

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

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Recurring revenues	\$ 429,621	\$ 410,734	\$ 343,909
Non-recurring revenues	22,579	20,578	19,120
Revenues	452,200	431,312	363,029
Cost of revenues	225,079	229,340	194,576
Gross profit	227,121	201,972	168,453
Operating expenses:			
Sales and marketing	46,571	45,322	33,636
General and administrative	78,425	71,674	62,601
Restructuring charges	-	1,295	496
Acquisition costs	1,027	805	415
Total operating expenses	126,023	119,096	97,148
Income from operations	101,098	82,876	71,305
Interest and other income (expense):			
Interest income	691	754	215
Interest expense	(52,818)	(55,151)	(37,361)
Other income (expense)	(154)	1,383	2,111
Total interest and other, net	(52,281)	(53,014)	(35,035)
Income before income taxes	48,817	29,862	36,270
Income tax expense	(14,006)	(13,769)	(11,125)
Net income	34,811	16,093	25,145
Net loss (income) attributable to redeemable non-controlling interests	(288)	1,717	-
Net income attributable to Equinix	\$ 34,523	\$ 17,810	\$ 25,145
Net income per share attributable to Equinix:			
Basic net income per share (1)	\$ 0.74	\$ 0.36	\$ 0.54
Diluted net income per share (1)	\$ 0.71	\$ 0.35	\$ 0.53
Shares used in computing basic net income per share	46,955	47,235	46,451
Shares used in computing diluted net income per share	51,061	48,083	47,219

(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	\$ 34,811	\$ 16,093	\$ 25,145
Net loss (income) attributable to non-controlling interests	(288)	1,717	-
Adjustments attributable to redemption value of non-controlling interests	184	(837)	-
Net income attributable to Equinix, basic	34,707	16,973	25,145
Interest on convertible debt	1,699	-	-
Net income attributable to Equinix, diluted	\$ 36,406	\$ 16,973	\$ 25,145

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

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Net income	\$ 34,811	\$ 16,093	\$ 25,145
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	34,312	(21,549)	50,683
Unrealized gain (loss) on available for sale securities	78	253	(21)
Other comprehensive income (loss), net of tax:	<u>34,390</u>	<u>(21,296)</u>	<u>50,662</u>
Comprehensive income (loss), net of tax	<u>69,201</u>	<u>(5,203)</u>	<u>75,807</u>
Net loss (income) attributable to redeemable non-controlling interests	(288)	1,717	-
Other comprehensive income attributable to redeemable non-controlling interests	<u>(1,059)</u>	<u>(1,986)</u>	<u>-</u>
Comprehensive income (loss) attributable to Equinix, net of tax	<u>\$ 67,854</u>	<u>\$ (5,472)</u>	<u>\$ 75,807</u>

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

Assets	March 31, 2012	December 31, 2011
	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 632,944	\$ 278,823
Short-term investments	283,910	635,721
Accounts receivable, net	158,561	139,057
Other current assets	98,608	182,156
Total current assets	1,174,023	1,235,757
Long-term investments	166,437	161,801
Property, plant and equipment, net	3,387,369	3,225,912
Goodwill	879,914	866,495
Intangible assets, net	145,350	148,635
Other assets	131,252	146,724
Total assets	\$ 5,884,345	\$ 5,785,324
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 194,516	\$ 229,043
Accrued property and equipment	125,250	93,224
Current portion of capital lease and other financing obligations	11,961	11,542
Current portion of loans payable	75,361	87,440
Current portion of convertible debt	249,474	246,315
Other current liabilities	61,521	57,690
Total current liabilities	718,083	725,254
Capital lease and other financing obligations, less current portion	402,911	390,269
Loans payable, less current portion	144,582	168,795
Senior notes	1,500,000	1,500,000
Convertible debt	698,159	694,769
Other liabilities	291,060	286,424
Total liabilities	3,754,795	3,765,511
Redeemable non-controlling interests	69,071	67,601
Common stock	48	48
Additional paid-in capital	2,490,401	2,437,623
Treasury stock	(99,031)	(86,666)
Accumulated other comprehensive loss	(110,367)	(143,698)
Accumulated deficit	(220,572)	(255,095)
Total stockholders' equity	2,060,479	1,952,212
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 5,884,345	\$ 5,785,324

