

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

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Recurring revenues	\$ 163,395	\$ 150,359	\$ 87,904	\$ 313,754	\$ 168,790
Non-recurring revenues	8,649	7,859	3,933	16,508	8,156
Revenues	172,044	158,218	91,837	330,262	176,946
Cost of revenues	102,008	94,486	55,609	196,494	108,374
Gross profit	70,036	63,732	36,228	133,768	68,572
Operating expenses:					
Sales and marketing	15,290	15,351	8,896	30,641	17,972
General and administrative	41,445	34,376	24,478	75,821	46,940
Restructuring charges	-	-	407	-	407
Total operating expenses	56,735	49,727	33,781	106,462	65,319
Income from operations	13,301	14,005	2,447	27,306	3,253
Interest and other income (expense):					
Interest income	2,411	3,441	5,082	5,852	7,031
Interest expense	(12,823)	(13,594)	(5,986)	(26,417)	(9,578)
Other income (expense)	(918)	2,040	(129)	1,122	1
Loss on conversion and extinguishment of debt	-	-	-	-	(3,395)
Total interest and other, net	(11,330)	(8,113)	(1,033)	(19,443)	(5,941)
Net income (loss) before income taxes	1,971	5,892	1,414	7,863	(2,688)
Income taxes	258	(471)	(197)	(213)	(551)
Net income (loss)	\$ 2,229	\$ 5,421	\$ 1,217	\$ 7,650	\$ (3,239)
Net income (loss) per share:					
Basic net income (loss) per share	\$ 0.06	\$ 0.15	\$ 0.04	\$ 0.21	\$ (0.11)
Diluted net income (loss) per share	\$ 0.06	\$ 0.15	\$ 0.04	\$ 0.20	\$ (0.11)
Shares used in computing basic net income (loss) per share	36,572	36,277	31,126	36,424	30,424
Shares used in computing diluted net income (loss) per share	37,844	37,259	32,641	37,570	30,424

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

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Recurring revenues	\$ 163,395	\$ 150,359	\$ 87,904	\$ 313,754	\$ 168,790
Non-recurring revenues	8,649	7,859	3,933	16,508	8,156
Revenues (1)	172,044	158,218	91,837	330,262	176,946
Cash cost of revenues (2)	66,088	61,761	33,739	127,849	65,670
Cash gross profit (3)	105,956	96,457	58,098	202,413	111,276
Cash operating expenses (4):					
Cash sales and marketing expenses(5)	10,911	11,477	7,116	22,388	13,551
Cash general and administrative expenses (6)	25,911	22,711	15,671	48,622	30,036
Total cash operating expenses (7)	36,822	34,188	22,787	71,010	43,587
EBITDA (8)	\$ 69,134	\$ 62,269	\$ 35,311	\$ 131,403	\$ 67,689
Cash gross margins (9)	62%	61%	63%	61%	63%
EBITDA flow-through rate (10)	50%	78%	44%	50%	53%

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

United States Revenues:

Colocation	\$ 83,053	\$ 75,297	\$ 57,993	\$ 158,350	\$ 110,504
Interconnection	20,106	19,019	16,660	39,125	32,543
Managed infrastructure	503	554	575	1,057	1,116
Rental	117	248	325	365	633
Recurring revenues	103,779	95,118	75,553	198,897	144,796
Non-recurring revenues	3,468	4,078	2,697	7,546	5,980
Revenues	107,247	99,196	78,250	206,443	150,776

Asia-Pacific Revenues:

Colocation	13,485	11,811	7,648	25,296	14,896
Interconnection	1,648	1,535	993	3,183	1,830
Managed infrastructure	3,525	3,662	3,710	7,187	7,268
Rental	-	-	-	-	-
Recurring revenues	18,658	17,008	12,351	35,666	23,994
Non-recurring revenues	1,946	1,165	1,236	3,111	2,176
Revenues	20,604	18,173	13,587	38,777	26,170

Europe Revenues:

Colocation	36,436	34,241	-	70,677	-
Interconnection	1,638	1,594	-	3,232	-
Managed infrastructure	2,805	2,284	-	5,089	-
Rental	79	114	-	193	-
Recurring revenues	40,958	38,233	-	79,191	-
Non-recurring revenues	3,235	2,616	-	5,851	-
Revenues	44,193	40,849	-	85,042	-

