EQUINIX INC
Form 424B5
June 09, 2009
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-159811

CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Convertible Subordinated Notes due 2016	$373,750,000(1)(2)	100%	$373,750,000(1)(2)	$20,855.25(3)
Common Stock, par value $.001 per share	(4)	(4)	(4)	(5)

(1) Equals the aggregate principal amount of Convertible Subordinated Notes due 2014 to be registered hereunder. These amounts are estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended (the Securities Act).

(2) Includes $48,750,000 in aggregate principal amount of Convertible Subordinated Notes that may be offered and sold pursuant to the exercise in full of the underwriters option to cover over-allotments.

(3) Calculated pursuant to Rule 457(o) under the Securities Act.

(4) Pursuant to Rule 416 of the Securities Act, the registration statement shall include an indeterminate number of shares of common stock that may be issued or become issuable in connection with stock splits, stock dividends, recapitalizations or similar events.

(5) Pursuant to Rule 457(i) under the Securities Act, no separate registration fee is required for the shares of common stock underlying the Convertible Subordinated Notes because no additional consideration is to be received in connection with the exercise of the conversion privilege.

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$325,000,000

Equinix, Inc.

4.75% Convertible Subordinated Notes due 2016

The notes will bear interest at the rate of 4.75% per annum. Interest on the notes is payable on June 15 and December 15 of each year, beginning on December 15, 2009. The notes will mature on June 15, 2016.

The notes are convertible into shares of our common stock, at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date, under the following circumstances: (1) during any fiscal quarter (and only during that fiscal quarter) ending after September 30, 2009, if the sale price of our common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day; (2) subject to certain exceptions, during the five business day period following any ten consecutive trading day period in which the trading price of the notes for each day of such period was less than 98% of the product of the sale price of our common stock and the conversion rate; (3) upon the occurrence of specified corporate transactions described in this prospectus; or (4) at any time on or after March 15, 2016, each as described in this prospectus.

The conversion rate will initially be 11.8599 shares of common stock per $1,000 principal amount of notes, subject to adjustment. This is equivalent to a conversion price of approximately $84.32 per share of common stock. In addition, if a change of control occurs, we will in certain circumstances increase the conversion rate as described in this prospectus.

Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. However, we may at any time irrevocably elect for the remaining term of the notes to satisfy our conversion obligation in cash up to 100% of the principal amount of the notes converted, with any remaining amount to be satisfied at our election in cash, shares of our common stock or a combination of cash and shares of our common stock.

We may not redeem the notes at our option. Holders may require us to repurchase some or all of their notes upon the occurrence of a fundamental change at 100% of the principal amount of the notes to be purchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.

The notes will be our unsecured obligations and will be subordinated in right of payment to all of our existing and future senior debt and equal in right of payment with all of our existing and future subordinated debt. The notes are also effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

We have granted to the underwriters named in this prospectus an over-allotment option to purchase up to an additional $48,750,000 aggregate principal amount of notes.

Our common stock is listed on the NASDAQ Global Select Market under the symbol EQIX. The last reported sale price of our common stock on June 8, 2009 was $71.76 per share. The notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page 9.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price	100%	$ 325,000,000
Underwriting Discount	2.50%	$ 8,125,000
Proceeds to Equinix (before expenses)	97.50%	$ 316,875,000

The underwriters expect to deliver the notes to purchasers on or about June 12, 2009.

Joint Book-Running Managers

Citi **J.P. Morgan** **Goldman, Sachs & Co.**

Co-Managers

Deutsche Bank Securities **Piper Jaffray**

June 9, 2009

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ABOUT THIS PROSPECTUS

This prospectus incorporates important business and financial information about us and our subsidiaries that is not included in or delivered with this prospectus. Information incorporated by reference is available without charge to prospective investors upon written request to us at 301 Velocity Way, Fifth Floor, Foster City, California 94404, Attention: Investor Relations, or by telephone at (650) 513-7000.

You should rely only on the information contained or incorporated by reference in this prospectus or in any related free writing prospectus. Neither we nor the underwriters have authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer or sale of securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate as of the date appearing on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

We have not taken any action to permit an offering of the notes outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the notes and the distribution of this prospectus outside of the United States.

You must comply with all applicable laws and regulations in force in any applicable jurisdiction and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make your purchase, offer or sale, and neither we nor the underwriters will have any responsibility therefor.

