

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

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Recurring revenues	\$ 173,517	\$ 163,395	\$ 99,288	\$ 487,271	\$ 268,078
Non-recurring revenues	10,218	8,649	4,494	26,726	12,650
Revenues	183,735	172,044	103,782	513,997	280,728
Cost of revenues	109,863	102,008	62,891	306,357	171,265
Gross profit	73,872	70,036	40,891	207,640	109,463
Operating expenses:					
Sales and marketing	16,009	15,290	9,630	46,650	27,602
General and administrative	35,529	41,445	25,182	111,350	72,122
Restructuring charges	799	-	-	799	407
Total operating expenses	52,337	56,735	34,812	158,799	100,131
Income from operations	21,535	13,301	6,079	48,841	9,332
Interest and other income (expense):					
Interest income	441	2,411	3,309	6,293	10,340
Interest expense	(13,880)	(12,823)	(5,662)	(40,297)	(15,240)
Other income (expense)	(520)	(918)	3,167	602	3,168
Loss on conversion and extinguishment of debt	-	-	(2,554)	-	(5,949)
Total interest and other, net	(13,959)	(11,330)	(1,740)	(33,402)	(7,681)
Net income (loss) before income taxes	7,576	1,971	4,339	15,439	1,651
Income taxes	(187)	258	(215)	(400)	(766)
Net income (loss)	\$ 7,389	\$ 2,229	\$ 4,124	\$ 15,039	\$ 885
Net income (loss) per share:					
Basic net income (loss) per share	\$ 0.20	\$ 0.06	\$ 0.13	\$ 0.41	\$ 0.03
Diluted net income (loss) per share	\$ 0.19	\$ 0.06	\$ 0.12	\$ 0.40	\$ 0.03
Shares used in computing basic net income (loss) per share	36,972	36,572	31,683	36,608	30,845
Shares used in computing diluted net income (loss) per share	37,932	37,844	33,112	37,731	32,339

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

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Recurring revenues	\$ 173,517	\$ 163,395	\$ 99,288	\$ 487,271	\$ 268,078
Non-recurring revenues	10,218	8,649	4,494	26,726	12,650
Revenues (1)	183,735	172,044	103,782	513,997	280,728
Cash cost of revenues (2)	70,601	66,088	40,240	198,450	105,910
Cash gross profit (3)	113,134	105,956	63,542	315,547	174,818
Cash operating expenses (4):					
Cash sales and marketing expenses(5)	12,082	10,911	7,283	34,470	20,834
Cash general and administrative expenses (6)	24,079	25,911	15,620	72,701	45,656
Total cash operating expenses (7)	36,161	36,822	22,903	107,171	66,490
EBITDA (8)	\$ 76,973	\$ 69,134	\$ 40,639	\$ 208,376	\$ 108,328
Cash gross margins (9)	62%	62%	61%	61%	62%
EBITDA flow-through rate (10)	67%	50%	45%	48%	50%

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

United States Revenues:

Colocation	\$ 87,988	\$ 83,053	\$ 62,232	\$ 246,338	\$ 172,736
Interconnection	20,756	20,106	17,448	59,881	49,991
Managed infrastructure	545	503	547	1,602	1,663
Rental	133	117	356	498	989
Recurring revenues	109,422	103,779	80,583	308,319	225,379
Non-recurring revenues	5,437	3,468	3,102	12,983	9,082
Revenues	114,859	107,247	83,685	321,302	234,461

Asia-Pacific Revenues:

Colocation	14,592	13,485	8,583	39,888	23,479
Interconnection	1,897	1,648	1,126	5,080	2,956
Managed infrastructure	3,432	3,525	3,816	10,619	11,084
Rental	-	-	-	-	-
Recurring revenues	19,921	18,658	13,525	55,587	37,519
Non-recurring revenues	1,658	1,946	1,118	4,769	3,294
Revenues	21,579	20,604	14,643	60,356	40,813

Europe Revenues:

Colocation	39,358	36,436	4,467	110,035	4,467
Interconnection	1,704	1,638	224	4,936	224
Managed infrastructure	2,991	2,805	467	8,080	467
Rental	121	79	22	314	22
Recurring revenues	44,174	40,958	5,180	123,365	5,180
Non-recurring revenues	3,123	3,235	274	8,974	274
Revenues	47,297	44,193	5,454	132,339	5,454

Worldwide Revenues:

Colocation	141,938	132,974	75,282	396,261	200,682
Interconnection	24,357	23,392	18,798	69,897	53,171
Managed infrastructure	6,968	6,833	4,830	20,301	13,214
Rental	254	196	378	812	1,011
Recurring revenues	173,517	163,395	99,288	487,271	268,078
Non-recurring revenues	10,218	8,649	4,494	26,726	12,650
Revenues	\$ 183,735	\$ 172,044	\$ 103,782	\$ 513,997	\$ 280,728