Ending headcount by geographic region is as follows:

Americas headcount	1,788	1,763
EMEA headcount	602	570
Asia-Pacific headcount	393	376
Total headcount	2,783	2,709

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

	<u>March 31, 2012</u>	<u>December 31, 2011</u>
Capital lease and other financing obligations	<u>\$ 414,872</u>	<u>\$ 401,811</u>
Paris IBX financing	16,800	52,104
ALOG financing	17,323	10,288
Asia-Pacific financing	185,820	193,843
Total loans payable	<u>219,943</u>	<u>256,235</u>
Senior notes	<u>1,500,000</u>	<u>1,500,000</u>
Convertible debt, net of debt discount	947,633	941,084
Plus debt discount	72,103	78,652
Total convertible debt principal	<u>1,019,736</u>	<u>1,019,736</u>
Total debt outstanding	<u><u>\$ 3,154,551</u></u>	<u><u>\$ 3,177,782</u></u>

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

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Cash flows from operating activities:			
Net income	\$ 34,811	\$ 16,093	\$ 25,145
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion	93,922	94,683	79,525
Stock-based compensation	19,103	18,472	15,535
Debt issuance costs and debt discount	8,107	8,356	7,284
Restructuring charges	-	1,295	496
Other reconciling items	2,857	4,526	1,563
Changes in operating assets and liabilities:			
Accounts receivable	(19,677)	3,238	3,099
Deferred tax assets, net	5,370	4,632	5,640
Accounts payable and accrued expenses	(33,737)	45,274	(13,606)
Other assets and liabilities	15,237	(8,948)	(6,911)
Net cash provided by operating activities	125,993	187,621	117,770
Cash flows from investing activities:			
Purchases, sales and maturities of investments, net	346,366	1,400	(2,185)
Purchases of real estate	-	(4,073)	(14,951)
Purchases of other property, plant and equipment	(145,490)	(190,160)	(175,115)
Other investing activities	68,557	(1,792)	(94,138)
Net cash provided by (used in) investing activities	269,433	(194,625)	(286,389)
Cash flows from financing activities:			
Purchases of treasury stock	(13,364)	(86,666)	-
Proceeds from employee equity awards	30,460	3,189	15,668
Proceeds from loans payable	8,909	4,701	22,653
Repayment of capital lease and other financing obligations	(2,826)	(3,022)	(1,968)
Repayment of mortgage and loans payable	(67,129)	(1,556)	(10,102)
Other financing activities	-	(29)	(125)
Net cash provided by (used in) financing activities	(43,950)	(83,383)	26,126
Effect of foreign currency exchange rates on cash and cash equivalents	2,645	(1,313)	4,118
Net increase (decrease) in cash and cash equivalents	354,121	(91,700)	(138,375)
Cash and cash equivalents at beginning of period	278,823	370,523	442,841
Cash and cash equivalents at end of period	\$ 632,944	\$ 278,823	\$ 304,466
Supplemental cash flow information:			
Cash paid for taxes	\$ 1,734	\$ 1,985	\$ 174
Cash paid for interest	\$ 63,336	\$ 28,846	\$ 36,737
Free cash flow (1)	\$ 49,060	\$ (8,404)	\$ (166,434)
Adjusted free cash flow (2)	\$ 49,060	\$ (4,331)	\$ (151,483)