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We reserve the right to withdraw this offering of notes at any time. We and the underwriters also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the amount of notes offered hereby.

Certain persons participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the notes or our common stock. Such transactions may include stabilization and the purchase of notes to cover short positions. For a description of these activities, see Underwriting.

Unless expressly stated or the context otherwise requires, the terms we, our, us, the Company and Equinix refer to Equinix, Inc., a Delaware corporation, and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contained in this prospectus or incorporated by reference herein are based upon current expectations that involve risks and uncertainties. Any statements contained in this prospectus or incorporated by reference herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words believes, anticipates, plans, expects, intends and similar expressions are intended to ide forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in the Risk Factors section, in addition to the other information set forth in this prospectus and incorporated by reference herein. All forward-looking statements contained in this prospectus or incorporated by reference herein are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements. Equinix s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth in this prospectus under Risk Factors. You should carefully consider the risks described in the Risk Factors section, in addition to the other information set forth in this prospectus and incorporated by reference herein, before making an investment decision.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act relating to the notes and the common stock issuable upon conversion thereof offered by this prospectus. This prospectus is a part of that registration statement, which includes additional information not contained in this prospectus.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC (including exhibits to such documents) at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC s website at *www.sec.gov*.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below (except the information contained in such documents to the extent furnished and not filed) and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

1. Annual Report on Form 10-K for the year ended December 31, 2008, filed on February 26, 2009.

2. All information in our proxy statement filed with the SEC on April 23, 2009 to the extent incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2008.

3. Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed on April 29, 2009.

4. Current Reports on Form 8-K, filed on January 20, 2009, February 11, 2009 (solely with respect to Item 8.01), February 18, 2009, February 18, 2009 and June 8, 2009.

5. A description of our common stock contained in our registration statement on Form 8-A (Registration No. 333-39752) filed on August 9, 2000.

You may request, and we will provide you with, a copy of these filings, at no cost, by calling us at (650) 513-7000 or by writing to us at the following address:

Equinix, Inc.

301 Velocity Way, Fifth Floor

Foster City, CA 94404

Attn: Investor Relations

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SUMMARY

This summary highlights the information contained or incorporated by reference in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of our business and financial affairs, we encourage you to read this entire prospectus, including Risk Factors, together with the documents incorporated by reference into this prospectus, which include our financial statements and the notes to those financial statements, before making a decision whether to invest in the notes.

Unless expressly provided, the information contained in this prospectus assumes that the underwriters over-allotment option is not exercised.

Overview

Equinix is the leading global provider of network-neutral data center and colocation services. Global enterprises, content providers, financial companies and network service providers rely upon Equinix to protect and connect their most valued information assets. We operate 42 International Business Exchange (IBX) data centers, or IBX centers, across 18 markets in North America, Europe and Asia-Pacific, where customers directly interconnect with the network ecosystem of partners and customers that we provide within our facilities. Equinix IBX centers offer our customers network access to more than 300 network service providers, representing more than 90% of the world s Internet connectivity routes. This concentrated access to multiple Internet routes enables Equinix customers to improve the delivery efficiency of their Internet content, while simultaneously reducing costs, by reaching a critical mass of networks from one centralized physical location. Additionally, Equinix IBX centers enable customers to connect directly with one another within the facility using Equinix Exchange, further increasing delivery efficiency and reducing customer costs.

Equinix services are primarily comprised of colocation, interconnection and managed IT infrastructure services.

- Colocation services include cabinets, power, operations space and storage space for customers colocation needs.

- Interconnection services include cross connects, as well as switch ports on the Equinix Exchange service. These services provide scalable and reliable connectivity that enables customers to exchange traffic directly with the service provider of their choice or directly with each other.

- Managed IT infrastructure services allow customers to leverage Equinix s significant telecommunications expertise, maximizing the benefits of our IBX centers and optimizing their infrastructure and resources.