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 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	\$ 109,863	\$ 102,008	\$ 62,891	\$ 306,357	\$ 171,265
Depreciation, amortization and accretion expense	(38,005)	(34,712)	(21,773)	(104,472)	(62,336)
Stock-based compensation expense	(1,257)	(1,208)	(878)	(3,435)	(3,019)
Cash cost of revenues	<u>\$ 70,601</u>	<u>\$ 66,088</u>	<u>\$ 40,240</u>	<u>\$ 198,450</u>	<u>\$ 105,910</u>

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

U.S. cash cost of revenues	\$ 37,506	\$ 33,587	\$ 30,677	\$ 104,099	\$ 85,074
Asia-Pacific cash cost of revenues	8,848	8,872	6,536	25,489	17,809
Europe cash cost of revenues	24,247	23,629	3,027	68,862	3,027
Cash cost of revenues	<u>\$ 70,601</u>	<u>\$ 66,088</u>	<u>\$ 40,240</u>	<u>\$ 198,450</u>	<u>\$ 105,910</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	\$ 16,009	\$ 15,290	\$ 9,630	\$ 46,650	\$ 27,602
Depreciation and amortization expense	(1,560)	(1,626)	(298)	(4,759)	(328)
Stock-based compensation expense	(2,367)	(2,753)	(2,049)	(7,421)	(6,440)
Cash sales and marketing expenses	<u>\$ 12,082</u>	<u>\$ 10,911</u>	<u>\$ 7,283</u>	<u>\$ 34,470</u>	<u>\$ 20,834</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	\$ 35,529	\$ 41,445	\$ 25,182	\$ 111,350	\$ 72,122
Depreciation and amortization expense	(2,512)	(2,447)	(2,000)	(7,554)	(4,893)
Stock-based compensation expense	(8,938)	(13,087)	(7,562)	(31,095)	(21,573)
Cash general and administrative expenses	<u>\$ 24,079</u>	<u>\$ 25,911</u>	<u>\$ 15,620</u>	<u>\$ 72,701</u>	<u>\$ 45,656</u>

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

Cash sales and marketing expenses	\$ 12,082	\$ 10,911	\$ 7,283	\$ 34,470	\$ 20,834
Cash general and administrative expenses	24,079	25,911	15,620	72,701	45,656
Cash SG&A	<u>\$ 36,161</u>	<u>\$ 36,822</u>	<u>\$ 22,903</u>	<u>\$ 107,171</u>	<u>\$ 66,490</u>

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

U.S. cash SG&A	\$ 22,728	\$ 22,846	\$ 17,565	\$ 65,628	\$ 53,964
Asia-Pacific cash SG&A	4,638	4,686	3,953	14,358	11,141
Europe cash SG&A	8,795	9,290	1,385	27,185	1,385
Cash SG&A	<u>\$ 36,161</u>	<u>\$ 36,822</u>	<u>\$ 22,903</u>	<u>\$ 107,171</u>	<u>\$ 66,490</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	\$ 21,535	\$ 13,301	\$ 6,079	\$ 48,841	\$ 9,332
Depreciation, amortization and accretion expense	42,077	38,785	24,071	116,785	67,557
Stock-based compensation expense	12,562	17,048	10,489	41,951	31,032
Restructuring charges	799	-	-	799	407
Gains on asset sales	-	-	-	-	-
EBITDA	<u>\$ 76,973</u>	<u>\$ 69,134</u>	<u>\$ 40,639</u>	<u>\$ 208,376</u>	<u>\$ 108,328</u>

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
The geographic split of our EBITDA is presented below:					
U.S. income (loss) from operations	\$ 16,252	\$ 15,310	\$ 6,386	\$ 44,840	\$ 8,000
U.S. depreciation, amortization and accretion expense	27,275	24,615	20,175	75,110	60,240
U.S. stock-based compensation expense	10,299	10,889	8,882	30,826	26,776
U.S. restructuring charges	799	-	-	799	407
U.S. gain on asset sale	-	-	-	-	-
U.S. EBITDA	<u>54,625</u>	<u>50,814</u>	<u>35,443</u>	<u>151,575</u>	<u>95,423</u>
Asia-Pacific income (loss) from operations	2,119	1,138	312	3,932	1,951
Asia-Pacific depreciation, amortization and accretion expense	4,419	4,449	2,584	12,492	6,005
Asia-Pacific stock-based compensation expense	1,555	1,459	1,258	4,085	3,907
Asia-Pacific restructuring charges	-	-	-	-	-
Asia-Pacific gain on asset sale	-	-	-	-	-
Asia-Pacific EBITDA	<u>8,093</u>	<u>7,046</u>	<u>4,154</u>	<u>20,509</u>	<u>11,863</u>
Europe income (loss) from operations	3,164	(3,147)	(619)	69	(619)
Europe depreciation, amortization and accretion expense	10,383	9,721	1,312	29,183	1,312
Europe stock-based compensation expense	708	4,700	349	7,040	349
Europe restructuring charges	-	-	-	-	-
Europe gain on asset sale	-	-	-	-	-
Europe EBITDA	<u>14,255</u>	<u>11,274</u>	<u>1,042</u>	<u>36,292</u>	<u>1,042</u>
EBITDA	<u>\$ 76,973</u>	<u>\$ 69,134</u>	<u>\$ 40,639</u>	<u>\$ 208,376</u>	<u>\$ 108,328</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>67%</u>	<u>69%</u>	<u>63%</u>	<u>68%</u>	<u>64%</u>
Asia-Pacific cash gross margins	<u>59%</u>	<u>57%</u>	<u>55%</u>	<u>58%</u>	<u>56%</u>
Europe cash gross margins	<u>49%</u>	<u>47%</u>	<u>44%</u>	<u>48%</u>	<u>44%</u>