(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	\$ 125,993	\$ 187,621	\$ 117,770
Net cash provided by (used in) investing activities as presented above	269,433	(194,625)	(286,389)
Purchases, sales and maturities of investments, net	(346,366)	(1,400)	2,185
Free cash flow (negative free cash flow)	<u>\$ 49,060</u>	<u>\$ (8,404)</u>	<u>\$ (166,434)</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)	\$ 49,060	\$ (8,404)	\$ (166,434)
Less purchases of real estate	-	4,073	14,951
Adjusted free cash flow (negative adjusted free cash flow)	<u>\$ 49,060</u>	<u>\$ (4,331)</u>	<u>\$ (151,483)</u>

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

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Recurring revenues	\$ 429,621	\$ 410,734	\$ 343,909
Non-recurring revenues	22,579	20,578	19,120
Revenues (1)	452,200	431,312	363,029
Cash cost of revenues (2)	140,586	143,504	122,631
Cash gross profit (3)	311,614	287,808	240,398
Cash operating expenses (4):			
Cash sales and marketing expenses (5)	38,186	37,085	27,104
Cash general and administrative expenses (6)	58,278	52,592	46,018
Total cash operating expenses (7)	96,464	89,677	73,122
Adjusted EBITDA (8)	\$ 215,150	\$ 198,131	\$ 167,276
Cash gross margins (9)	69%	67%	66%
Adjusted EBITDA margins (10)	48%	46%	46%
Adjusted EBITDA flow-through rate (11)	81%	47%	103%

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

Americas Revenues:

Colocation	\$ 209,708	\$ 202,840	\$ 176,196
Interconnection	54,646	52,383	45,922
Managed infrastructure	13,970	12,476	767
Rental	439	463	504
Recurring revenues	278,763	268,162	223,389
Non-recurring revenues	9,321	9,341	9,138
Revenues	288,084	277,503	232,527

EMEA Revenues:

Colocation	83,951	80,174	68,200
Interconnection	3,824	3,600	2,812
Managed infrastructure	3,414	3,401	3,198
Rental	344	238	118
Recurring revenues	91,533	87,413	74,328
Non-recurring revenues	9,803	7,835	7,711
Revenues	101,336	95,248	82,039

Asia-Pacific Revenues:

Colocation	47,117	43,686	36,339
Interconnection	7,320	6,789	5,341
Managed infrastructure	4,888	4,684	4,512
Recurring revenues	59,325	55,159	46,192
Non-recurring revenues	3,455	3,402	2,271
Revenues	62,780	58,561	48,463

Worldwide Revenues:

Colocation	340,776	326,700	280,735
Interconnection	65,790	62,772	54,075
Managed infrastructure	22,272	20,561	8,477
Rental	783	701	622
Recurring revenues	429,621	410,734	343,909
Non-recurring revenues	22,579	20,578	19,120
Revenues	\$ 452,200	\$ 431,312	\$ 363,029

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 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	\$ 225,079	\$ 229,340	\$ 194,576
Depreciation, amortization and accretion expense	(83,098)	(84,289)	(70,600)
Stock-based compensation expense	(1,395)	(1,547)	(1,345)
Cash cost of revenues	<u>\$ 140,586</u>	<u>\$ 143,504</u>	<u>\$ 122,631</u>

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

Americas cash cost of revenues	\$ 83,307	\$ 84,664	\$ 70,210
EMEA cash cost of revenues	35,353	36,677	34,491
Asia-Pacific cash cost of revenues	21,926	22,163	17,930
Cash cost of revenues	<u>\$ 140,586</u>	<u>\$ 143,504</u>	<u>\$ 122,631</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	\$ 46,571	\$ 45,322	\$ 33,636
Depreciation and amortization expense	(4,350)	(4,308)	(3,666)
Stock-based compensation expense	(4,035)	(3,929)	(2,866)
Cash sales and marketing expenses	<u>\$ 38,186</u>	<u>\$ 37,085</u>	<u>\$ 27,104</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	\$ 78,425	\$ 71,674	\$ 62,601
Depreciation and amortization expense	(6,474)	(6,086)	(5,259)
Stock-based compensation expense	(13,673)	(12,996)	(11,324)
Cash general and administrative expenses	<u>\$ 58,278</u>	<u>\$ 52,592</u>	<u>\$ 46,018</u>

