

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

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
Recurring revenues	\$ 495,271	\$ 481,738	\$ 420,890
Non-recurring revenues	24,184	24,782	22,355
Revenues	519,455	506,520	443,245
Cost of revenues	259,268	250,121	217,098
Gross profit	260,187	256,399	226,147
Operating expenses:			
Sales and marketing	58,276	55,690	46,410
General and administrative	89,685	86,867	78,316
Impairment charges	-	9,861	-
Acquisition costs	3,662	1,939	675
Total operating expenses	151,623	154,357	125,401
Income from continuing operations	108,564	102,042	100,746
Interest and other income (expense):			
Interest income	747	758	691
Interest expense	(60,331)	(50,516)	(52,818)
Other expense	(459)	(717)	(154)
Total interest and other, net	(60,043)	(50,475)	(52,281)
Income from continuing operations before income taxes	48,521	51,567	48,465
Income tax expense	(12,198)	(17,294)	(13,853)
Net income from continuing operations	36,323	34,273	34,612
Net income from discontinued operations, net of tax	-	6	199
Gain on sale of discontinued operations, net of tax	-	11,852	-
Net income	36,323	46,131	34,811
Net income attributable to redeemable non-controlling interests	(441)	(1,273)	(288)
Net income attributable to Equinix	\$ 35,882	\$ 44,858	\$ 34,523
Net income per share attributable to Equinix:			
Basic net income per share from continuing operations	\$ 0.73	\$ 0.68	\$ 0.74
Basic net income per share from discontinued operations	-	0.24	0.00
Basic net income per share (1)	<u>\$ 0.73</u>	<u>\$ 0.92</u>	<u>\$ 0.74</u>
Diluted net income per share from continuing operations	\$ 0.71	\$ 0.66	\$ 0.71
Diluted net income per share from discontinued operations	-	0.22	0.00
Diluted net income per share (2)	<u>\$ 0.71</u>	<u>\$ 0.88</u>	<u>\$ 0.71</u>
Shares used in computing basic net income per share	49,029	48,673	46,955
Shares used in computing diluted net income per share	53,480	52,917	51,061

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

Net income from continuing operations	\$ 36,323	\$ 34,273	\$ 34,612
Net income attributable to non-controlling interests	(441)	(1,273)	(288)
Adjustments attributable to redemption value of non-controlling interests	-	-	209
Net income from continuing operations attributable to Equinix, basic	35,882	33,000	34,533
Net income from discontinued operations	-	11,858	199
Net income attributable to Equinix, basic	<u>\$ 35,882</u>	<u>\$ 44,858</u>	<u>\$ 34,732</u>

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

Net income from continuing operations attributable to Equinix, basic	\$ 35,882	\$ 33,000	\$ 34,533
Interest on convertible debt	1,851	1,707	1,699
Net income from continuing operations attributable to Equinix, diluted	37,733	34,707	36,232
Net income from discontinued operations	-	11,858	199
Net income attributable to Equinix, diluted	<u>\$ 37,733</u>	<u>\$ 46,565</u>	<u>\$ 36,431</u>

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

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
Net income	\$ 36,323	\$ 46,131	\$ 34,811
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	(72,554)	9,307	34,312
Unrealized gain (loss) on available for sale securities	98	(37)	78
Other comprehensive income (loss), net of tax:	<u>(72,456)</u>	<u>9,270</u>	<u>34,390</u>
Comprehensive income (loss), net of tax	<u>(36,133)</u>	<u>55,401</u>	<u>69,201</u>
Net income attributable to redeemable non-controlling interests	(441)	(1,273)	(288)
Other comprehensive income (loss) attributable to redeemable non-controlling interests	<u>(769)</u>	<u>3,330</u>	<u>(1,059)</u>
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ (37,343)</u>	<u>\$ 57,458</u>	<u>\$ 67,854</u>