Equinix s network-neutral business model differentiates us in the market from wholesale server farm data center operations, which have historically either been captive to a single large telecommunications carrier or operated by a real estate company with limited service capabilities. Equinix IBX centers are focused on providing customers with the highest level of network connectivity and reliability to deliver the most strategically critical Internet applications and content to their external customers. While some Equinix customers, such as AOL, Google and MSN, build and operate their own data centers for their large infrastructure deployments, these customers rely upon Equinix IBX centers for their critical interconnection relationships. Equinix IBX centers offer customers direct interconnection to most of the world s top carriers, Internet Service Providers (ISPs), broadband access networks (DSL/cable) and international carriers, including AOL, AT&T, British Telecom, Cable & Wireless, Comcast, Level 3, NTT, Qwest, SingTel, Sprint and Verizon Business among others. Access to such a wide variety of networks has attracted a variety of customers in various business sectors, including:

Enterprise (Apple, Deloitte, IBM, McGraw-Hill, Salesforce.com)

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- Content Providers (eBay, Electronic Arts, Fox Interactive Media, Gannett, Gap, Google, MSN, Sony)
- Financial Companies (Bank of America, Chicago Mercantile Exchange, Dow Jones, NASDAQ OMX)

Internet connectivity and the ability to efficiently distribute digital content or services across multiple networks to a global audience are core strategic requirements to an increasing number of businesses today. Customer demand for highly reliable, secure, network-neutral data center and colocation facilities continues to expand more rapidly than the supply of facilities available in the industry. We believe the factors contributing to the continued increase in demand for our services include:

- The continuing growth of consumer Internet traffic from new bandwidth-intensive services, such as video, VoIP, gaming, data-rich media and wireless services.
- Significant increases in power and cooling requirements for today s data center equipment. Servers have increased the overall level of power consumed and heat generation by over two times since 2000, and many legacy-built data centers are unable to accommodate these new power and cooling demands.
- The growth of enterprise applications, such as Software as a Service (SaaS) and disaster recovery, and the potential of cloud computing technology services.
- The growth of proximity communities that rely on immediate physical colocation with their strategic partners and customers, such as financial exchange ecosystems for electronic trading and settlement.
- The high capital costs associated with building and maintaining in-sourced data centers creates an opportunity for capital savings by outsourcing.

The supply and demand imbalance in the industry has, to date, created a favorable pricing environment for us, as well as an opportunity to increase our leading market share position. We have gained many customers that have outgrown their existing data centers and/or realized the benefits of a network-neutral model. Strategically, we will continue to look at attractive opportunities to grow market share and selectively expand our footprint and service offerings. We continue to leverage our global reach and depth to differentiate our service offering based upon our ability to support truly global customer requirements in our markets.

Our Strategy

Our objective is to expand our global leadership position as the premier data center operator for content providers, financial companies and global enterprises seeking protection and connection of their most valued information assets. Key components of our strategy include the following:

Continue to build upon our critical mass of network providers and content companies and grow our position within the enterprise and financial sectors. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the information-driven world. This critical mass is a key selling point for companies that want to connect with a diverse set of networks to provide the best connectivity to their end-customers. This critical mass of networks inside our centers also attracts network companies that want to sell bandwidth to companies and interconnect with other networks in the most efficient manner available. Currently, we service over 300 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that serve more than 90% of global Internet routes.

Promote our IBX centers as the most reliable data centers in the industry. Data center reliability, power availability and network choice are the most important attributes considered by our customers when they are choosing a data center provider. Our IBX centers are next-generation data centers and offer customers advanced

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security, reliability and redundancy. Our security design in the U.S. IBX centers includes five levels of biometrics security to access customer cages. Our power infrastructure in the U.S. includes N+1 redundancy for all systems and has delivered 99.999% uptime over the period from January 1, 2002 through December 31, 2008. Our support staff, trained to aid customers with operational support, is available 24 hours a day, 365 days a year.

Leverage the network ecosystem. As networks, content providers and other enterprises locate in our IBX centers, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection. These partners, in turn, pull in their business partners, creating a network effect of customer adoption. Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange thus lowering overall cost and increasing flexibility. The ability to directly interconnect with a wide variety of companies is a key differentiator for us in the market.

Provide new products and services within our IBX centers. We plan to continue to offer additional products and services that are most valuable to our customers as they manage their Internet and network businesses and, specifically, as they attempt to effectively utilize multiple networks. Examples include our IBXLink services, which allow customers to easily move traffic between IBX centers located in the same metro area, or the Financial Exchange service, which allows direct interconnection with electronic financial exchanges, such as the Chicago Mercantile Exchange, NASDAQ and ICAP in markets such as Chicago, Frankfurt, London, New York and Paris.