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

Cash sales and marketing expenses	\$ 38,186	\$ 37,085	\$ 27,104
Cash general and administrative expenses	58,278	52,592	46,018
Cash SG&A	<u>\$ 96,464</u>	<u>\$ 89,677</u>	<u>\$ 73,122</u>

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

Americas cash SG&A	\$ 67,025	\$ 59,881	\$ 48,812
EMEA cash SG&A	19,099	18,853	16,936
Asia-Pacific cash SG&A	10,340	10,943	7,374
Cash SG&A	<u>\$ 96,464</u>	<u>\$ 89,677</u>	<u>\$ 73,122</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	\$ 101,098	\$ 82,876	\$ 71,305
Depreciation, amortization and accretion expense	93,922	94,683	79,525
Stock-based compensation expense	19,103	18,472	15,535
Restructuring charges	-	1,295	496
Acquisition costs	1,027	805	415
Adjusted EBITDA	<u>\$ 215,150</u>	<u>\$ 198,131</u>	<u>\$ 167,276</u>

	Three Months Ended		
	March 31, 2012	December 31, 2011	March 31, 2011
The geographic split of our adjusted EBITDA is presented below:			
Americas income from operations	\$ 61,918	\$ 57,145	\$ 47,319
Americas depreciation, amortization and accretion expense	60,421	59,597	53,482
Americas stock-based compensation expense	15,151	14,669	11,842
Americas restructuring charges	-	1,295	496
Americas acquisition costs	262	252	366
Americas adjusted EBITDA	<u>137,752</u>	<u>132,958</u>	<u>113,505</u>
EMEA income from operations	27,279	17,466	11,471
EMEA depreciation, amortization and accretion expense	17,312	19,776	16,844
EMEA stock-based compensation expense	2,164	2,119	2,295
EMEA acquisition costs	129	357	2
EMEA adjusted EBITDA	<u>46,884</u>	<u>39,718</u>	<u>30,612</u>
Asia-Pacific income from operations	11,901	8,265	12,515
Asia-Pacific depreciation, amortization and accretion expense	16,189	15,310	9,199
Asia-Pacific stock-based compensation expense	1,788	1,684	1,398
Asia-Pacific acquisition costs	636	196	47
Asia-Pacific adjusted EBITDA	<u>30,514</u>	<u>25,455</u>	<u>23,159</u>
Adjusted EBITDA	<u>\$ 215,150</u>	<u>\$ 198,131</u>	<u>\$ 167,276</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>69%</u>	<u>70%</u>
EMEA cash gross margins	<u>65%</u>	<u>61%</u>	<u>58%</u>
Asia-Pacific cash gross margins	<u>65%</u>	<u>62%</u>	<u>63%</u>

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

Americas adjusted EBITDA margins	<u>48%</u>	<u>48%</u>	<u>49%</u>
EMEA adjusted EBITDA margins	<u>46%</u>	<u>42%</u>	<u>37%</u>
Asia-Pacific adjusted EBITDA margins	<u>49%</u>	<u>43%</u>	<u>48%</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	\$ 215,150	\$ 198,131	\$ 167,276
Less adjusted EBITDA - prior period	(198,131)	(191,628)	(148,947)
Adjusted EBITDA growth	<u>\$ 17,019</u>	<u>\$ 6,503</u>	<u>\$ 18,329</u>
Revenues - current period	\$ 452,200	\$ 431,312	\$ 363,029
Less revenues - prior period	(431,312)	(417,601)	(345,244)
Revenue growth	<u>\$ 20,888</u>	<u>\$ 13,711</u>	<u>\$ 17,785</u>
Adjusted EBITDA flow-through rate	<u>81%</u>	<u>47%</u>	<u>103%</u>