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

Assets	March 31, 2013	December 31, 2012
Cash and cash equivalents	\$ 685,019	\$ 252,213
Short-term investments	233,289	166,492
Restricted cash	843,478	9,380
Accounts receivable, net	185,163	163,840
Other current assets	58,908	47,826
Total current assets	2,005,857	639,751
Long-term investments	293,751	127,819
Property, plant and equipment, net	3,888,624	3,918,999
Goodwill	1,018,777	1,042,564
Intangible assets, net	191,935	201,562
Other assets	212,423	202,269
Total assets	\$ 7,611,367	\$ 6,132,964
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 248,395	\$ 268,853
Accrued property and equipment	63,077	63,509
Current portion of capital lease and other financing obligations	16,304	15,206
Current portion of loans payable	47,350	52,160
Current portion of senior notes	750,000	-
Current portion of deferred tax liabilities	69,689	69,689
Other current liabilities	69,329	69,872
Total current liabilities	1,264,144	539,289
Capital lease and other financing obligations, less current portion	568,067	545,853
Loans payable, less current portion	179,560	188,802
Senior notes, less current portion	2,250,000	1,500,000
Convertible debt	712,478	708,726
Other liabilities	197,966	230,843
Total liabilities	5,172,215	3,713,513
Redeemable non-controlling interests	96,891	84,178
Common stock	50	49
Additional paid-in capital	2,627,334	2,583,371
Treasury stock	(36,309)	(36,676)
Accumulated other comprehensive loss	(174,267)	(101,042)
Accumulated deficit	(74,547)	(110,429)
Total stockholders' equity	2,342,261	2,335,273
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,611,367	\$ 6,132,964

Ending headcount by geographic region is as follows:

Americas headcount	1,872	1,821
EMEA headcount	848	811
Asia-Pacific headcount	553	521
Total headcount	3,273	3,153

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

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Capital lease and other financing obligations	\$ 584,371	\$ 561,059
U.S. term loan	170,000	180,000
ALOG financing	49,566	48,807
Paris 4 IBX financing	7,308	8,071
Other loans payable	36	4,084
Total loans payable	<u>226,910</u>	<u>240,962</u>
Senior notes	<u>3,000,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	712,478	708,726
Plus debt discount	57,235	60,990
Total convertible debt principal	<u>769,713</u>	<u>769,716</u>
Total debt outstanding	<u>\$ 4,580,994</u>	<u>\$ 3,071,737</u>