Pursue continuous growth for our customers. We continue to evaluate expansion opportunities in select markets based on customer demand. We expect to open new IBX centers, or IBX center expansions, in nine of our 18 markets in 2009. These efforts, and excluding the capacity added from our recent entry into Europe, have more than doubled our sellable cabinet capacity since 2003.

Our strategy is to continue to grow in select existing markets and possibly expand to additional markets where demand and financial return potential warrant. We expect to execute this expansion strategy in a cost-effective and prudent manner through a combination of acquiring existing data centers through lease or purchase, or building new IBX centers based on key criteria, such as demand and potential financial return, in each market.

Company Information

Our principal executive offices are located at 301 Velocity Way, Fifth Floor, Foster City, CA 94404 and our telephone number is (650) 513-7000. Our website is located at *www.equinix.com*. Information contained on or accessible through our website is not part of this prospectus.

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The Offering

Issuer	Equinix, Inc.
Securities Offered	$325,000,000 aggregate principal amount of 4.75% Convertible Subordinated Notes due 2016. We have also granted the underwriters an over-allotment option to purchase up to an additional $48,750,000 aggregate principal amount of notes.
Maturity Date	June 15, 2016, unless earlier repurchased or converted.
Interest and Payment Dates	The notes will bear interest at an annual rate of 4.75%. Interest is payable on June 15 and December 15 of each year, beginning on December 15, 2009.
Subordination	The notes are our unsecured obligations and will be subordinated in right of payment to all of our existing and future senior indebtedness and equal in right of payment with all of our existing and future subordinated indebtedness, including our 2.50% Convertible Subordinated Debentures due 2024, our 2.50% Convertible Subordinated Notes due 2012 and our 3.00% Convertible Subordinated Notes due 2014. See Description of Notes Ranking. The notes are also effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. As of March 31, 2009, Equinix, Inc. had no outstanding senior debt (exclusive of senior guarantees of subsidiary debt of approximately $79.5 million aggregate principal amount) and approximately $665.1 million aggregate principal amount of subordinated indebtedness ranking equally with the notes, and our subsidiaries had approximately $853.6 million of indebtedness and other liabilities, excluding intercompany items and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries. The indenture governing the notes does not limit our ability or the ability of our subsidiaries to incur debt, including senior indebtedness.
Optional Redemption	We do not have the right to redeem the notes at our option.
Conversion Rights	The notes are convertible into shares of our common stock at a conversion rate of 11.8599 shares per $1,000 principal amount of notes, subject to adjustment. This is equivalent to an initial conversion price of approximately $84.32 per share of common stock.

Holders may convert their notes at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date under the following circumstances:

- during any fiscal quarter (and only during that fiscal quarter) ending after September 30, 2009, if the sale price of our common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day;

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subject to certain exceptions, during the five business day period following any ten consecutive trading day period in which the trading price of the notes for each day of such period was less than 98% of the product of the sale price of our common stock and the conversion rate;

upon the occurrence of specified corporate transactions described under Description of Notes Conversion of Notes Conversion Upon Specified Corporate Transactions; or

at any time on or after March 15, 2016.

The conversion rate may be adjusted upon the occurrence of certain events, but it will not be adjusted for accrued and unpaid interest.

Upon conversion, holders will not receive any cash representing accrued interest, except in limited circumstances. See Description of Notes Conversion of Notes.

Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. However, we may at any time irrevocably elect for the remaining term of the notes to satisfy our conversion obligation in cash up to 100% of the principal amount of the notes converted, with any remaining amount to be satisfied in shares of our common stock or a combination of cash and shares of our common stock. Any such election is in our sole discretion and will apply for the remaining term of the notes following such election. See Description of Notes Payment upon Conversion.

Fundamental Change

If we experience a fundamental change, as described under Description of Notes Repurchase at Option of the Holder Upon a Fundamental Change, holders will, subject to specified conditions, have the right, at their option, to require us to repurchase for cash all or a portion of their notes. The repurchase price will be paid in cash and will equal 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date.

Following certain corporate transactions that constitute a change of control we will increase the conversion rate for a holder who elects to convert notes in connection with such change of control in certain circumstances, as described under Description of Notes Adjustment to Conversion Rate Upon Certain Changes of Control.

Use of Proceeds

We estimate that the net proceeds from this offering will be approximately $316.3 million ($363.8 million if the underwriters exercise their option to purchase additional notes in full), after deducting underwriting discounts and estimated offering expenses.