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

EBITDA - current period	\$ 76,973	\$ 69,134	\$ 40,639	\$ 208,376	\$ 108,328
Less EBITDA - prior period	(69,134)	(62,269)	(35,311)	(123,012)	(79,237)
EBITDA growth	<u>\$ 7,839</u>	<u>\$ 6,865</u>	<u>\$ 5,328</u>	<u>\$ 85,364</u>	<u>\$ 29,091</u>
Revenues - current period	\$ 183,735	\$ 172,044	\$ 103,782	\$ 513,997	\$ 280,728
Less revenues - prior period	(172,044)	(158,218)	(91,837)	(334,333)	(222,046)
Revenue growth	<u>\$ 11,691</u>	<u>\$ 13,826</u>	<u>\$ 11,945</u>	<u>\$ 179,664</u>	<u>\$ 58,682</u>
EBITDA flow-through rate	<u>67%</u>	<u>50%</u>	<u>45%</u>	<u>48%</u>	<u>50%</u>

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

Assets	September 30, 2008	December 31, 2007
Cash, cash equivalents and investments	\$ 330,199	\$ 383,900
Accounts receivable, net	62,376	60,089
Property and equipment, net	1,346,982	1,162,720
Goodwill and other intangible assets, net	473,459	510,133
Debt issuance costs, net	18,453	21,333
Deposits	15,543	16,731
Restricted cash	15,681	1,982
Prepaid expenses	14,191	11,070
Deferred tax assets	6,434	6,404
Taxes receivable	2,295	3,437
Other assets	6,322	4,069
Total assets	\$ 2,291,935	\$ 2,181,868
Liabilities and Stockholders' Equity		
Accounts payable	\$ 11,797	\$ 14,816
Accrued expenses	59,437	50,280
Accrued property and equipment	56,537	76,504
Accrued restructuring charges	11,468	12,140
Capital lease and other financing obligations	99,081	97,412
Mortgage and loans payable	416,358	330,496
Convertible debt	678,236	678,236
Deferred rent	29,901	26,912
Deferred installation revenue	34,958	26,537
Deferred tax liabilities	21,785	25,955
Deferred recurring revenue	8,951	9,556
Asset retirement obligations	11,280	8,759
Customer deposits	11,686	8,844
Other liabilities	3,210	989
Total liabilities	1,454,685	1,367,436
Common stock	37	37
Additional paid-in capital	1,445,363	1,376,915
Accumulated other comprehensive income	(64,557)	(3,888)
Accumulated deficit	(543,593)	(558,632)
Total stockholders' equity	837,250	814,432
Total liabilities and stockholders' equity	\$ 2,291,935	\$ 2,181,868

Ending headcount by geographic region is as follows:

U.S. headcount	618	546
Asia-pacific headcount	176	187
Europe headcount	268	178
Total headcount	1,062	911

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

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Net cash provided by operating activities	\$ 63,321	\$ 64,958	\$ 48,427	\$ 191,263	\$ 106,139
Net cash used in investing activities	(82,435)	(216,215)	(721,257)	(434,850)	(951,206)
Net cash provided by financing activities	26,428	41,924	783,240	112,950	1,107,012
Effect of foreign currency exchange rates on cash and cash equivalents	2,243	(374)	(1,556)	689	(1,056)
Net increase (decrease) in cash and cash equivalents	9,557	(109,707)	108,854	(129,948)	260,889
Cash and cash equivalents at beginning of period	151,128	260,834	234,598	290,633	82,563
Cash and cash equivalents at end of period	<u>\$ 160,685</u>	<u>\$ 151,127</u>	<u>\$ 343,452</u>	<u>\$ 160,685</u>	<u>\$ 343,452</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	\$ 160,685	\$ 151,127	\$ 343,452	\$ 160,685	\$ 343,452
Short-term investments	101,892	64,980	64,005	101,892	64,005
Long-term investments	67,622	108,642	28,905	67,622	28,905
Cash, cash equivalents and investments as presented on condensed balance sheet presented herein	<u>\$ 330,199</u>	<u>\$ 324,749</u>	<u>\$ 436,362</u>	<u>\$ 330,199</u>	<u>\$ 436,362</u>