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

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
Cash flows from operating activities:			
Net income	\$ 36,323	\$ 46,131	\$ 34,811
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	108,531	103,457	93,922
Stock-based compensation	22,703	21,924	19,103
Debt issuance costs and debt discount	5,753	5,308	8,107
Impairment charges	-	9,861	-
Gain on sale of discontinued operations	-	(11,852)	-
Excess tax benefits from employee equity awards	(18,990)	(19,457)	-
Other reconciling items	3,085	584	2,857
Changes in operating assets and liabilities:			
Accounts receivable	(24,663)	20,299	(19,677)
Income taxes, net	(1,609)	2,711	(8,763)
Accounts payable and accrued expenses	(27,996)	26,203	(40,535)
Other assets and liabilities	(18,956)	3,930	36,168
Net cash provided by operating activities	84,181	209,099	125,993
Cash flows from investing activities:			
Purchases, sales and maturities of investments, net	(232,965)	(15,162)	346,366
Purchase of Dubai IBX data center	-	(22,918)	-
Purchase of Asia Tone, less cash acquired	(107)	(13,540)	-
Purchases of real estate	-	(24,656)	-
Purchases of other property, plant and equipment	(75,667)	(210,408)	(145,490)
Proceeds from sale of discontinued operations	-	76,458	-
Other investing activities	(833,801)	899	68,557
Net cash provided by (used in) investing activities	(1,142,540)	(209,327)	269,433
Cash flows from financing activities:			
Purchases of treasury stock	-	-	(13,364)
Proceeds from employee equity awards	14,368	5,998	30,460
Proceeds from loans payable	-	4,049	8,909
Proceeds from senior notes	1,500,000	-	-
Repayment of capital lease and other financing obligations	(3,516)	(3,471)	(2,826)
Repayment of loans payable	(14,052)	(13,332)	(67,129)
Excess tax benefits from employee equity awards	18,990	19,457	-
Other financing activities	(19,030)	(453)	-
Net cash provided by (used in) financing activities	1,496,760	12,248	(43,950)
Effect of foreign currency exchange rates on cash and cash equivalents	(5,595)	506	2,645
Net increase in cash and cash equivalents	432,806	12,526	354,121
Cash and cash equivalents at beginning of period	252,213	239,687	278,823
Cash and cash equivalents at end of period	\$ 685,019	\$ 252,213	\$ 632,944
Supplemental cash flow information:			
Cash paid for taxes	\$ 14,036	\$ 17,133	\$ 1,734
Cash paid for interest	\$ 67,975	\$ 27,404	\$ 63,336
Free cash flow (1)	\$ (825,394)	\$ 14,934	\$ 49,060
Adjusted free cash flow (2)	\$ (806,297)	\$ 19,047	\$ 49,060
Ongoing capital expenditures (3)	\$ 33,997	\$ 43,497	\$ 38,462
Discretionary free cash flow (4)	\$ 50,184	\$ 165,602	\$ 87,531
Adjusted discretionary free cash flow (5)	\$ 69,174	\$ 185,059	\$ 87,531

(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	\$ 84,181	\$ 209,099	\$ 125,993
Net cash provided by (used in) investing activities as presented above	(1,142,540)	(209,327)	269,433
Purchases, sales and maturities of investments, net	232,965	15,162	(346,366)
Free cash flow (negative free cash flow)	\$ (825,394)	\$ 14,934	\$ 49,060

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
(2) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases of real estate, acquisitions, sales of discontinued operations and any excess tax benefits from employee equity awards, as presented below:			
Free cash flow (as defined above)	\$ (825,394)	\$ 14,934	\$ 49,060
Less purchase of Dubai IBX data center, less cash acquired	-	22,918	-
Less purchase of Asia Tone, less cash acquired	107	13,540	-
Less purchases of real estate	-	24,656	-
Less sale of discontinued operations	-	(76,458)	-
Less excess tax benefits from employee equity awards	18,990	19,457	-
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ (806,297)</u>	<u>\$ 19,047</u>	<u>\$ 49,060</u>
(3) We refer to our purchases of other property, plant and equipment as our capital expenditures (or capex). We categorize our capital expenditures into expansion and ongoing capex. Expansion capex is capex spent to build out our new data centers and data center expansions. Our ongoing capex represents all of our other capex spending.			
Ongoing capital expenditures	\$ 33,997	\$ 43,497	\$ 38,462
Expansion capital expenditures	41,670	166,911	107,028
Total capital expenditures	<u>\$ 75,667</u>	<u>\$ 210,408</u>	<u>\$ 145,490</u>
(4) We define discretionary free cash flow as net cash provided by operating activities less ongoing capital expenditures (as described above), as presented below:			
Net cash provided by operating activities as presented above	\$ 84,181	\$ 209,099	\$ 125,993
Less ongoing capital expenditures	(33,997)	(43,497)	(38,462)
Discretionary free cash flow	<u>\$ 50,184</u>	<u>\$ 165,602</u>	<u>\$ 87,531</u>
(5) We define adjusted discretionary free cash flow as discretionary free cash flow (as defined above) excluding any excess tax benefits from employee equity awards as presented below:			
Discretionary free cash flow	\$ 50,184	\$ 165,602	\$ 87,531
Excess tax benefits from employee equity awards	18,990	19,457	-
Adjusted discretionary free cash flow	<u>\$ 69,174</u>	<u>\$ 185,059</u>	<u>\$ 87,531</u>