We intend to use approximately $43.2 million of the net proceeds of this offering to pay the cost of capped call transactions that we

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	entered into with certain of the underwriters or their affiliates. If the underwriters exercise their option to purchase additional notes to cover over-allotments, we expect to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions.

We expect to use the remaining net proceeds to fund the development of expansion opportunities and for general corporate purposes, as described under Use of Proceeds.

Trading	The notes will not be listed on any securities exchange. Our common stock is listed on the NASDAQ Global Select Market under the symbol EQIX.
Capped Call Transactions	In connection with this offering, we entered into capped call transactions with certain counterparties, as described above. The capped call transactions cover, subject to customary anti-dilution adjustments, approximately 3.9 million shares of our common stock, assuming the underwriters do not exercise their over-allotment option. If the underwriters exercise their over-allotment option to purchase additional notes, we expect to enter into additional capped call transactions. The capped call transactions have cap prices 60% higher than the closing price of our common stock on June 8, 2009. These capped call transactions are expected to reduce the potential dilution upon conversion of the notes to the extent described under Capped Call Transactions. We intend to use approximately $43.2 million of the net proceeds from this offering to pay the cost of the capped call transactions, and expect to use a portion of the net proceeds from the sale of additional notes in the event the underwriters exercise their over-allotment option to enter into additional capped call transactions.

For a discussion of the impact of any market or other activity by any counterparty (or its affiliates) in connection with these capped call transactions, see Risk Factors Risks Related to this Offering and the Notes The capped call transactions may affect the value of the notes and our common stock, Capped Call Transactions and Underwriting.

Risk Factors	Investment in the notes involves risks. You should carefully consider the information under Risk Factors and all other information included in this prospectus before buying any notes.

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Summary Consolidated Financial Data

The following tables summarize our consolidated financial data for the periods presented. The following summary consolidated financial data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and their related notes incorporated by reference into this prospectus, including those contained in our Current Report on Form 8-K filed with the SEC on June 8, 2009, together with Use of Proceeds and Capitalization contained herein. Amounts shown reflect the retrospective application of FAS Staff Position APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1) which requires issuers to separately account for the debt and equity components of convertible liability instruments that allow for cash settlement. See Note 2 to the Notes to Condensed Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the period ended March 31, 2009 and our Current Report on Form 8-K filed with the SEC on June 8, 2009. The historical financial information presented below may not be indicative of our future performance and the results for the three months ended March 31, 2009 are not necessarily indicative of results to be expected for the full year.

	Years Ended December 31,					Three Months Ended March 31,	
	2004	2005	2006	2007	2008	2008	2009
	(dollars in thousands, except per share data)						
Statement of Operations Data:							
Revenues	$ 163,671	$ 221,057	$ 286,915	$ 419,442	$ 704,680	$ 158,218	$ 199,231
Costs and operating expenses:							
Cost of revenues	136,950	158,354	188,379	263,768	414,799	94,509	111,805
Sales and marketing	18,604	20,552	32,619	40,719	66,913	15,351	14,403
General and administrative	32,494	45,110	72,123	105,794	146,564	34,376	35,150
Restructuring charges	17,685	33,814	1,527	407	3,142		(5,833)
Gains on asset sales			(9,647)	(1,338)			
Total costs and operating expenses	205,733	257,830	285,001	409,350	631,418	144,236	155,525
Income (loss) from operations	(42,062)	(36,773)	1,914	10,092	73,262	13,982	43,706
Interest income	1,291	3,584	6,627	15,406	7,413	3,441	916
Interest expense	(11,572)	(8,905)	(14,630)	(32,014)	(61,677)	(15,195)	(13,451)
Other income (expense)	76	25	(245)	3,047	1,307	2,040	(4,106)
Loss on debt extinguishment and conversion	(16,211)			(5,949)			
Income tax benefit (expense)	(153)	(543)	(439)	(473)	87,619	(471)	(11,608)
Cumulative effect of a change in accounting principle			376				
Net income (loss)	$ (68,631)	$ (42,612)	$ (6,397)	$ (9,891)	$ 107,924	$ 3,797	$ 15,457
Earnings per share:							
Basic	$ (3.87)	$ (1.78)	$ (0.22)	$ (0.30)	$ 2.91	$ 0.10	$ 0.41
Weighted average shares basic	17,719	23,956	28,796	32,595	37,120	36,277	37,861
Diluted	$ (3.87)	$ (1.78)	$ (0.22)	$ (0.30)	$ 2.79	$ 0.10	$ 0.40
Weighted average shares diluted	17,719	23,956	28,796	32,595	41,582	37,259	38,739