Worldwide Revenues:

Colocation	132,974	121,349	65,641	254,323	125,400
Interconnection	23,392	22,148	17,653	45,540	34,373
Managed infrastructure	6,833	6,500	4,285	13,333	8,384
Rental	196	362	325	558	633
Recurring revenues	163,395	150,359	87,904	313,754	168,790
Non-recurring revenues	8,649	7,859	3,933	16,508	8,156
Revenues	\$ 172,044	\$ 158,218	\$ 91,837	\$ 330,262	\$ 176,946

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007

- (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	\$ 102,008	\$ 94,486	\$ 55,609	\$ 196,494	\$ 108,374
Depreciation, amortization and accretion expense	(34,712)	(31,755)	(20,866)	(66,467)	(40,563)
Stock-based compensation expense	(1,208)	(970)	(1,004)	(2,178)	(2,141)
Cash cost of revenues	<u>\$ 66,088</u>	<u>\$ 61,761</u>	<u>\$ 33,739</u>	<u>\$ 127,849</u>	<u>\$ 65,670</u>

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

U.S. cash cost of revenues	\$ 33,587	\$ 33,006	\$ 27,899	\$ 66,593	\$ 54,397
Asia-Pacific cash cost of revenues	8,872	7,769	5,840	16,641	11,273
Europe cash cost of revenues	23,629	20,986	-	44,615	-
Cash cost of revenues	<u>\$ 66,088</u>	<u>\$ 61,761</u>	<u>\$ 33,739</u>	<u>\$ 127,849</u>	<u>\$ 65,670</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 gains on asset sales. 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	\$ 15,290	\$ 15,351	\$ 8,896	\$ 30,641	\$ 17,972
Depreciation and amortization expense	(1,626)	(1,573)	(15)	(3,199)	(30)
Stock-based compensation expense	(2,753)	(2,301)	(1,765)	(5,054)	(4,391)
Cash sales and marketing expenses	<u>\$ 10,911</u>	<u>\$ 11,477</u>	<u>\$ 7,116</u>	<u>\$ 22,388</u>	<u>\$ 13,551</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	\$ 41,445	\$ 34,376	\$ 24,478	\$ 75,821	\$ 46,940
Depreciation and amortization expense	(2,447)	(2,595)	(1,531)	(5,042)	(2,893)
Stock-based compensation expense	(13,087)	(9,070)	(7,276)	(22,157)	(14,011)
Cash general and administrative expenses	<u>\$ 25,911</u>	<u>\$ 22,711</u>	<u>\$ 15,671</u>	<u>\$ 48,622</u>	<u>\$ 30,036</u>

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

Cash sales and marketing expenses	\$ 10,911	\$ 11,477	\$ 7,116	\$ 22,388	\$ 13,551
Cash general and administrative expenses	25,911	22,711	15,671	48,622	30,036
Cash SG&A	<u>\$ 36,822</u>	<u>\$ 34,188</u>	<u>\$ 22,787</u>	<u>\$ 71,010</u>	<u>\$ 43,587</u>

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

U.S. cash SG&A	\$ 22,846	\$ 20,054	\$ 19,328	\$ 42,900	\$ 36,399
Asia-Pacific cash SG&A	4,686	5,034	3,459	9,720	7,188
Europe cash SG&A	9,290	9,100	-	18,390	-
Cash SG&A	<u>\$ 36,822</u>	<u>\$ 34,188</u>	<u>\$ 22,787</u>	<u>\$ 71,010</u>	<u>\$ 43,587</u>

- (8) We define EBITDA as income (loss) from operations less depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and gains on asset sales as presented below:

Income (loss) from operations	\$ 13,301	\$ 14,005	\$ 2,447	\$ 27,306	\$ 3,253
Depreciation, amortization and accretion expense	38,785	35,923	22,412	74,708	43,486
Stock-based compensation expense	17,048	12,341	10,045	29,389	20,543
Restructuring charges	-	-	407	-	407
Gains on asset sales	-	-	-	-	-
EBITDA	<u>\$ 69,134</u>	<u>\$ 62,269</u>	<u>\$ 35,311</u>	<u>\$ 131,403</u>	<u>\$ 67,689</u>

