514)	(969)
Repayment of mortgage and loans payable	(114,340)	(16,593)	(7,210)
Debt issuance costs	(15,193)	(10)	-
Other financing activities	-	444	(252)
Net cash provided by (used in) financing activities	629,796	(2,922)	(3,625)
Effect of foreign currency exchange rates on cash and cash equivalents	(4,805)	(995)	(3,352)
Net increase in cash and cash equivalents	693,246	62,909	1,842
Cash and cash equivalents at beginning of period	346,056	283,147	220,207
Cash and cash equivalents at end of period	\$ 1,039,302	\$ 346,056	\$ 222,049
Free cash flow (1)	\$ (44,030)	\$ (19,098)	\$ (14,801)

(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	\$ 99,812	\$ 82,510	\$ 86,704
Net cash used in investing activities as presented above	(31,557)	(15,684)	(77,885)
Purchases, sales and maturities of investments, net	(112,285)	(85,924)	(23,620)
Free cash flow (negative free cash flow)	\$ (44,030)	\$ (19,098)	\$ (14,801)