Ratio of earnings to fixed charges[1]			1.0:1.5	1.0:1.6	1.0:0.9	1.0:0.9	1.0:0.5

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	As of March 31, 2009	
	Actual	As Adjusted[(2)(3)]
	(dollars in thousands)	
Balance Sheet Data:		
Cash, cash equivalents and short-term and long-term investments	$ 283,975	$ 557,039
Accounts receivable, net	60,022	60,022
Property, plant and equipment, net	1,512,908	1,512,908
Total assets	2,416,989	2,678,234
Capital lease and other financing obligations, excluding current portion	131,864	131,864
Mortgage and loans payable, excluding current portion	371,406	371,406
Convertible debt, excluding current portion	611,025	846,446
Total stockholders equity	933,196	959,020

(1) In calculating the ratio of earnings to fixed charges, earnings consist of net income (loss) before income tax expense, cumulative effect of a change in accounting principle and fixed charges. Fixed charges consist of interest expense, including such portion of rental expense that was attributed to interest. The ratio of earnings to fixed charges was less than 1.0 to 1.0 for the years ended December 31, 2004 and 2005. The coverage deficiency for the years ended December 31, 2004 and 2005 was $68.5 million and $42.1 million, respectively.

(2) Reflects the sale of the notes offered hereby, after deducting underwriting discounts and estimated offering expenses, and the cost of the capped call transactions as described in Use of Proceeds.

(3) Certain of the as adjusted amounts shown are estimates that reflect the application of FSP APB 14-1, which requires issuers to separately account for the debt and equity components of convertible debt instruments that allow for cash settlement.

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RISK FACTORS

Any investment in the notes or our common stock involves a high degree of risk. You should consider the risks described below carefully and all of the information contained and incorporated by reference in this prospectus before deciding whether to purchase the notes. The risks and uncertainties described below are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the events described in the following risks actually occur, our business, financial condition and results of operations could suffer. In that event, the price of the notes and our common stock could decline, and you may lose all or part of your investment in the notes and our common stock. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Statements.

Risks Related to Our Business

Our substantial debt could adversely affect our cash flow and limit our flexibility to raise additional capital.

We have a significant amount of debt. As of March 31, 2009, our total indebtedness was approximately $1.2 billion, our stockholders equity was $933.2 million and our cash and investments totaled $284.0 million.

Our substantial amount of debt could have important consequences. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, reducing the availability of our cash flow to fund future capital expenditures, working capital, execution of our expansion strategy and other general corporate requirements;
- make it more difficult for us to satisfy our obligations under our various debt instruments, including the notes;
- increase our vulnerability to general adverse economic and industry conditions and adverse changes in governmental regulations;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared with our competitors;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity, which would also limit our ability to further expand our business; and
- make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not effectively hedged such variable rate.

The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition. In addition, the performance of our stock price may trigger events that would require the write-off of a significant portion of our debt issuance costs related to our convertible debt, which may have a material adverse effect on our results of operations and financial condition.

In addition, of our total indebtedness as of March 31, 2009, $560.9 million was non-convertible senior debt (of which $248.6 million was with a single lender). Although these are committed facilities, virtually all of which are fully drawn or advanced for which we are amortizing debt repayments of either principal and/or interest only, and we were in full compliance with all covenants related to them effective March 31, 2009, deteriorating market and liquidity conditions may give rise to issues which may impact the lenders ability to hold these debt commitments to their full term. Accordingly, these lenders of committed and drawn facilities may attempt to call this debt which would have a material adverse effect on our liquidity, even though no call provisions exist without being in default.

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We may also need to refinance a portion of our outstanding debt as it matures. There is a risk that we may not be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of our existing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase. These risks could adversely affect our financial condition, cash flows and results of operations.

If we are not able to generate sufficient operating cash flows or obtain external financing, our ability to fund incremental expansion plans may be limited.

Our capital expenditures, together with ongoing operating expenses and obligations to service our debt, will be a substantial drain on our cash flow and may decrease our cash balances. The capital markets are currently limited for external financing opportunities. Additional debt or equity financing, especially in the current credit-constrained climate, may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain needed debt and/or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures which could adversely affect our results of operations.