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
The geographic split of our EBITDA is presented below:					
U.S. income (loss) from operations	\$ 15,310	\$ 13,278	\$ 1,246	\$ 28,588	\$ 1,614
U.S. depreciation, amortization and accretion expense	24,615	23,220	20,626	47,835	40,065
U.S. stock-based compensation expense	10,889	9,638	8,744	20,527	17,894
U.S. restructuring charges	-	-	407	-	407
U.S. gain on asset sale	-	-	-	-	-
U.S. EBITDA	<u>50,814</u>	<u>46,136</u>	<u>31,023</u>	<u>96,950</u>	<u>59,980</u>
Asia-Pacific income (loss) from operations	1,138	675	1,201	1,813	1,639
Asia-Pacific depreciation, amortization and accretion expense	4,449	3,624	1,786	8,073	3,421
Asia-Pacific stock-based compensation expense	1,459	1,071	1,301	2,530	2,649
Asia-Pacific restructuring charges	-	-	-	-	-
Asia-Pacific gain on asset sale	-	-	-	-	-
Asia-Pacific EBITDA	<u>7,046</u>	<u>5,370</u>	<u>4,288</u>	<u>12,416</u>	<u>7,709</u>
Europe income (loss) from operations	(3,147)	52	-	(3,095)	-
Europe depreciation, amortization and accretion expense	9,721	9,079	-	18,800	-
Europe stock-based compensation expense	4,700	1,632	-	6,332	-
Europe restructuring charges	-	-	-	-	-
Europe gain on asset sale	-	-	-	-	-
Europe EBITDA	<u>11,274</u>	<u>10,763</u>	<u>-</u>	<u>22,037</u>	<u>-</u>
EBITDA	<u>\$ 69,134</u>	<u>\$ 62,269</u>	<u>\$ 35,311</u>	<u>\$ 131,403</u>	<u>\$ 67,689</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>69%</u>	<u>67%</u>	<u>64%</u>	<u>68%</u>	<u>64%</u>
Asia-Pacific cash gross margins	<u>57%</u>	<u>57%</u>	<u>57%</u>	<u>57%</u>	<u>57%</u>
Europe cash gross margins	<u>47%</u>	<u>49%</u>	<u>n/a</u>	<u>48%</u>	<u>n/a</u>

(10) We define EBITDA flow-through rate as incremental EBITDA growth divided by incremental revenue growth as follows:

EBITDA - current period	\$ 69,134	\$ 62,269	\$ 35,311	\$ 131,403	\$ 67,689
Less EBITDA - prior period	(62,269)	(47,062)	(32,378)	(87,701)	(55,199)
EBITDA growth	<u>\$ 6,865</u>	<u>\$ 15,207</u>	<u>\$ 2,933</u>	<u>\$ 43,702</u>	<u>\$ 12,490</u>
Revenues - current period	\$ 172,044	\$ 158,218	\$ 91,837	\$ 330,262	\$ 176,946
Less revenues - prior period	(158,218)	(138,714)	(85,109)	(242,496)	(153,498)
Revenue growth	<u>\$ 13,826</u>	<u>\$ 19,504</u>	<u>\$ 6,728</u>	<u>\$ 87,766</u>	<u>\$ 23,448</u>
EBITDA flow-through rate	<u>50%</u>	<u>78%</u>	<u>44%</u>	<u>50%</u>	<u>53%</u>