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

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
Recurring revenues	\$ 495,271	\$ 481,738	\$ 420,890
Non-recurring revenues	24,184	24,782	22,355
Revenues (1)	519,455	506,520	443,245
Cash cost of revenues (2)	162,759	158,950	136,361
Cash gross profit (3)	356,696	347,570	306,884
Cash operating expenses (4):			
Cash sales and marketing expenses (5)	46,280	43,996	38,119
Cash general and administrative expenses (6)	66,956	64,291	58,169
Total cash operating expenses (7)	113,236	108,287	96,288
Adjusted EBITDA (8)	\$ 243,460	\$ 239,283	\$ 210,596
Cash gross margins (9)	69%	69%	69%
Adjusted EBITDA margins (10)	47%	47%	48%
Adjusted EBITDA flow-through rate (11)	32%	62%	81%

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

Americas Revenues:

Colocation	\$ 223,565	\$ 218,442	\$ 203,918
Interconnection	58,206	56,426	51,739
Managed infrastructure	13,616	12,529	13,936
Rental	460	490	439
Recurring revenues	295,847	287,887	270,032
Non-recurring revenues	12,707	11,456	9,097
Revenues	<u>308,554</u>	<u>299,343</u>	<u>279,129</u>

EMEA Revenues:

Colocation	100,532	95,823	83,951
Interconnection	8,381	7,989	3,824
Managed infrastructure	4,249	4,596	3,414
Rental	120	325	344
Recurring revenues	113,282	108,733	91,533
Non-recurring revenues	7,012	8,726	9,803
Revenues	<u>120,294</u>	<u>117,459</u>	<u>101,336</u>

Asia-Pacific Revenues:

Colocation	71,014	69,798	47,117
Interconnection	9,404	9,090	7,320
Managed infrastructure	5,724	6,230	4,888
Recurring revenues	86,142	85,118	59,325
Non-recurring revenues	4,465	4,600	3,455
Revenues	<u>90,607</u>	<u>89,718</u>	<u>62,780</u>

Worldwide Revenues:

Colocation	395,111	384,063	334,986
Interconnection	75,991	73,505	62,883
Managed infrastructure	23,589	23,355	22,238
Rental	580	815	783
Recurring revenues	495,271	481,738	420,890
Non-recurring revenues	24,184	24,782	22,355
Revenues	<u>\$ 519,455</u>	<u>\$ 506,520</u>	<u>\$ 443,245</u>

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012

- (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	\$ 259,268	\$ 250,121	\$ 217,098
Depreciation, amortization and accretion expense	(94,907)	(89,530)	(79,420)
Stock-based compensation expense	(1,602)	(1,641)	(1,317)
Cash cost of revenues	<u>\$ 162,759</u>	<u>\$ 158,950</u>	<u>\$ 136,361</u>

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

Americas cash cost of revenues	\$ 88,473	\$ 83,529	\$ 79,082
EMEA cash cost of revenues	43,629	43,888	35,353
Asia-Pacific cash cost of revenues	30,657	31,533	21,926
Cash cost of revenues	<u>\$ 162,759</u>	<u>\$ 158,950</u>	<u>\$ 136,361</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, impairment 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	\$ 58,276	\$ 55,690	\$ 46,410
Depreciation and amortization expense	(6,275)	(6,469)	(4,256)
Stock-based compensation expense	(5,721)	(5,225)	(4,035)
Cash sales and marketing expenses	<u>\$ 46,280</u>	<u>\$ 43,996</u>	<u>\$ 38,119</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	\$ 89,685	\$ 86,867	\$ 78,316
Depreciation and amortization expense	(7,349)	(7,480)	(6,474)
Stock-based compensation expense	(15,380)	(15,096)	(13,673)
Cash general and administrative expenses	<u>\$ 66,956</u>	<u>\$ 64,291</u>	<u>\$ 58,169</u>