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

	Three Months Ended			Nine Months Ended	
	September 30, 2008	June 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Cash flows from operating activities:					
Net income (loss)	\$ 7,389	\$ 2,229	\$ 4,124	\$ 15,039	\$ 885
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation, amortization and accretion	42,077	38,785	24,071	116,785	67,557
Stock-based compensation	12,562	17,048	10,489	41,951	31,032
Debt issuance costs	1,172	1,178	812	3,753	1,985
Restructuring charges	799	-	-	799	407
Gain on foreign currency hedge	-	-	(1,494)	-	(1,494)
Other reconciling items	353	268	(529)	1,154	(384)
Changes in operating assets and liabilities:					
Accounts receivable	(2,252)	(4,037)	(5,658)	(3,783)	(7,068)
Accounts payable and accrued expenses	(522)	4,430	17,786	5,015	23,079
Accrued restructuring charges	(594)	(695)	(3,203)	(2,034)	(10,100)
Other assets and liabilities	1,729	7,275	2,275	13,647	1,008
Net cash provided by operating activities	62,713	66,481	48,673	192,326	106,907
Cash flows from investing activities:					
Purchase of IXEurope, less cash acquired	-	-	(541,729)	-	(541,729)
Purchase of Virtu, less cash acquired	-	-	-	(23,241)	-
Purchase of Los Angeles IBX property	-	-	(19)	-	(49,059)
Purchase of San Jose IBX property	-	-	(64,971)	-	(71,471)
Purchases of other property and equipment	(95,445)	(84,458)	(88,921)	(305,546)	(295,809)
Accrued property and equipment	10,226	(23,176)	(23,939)	(16,015)	23,940
Other investing activities	-	(732)	1,347	(13,901)	877
Net cash used in investing activities	(85,219)	(108,366)	(718,232)	(358,703)	(933,251)
Cash flows from financing activities:					
Proceeds from employee equity awards	6,849	12,000	10,406	26,087	27,568
Proceeds from follow-on common stock offering	-	-	339,946	-	339,946
Proceeds from convertible debt	-	-	395,986	-	645,986
Proceeds from mortgage and loans payable	24,576	35,643	49,491	102,101	118,754
Repayment of capital lease and other financing obligations	(956)	(952)	(500)	(2,874)	(1,445)
Repayment of mortgage and loans payable	(4,034)	(4,330)	(543)	(11,456)	(1,573)
Debt issuance costs	(7)	(437)	(11,546)	(908)	(22,224)
Net cash provided by financing activities	26,428	41,924	783,240	112,950	1,107,012
Effect of foreign currency exchange rates on cash and cash equivalents	1,528	(816)	(1,285)	(274)	(787)
Net increase (decrease) in cash, cash equivalents and investments	5,450	(777)	112,396	(53,701)	279,881
Cash, cash equivalents and investments at beginning of period	324,749	325,526	323,966	383,900	156,481
Cash, cash equivalents and investments at end of period	\$ 330,199	\$ 324,749	\$ 436,362	\$ 330,199	\$ 436,362
Free cash flow (2)	\$ (22,506)	\$ (41,885)	\$ (669,559)	\$ (166,377)	\$ (826,344)
Adjusted free cash flow (3)	\$ (22,506)	\$ (41,885)	\$ (62,840)	\$ (143,136)	\$ (164,085)

(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	\$ 62,713	\$ 66,481	\$ 48,673	\$ 192,326	\$ 106,907
Net cash used in investing activities as presented above	(85,219)	(108,366)	(718,232)	(358,703)	(933,251)
Free cash flow	<u>\$ (22,506)</u>	<u>\$ (41,885)</u>	<u>\$ (669,559)</u>	<u>\$ (166,377)</u>	<u>\$ (826,344)</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)	\$ (22,506)	\$ (41,885)	\$ (669,559)	\$ (166,377)	\$ (826,344)
Less purchase of IXEurope, less cash acquired	-	-	541,729	-	541,729
Less purchase of Virtu, less cash acquired	-	-	-	23,241	-
Less purchase of Los Angeles IBX property	-	-	19	-	49,059
Less purchase of San Jose IBX property	-	-	64,971	-	71,471
Adjusted free cash flow	<u>\$ (22,506)</u>	<u>\$ (41,885)</u>	<u>\$ (62,840)</u>	<u>\$ (143,136)</u>	<u>\$ (164,085)</u>