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

Assets	June 30, 2008	December 31, 2007
	<u> </u>	<u> </u>
Cash, cash equivalents and investments	\$ 324,749	\$ 383,900
Accounts receivable, net	63,105	60,089
Property and equipment, net	1,331,017	1,162,720
Goodwill and other intangible assets, net	530,381	505,628
Debt issuance costs, net	19,720	21,333
Deposits	17,704	16,731
Restricted cash	16,075	1,982
Prepaid expenses	12,948	11,070
Deferred tax assets	6,808	6,404
Taxes receivable	2,575	3,437
Other assets	5,900	4,069
Total assets	<u>\$ 2,330,982</u>	<u>\$ 2,177,363</u>
 Liabilities and Stockholders' Equity		
Accounts payable	\$ 17,840	\$ 14,816
Accrued expenses	56,882	50,280
Accrued property and equipment	53,029	76,504
Accrued restructuring charges	11,059	12,140
Capital lease and other financing obligations	101,399	97,412
Mortgage and loans payable	412,397	330,496
Convertible debt	678,236	678,236
Deferred rent	30,557	26,912
Deferred installation revenue	33,143	26,537
Deferred tax liabilities	24,115	21,249
Deferred recurring revenue	10,428	9,556
Asset retirement obligations	10,715	8,759
Customer deposits	10,931	8,844
Other liabilities	1,578	989
Total liabilities	<u>1,452,309</u>	<u>1,362,730</u>
Common stock	37	37
Additional paid-in capital	1,425,778	1,376,915
Accumulated other comprehensive income	3,840	(3,687)
Accumulated deficit	(550,982)	(558,632)
Total stockholders' equity	<u>878,673</u>	<u>814,633</u>
Total liabilities and stockholders' equity	<u>\$ 2,330,982</u>	<u>\$ 2,177,363</u>

Ending headcount by geographic region is as follows:

U.S. headcount	591	546
Asia-pacific headcount	181	187
Europe headcount	246	178
Total headcount	<u>1,018</u>	<u>911</u>

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

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Net cash provided by operating activities	\$ 64,958	\$ 62,984	\$ 37,862	\$ 127,942	\$ 57,712
Net cash used in investing activities	(216,215)	(136,200)	(181,892)	(352,415)	(229,949)
Net cash provided by financing activities	41,924	44,598	50,519	86,522	323,772
Effect of foreign currency exchange rates on cash and cash equivalents	(374)	(1,181)	449	(1,555)	500
Net increase (decrease) in cash and cash equivalents	(109,707)	(29,799)	(93,062)	(139,506)	152,035
Cash and cash equivalents at beginning of period	260,834	290,633	327,660	290,633	82,563
Cash and cash equivalents at end of period	<u>\$ 151,127</u>	<u>\$ 260,834</u>	<u>\$ 234,598</u>	<u>\$ 151,127</u>	<u>\$ 234,598</u>

In addition to the above condensed consolidated statements of cash flows presented on a GAAP basis, the Company presents non-GAAP condensed consolidated statements of cash flows which combine the Company's short-term and long-term investments with our cash and cash equivalents in an effort to present our total unrestricted cash and equivalent balances as presented herein in our condensed consolidated balance sheets.

Following is a reconciliation of our cash and cash equivalents to our cash, cash equivalents and investments, which is the basis of how our non-GAAP condensed consolidated statements of cash flows are presented on the following page:

Cash and cash equivalents	\$ 151,127	\$ 260,834	\$ 234,598	\$ 151,127	\$ 234,598
Short-term investments	64,980	37,694	67,728	64,980	67,728
Long-term investments	108,642	26,998	21,640	108,642	21,640
Cash, cash equivalents and investments as presented on condensed balance sheet presented herein	<u>\$ 324,749</u>	<u>\$ 325,526</u>	<u>\$ 323,966</u>	<u>\$ 324,749</u>	<u>\$ 323,966</u>