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

Cash sales and marketing expenses	\$ 46,280	\$ 43,996	\$ 38,119
Cash general and administrative expenses	66,956	64,291	58,169
Cash SG&A	<u>\$ 113,236</u>	<u>\$ 108,287</u>	<u>\$ 96,288</u>

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

Americas cash SG&A	\$ 73,551	\$ 65,466	\$ 66,849
EMEA cash SG&A	27,611	28,043	19,099
Asia-Pacific cash SG&A	12,074	14,778	10,340
Cash SG&A	<u>\$ 113,236</u>	<u>\$ 108,287</u>	<u>\$ 96,288</u>

- (8) We define adjusted EBITDA as income from continuing operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs as presented below:

Income from continuing operations	\$ 108,564	\$ 102,042	\$ 100,746
Depreciation, amortization and accretion expense	108,531	103,479	90,150
Stock-based compensation expense	22,703	21,962	19,025
Impairment charges	-	9,861	-
Acquisition costs	3,662	1,939	675
Adjusted EBITDA	<u>\$ 243,460</u>	<u>\$ 239,283</u>	<u>\$ 210,596</u>

	Three Months Ended		
	March 31, 2013	December 31, 2012	March 31, 2012
The geographic split of our adjusted EBITDA is presented below:			
Americas income from continuing operations	\$ 62,597	\$ 66,642	\$ 61,566
Americas depreciation, amortization and accretion expense	63,224	59,761	56,649
Americas stock-based compensation expense	17,311	16,972	15,073
Americas impairment charges	-	6,972	-
Americas acquisition costs	3,398	1	(90)
Americas adjusted EBITDA	<u>146,530</u>	<u>150,348</u>	<u>133,198</u>
EMEA income from continuing operations	22,863	18,738	27,279
EMEA depreciation, amortization and accretion expense	23,071	22,554	17,312
EMEA stock-based compensation expense	3,038	2,633	2,164
EMEA acquisition costs	82	1,603	129
EMEA adjusted EBITDA	<u>49,054</u>	<u>45,528</u>	<u>46,884</u>
Asia-Pacific income from continuing operations	23,104	16,662	11,901
Asia-Pacific depreciation, amortization and accretion expense	22,236	21,164	16,189
Asia-Pacific stock-based compensation expense	2,354	2,357	1,788
Asia-Pacific impairment charges	-	2,889	-
Asia-Pacific acquisition costs	182	335	636
Asia-Pacific adjusted EBITDA	<u>47,876</u>	<u>43,407</u>	<u>30,514</u>
Adjusted EBITDA	<u>\$ 243,460</u>	<u>\$ 239,283</u>	<u>\$ 210,596</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>72%</u>	<u>72%</u>
EMEA cash gross margins	<u>64%</u>	<u>63%</u>	<u>65%</u>
Asia-Pacific cash gross margins	<u>66%</u>	<u>65%</u>	<u>65%</u>

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

Americas adjusted EBITDA margins	<u>47%</u>	<u>50%</u>	<u>48%</u>
EMEA adjusted EBITDA margins	<u>41%</u>	<u>39%</u>	<u>46%</u>
Asia-Pacific adjusted EBITDA margins	<u>53%</u>	<u>48%</u>	<u>49%</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	\$ 243,460	\$ 239,283	\$ 210,596
Less adjusted EBITDA - prior period	(239,283)	(228,298)	(193,441)
Adjusted EBITDA growth	<u>\$ 4,177</u>	<u>\$ 10,985</u>	<u>\$ 17,155</u>
Revenues - current period	\$ 519,455	\$ 506,520	\$ 443,245
Less revenues - prior period	(506,520)	(488,730)	(422,116)
Revenue growth	<u>\$ 12,935</u>	<u>\$ 17,790</u>	<u>\$ 21,129</u>
Adjusted EBITDA flow-through rate	<u>32%</u>	<u>62%</u>	<u>81%</u>