EQUINIX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - NON-GAAP PRESENTATION (1)
(in thousands)
(unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2008	March 31, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Cash flows from operating activities:					
Net income (loss)	\$ 2,229	\$ 5,421	\$ 1,217	\$ 7,650	\$ (3,239)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	38,785	35,923	22,412	74,708	43,486
Stock-based compensation	17,048	12,341	10,045	29,389	20,543
Debt issuance costs	1,178	1,403	784	2,581	1,173
Restructuring charges	-	-	407	-	407
Other reconciling items	268	533	138	801	145
Changes in operating assets and liabilities:					
Accounts receivable	(4,037)	2,506	(494)	(1,531)	(1,410)
Accounts payable and accrued expenses	4,430	1,107	7,950	5,537	5,293
Accrued restructuring charges	(695)	(745)	(3,354)	(1,440)	(6,897)
Other assets and liabilities	7,275	4,643	(965)	11,918	(1,267)
Net cash provided by operating activities	66,481	63,132	38,140	129,613	58,234
Cash flows from investing activities:					
Purchase of Virtu, less cash acquired	-	(23,241)	-	(23,241)	-
Purchase of Los Angeles IBX property	-	-	(49,040)	-	(49,040)
Purchase of San Jose IBX property	-	-	-	-	(6,500)
Purchases of other property and equipment	(84,458)	(125,643)	(139,832)	(210,101)	(206,888)
Accrued property and equipment	(23,176)	(3,065)	31,425	(26,241)	47,879
Proceeds from asset sales	-	-	-	-	-
Other investing activities	(732)	(13,169)	-	(13,901)	(470)
Net cash used in investing activities	(108,366)	(165,118)	(157,447)	(273,484)	(215,019)
Cash flows from financing activities:					
Proceeds from stock options and employee stock purchase plans	12,000	7,238	6,876	19,238	17,162
Proceeds from convertible subordinated notes	-	-	-	-	250,000
Proceeds from mortgage and loans payable	35,643	41,882	44,656	77,525	69,263
Repayment of capital lease and other financing obligations	(952)	(966)	(480)	(1,918)	(945)
Repayment of mortgage and loans payable	(4,330)	(3,092)	(533)	(7,422)	(1,030)
Debt issuance costs	(437)	(464)	-	(901)	(10,678)
Other financing activities	-	-	-	-	-
Net cash provided by financing activities	41,924	44,598	50,519	86,522	323,772
Effect of foreign currency exchange rates on cash and cash equivalents	(816)	(986)	355	(1,802)	498
Net increase (decrease) in cash, cash equivalents and investments	(777)	(58,374)	(68,433)	(59,151)	167,485
Cash, cash equivalents and investments at beginning of period	325,526	383,900	392,399	383,900	156,481
Cash, cash equivalents and investments at end of period	\$ 324,749	\$ 325,526	\$ 323,966	\$ 324,749	\$ 323,966
Free cash flow (2)	\$ (41,885)	\$ (101,986)	\$ (119,307)	\$ (143,871)	\$ (156,785)
Adjusted free cash flow (3)	\$ (41,885)	\$ (78,745)	\$ (70,267)	\$ (120,630)	\$ (101,245)

(1) The cash flow statements presented herein combine our short-term and long-term investments with our cash and cash equivalents in an effort to present our total unrestricted cash and equivalent balances. In our quarterly filings with the SEC on Forms 10-Q and 10-K, the purchases, sales and maturities of our short-term and long-term investments will be presented as activities within the investing activities portion of the cash flow statements.

(2) We define free cash flow as net cash provided by operating activities plus net cash used in investing activities (excluding the purchases, sales and maturities of short-term and long-term investments) as presented below:

Net cash provided by operating activities as presented above	\$ 66,481	\$ 63,132	\$ 38,140	\$ 129,613	\$ 58,234
Net cash used in investing activities as presented above	(108,366)	(165,118)	(157,447)	(273,484)	(215,019)
Free cash flow	<u>\$ (41,885)</u>	<u>\$ (101,986)</u>	<u>\$ (119,307)</u>	<u>\$ (143,871)</u>	<u>\$ (156,785)</u>

(3) We define adjusted free cash flow as free cash flow (as defined above) excluding any purchases or sales of real estate and acquisitions and proceeds from asset sales as presented below:

Free cash flow (as defined above)	\$ (41,885)	\$ (101,986)	\$ (119,307)	\$ (143,871)	\$ (156,785)
Less purchase of Virtu, less cash acquired	-	23,241	-	23,241	-
Less purchase of Los Angeles IBX property	-	-	49,040	-	49,040
Less purchase of San Jose IBX property	-	-	-	-	6,500
Less proceeds from asset sales	-	-	-	-	-
Adjusted free cash flow	<u>\$ (41,885)</u>	<u>\$ (78,745)</u>	<u>\$ (70,267)</u>	<u>\$ (120,630)</u>	<u>\$ (101,245)</u>