The global financial crisis may have an impact on our business and financial condition in ways that we currently cannot predict.

The continued credit crisis and related turmoil in the global financial markets has had and may continue to have an impact on our business and our financial condition. For example, we are currently unable to access cash invested with the Reserve Primary Fund, a prime obligations money market fund that has suspended redemptions and is being liquidated. While we received periodic distributions from the Reserve during the fourth quarter of 2008 and the first quarter of 2009, the Reserve continues to hold a portion of our investment balance. We had invested approximately $50.9 million in this fund, wrote-off $4.2 million and had received redemptions of approximately $43.5 million as of March 31, 2009. The remaining balance still held at the Reserve had a fair value of approximately $3.2 million as of March 31, 2009. In April 2009, we received an additional redemption of $2.3 million, leaving a balance of $897,000 that we expect to still be distributed from the Reserve. While we expect to receive substantially all of our remaining holdings in this fund within the next six months, we cannot predict when this will occur or the amount we will receive. Further, a number of litigation claims have been filed against the Reserve s management which could potentially delay the timing and amount of the final distributions of the fund. If the litigation were to continue for an extended period of time it is possible that the Reserve management s cost of defending these claims could also reduce the final amount of distribution to us. We do not believe that the current liquidity issues related to this fund will impact our ongoing business operations. However, if the current market conditions continue to deteriorate, we may suffer further losses on our investment portfolio, which could have a material adverse effect on our liquidity.

The global financial crisis could have a material adverse effect on our liquidity in other ways. Customer collections are our primary source of cash. While we believe we have a strong customer base and have experienced strong collections in the past, if the current market conditions continue to deteriorate, some of our customers may begin to have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us. For example, we have a number of large customers in the financial services sector which has been significantly impacted by the downturn. We may also be required to increase our allowance for doubtful accounts and our results would be negatively impacted. Our sales cycle could also be lengthened as customers slow spending, or delay decision-making, on our products and services, which could adversely affect our revenue growth. Finally, we could also experience pricing pressure as a result of economic conditions if our competitors lower prices and attempt to lure away our customers with lower cost solutions.

The credit crisis could also have an impact on our foreign exchange forward contract and interest rate swap hedging contracts if our counterparties are forced to file for bankruptcy or are otherwise unable to perform their obligations.

Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so, which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

We are exposed to fluctuations in the market values of our portfolio investments and in interest rates; impairment of our investments could harm our results of operations.

We maintain an investment portfolio of various holdings, types and maturities, including money market funds and other short-term and long-term securities. These securities are classified as available-for-sale and, consequently, are recorded on our consolidated balance sheets at fair value with unrealized gains or losses as a separate component of accumulated other comprehensive income or loss. Our portfolio includes fixed income securities, the values of which are subject to market price volatility and changes in interest rates. If the market price declines, we may recognize in our statements of operations the decline in fair value of our investments below the cost basis when the decline is judged to be other-than-temporary. For information regarding the sensitivity of and risks associated with the market value of our portfolio and interest rates, refer to our discussion of our investment portfolio and interest rate risks in Quantitative and Qualitative Disclosures About Market Risk included in Part I, Item 3 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Fluctuations in foreign currency exchange rates in the markets in which we operate internationally could harm our results of operations.

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates. To date, the majority of our revenues and costs have been denominated in U.S. dollars; however, the majority of revenues and costs in our international operations have been denominated in foreign currencies. Where our prices are denominated in U.S. dollars, our sales could be adversely affected by declines in foreign currencies relative to the U.S. dollar, thereby making our products and services more expensive in local currencies. We are also exposed to risks resulting from fluctuations in foreign currency exchange rates in connection with our international expansions. To the extent we are paying contractors in foreign currencies, our expansions could cost more than anticipated as a result of declines in the U.S dollar relative to foreign currencies. In addition, fluctuating foreign currency exchange rates have a direct impact on how our international results of operations translate into U.S. dollars.

Although we have in the past, and may decide in the future, to undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. For example, while we hedge certain of our foreign currency assets and liabilities on our balance sheet, we do not hedge revenue. During fiscal 2007 and the first half of 2008, the U.S. dollar had been generally weaker relative to the currencies of the foreign countries in which we operate. This overall weakness of the U.S. dollar had a positive impact on our consolidated results of operations because the foreign denominations translated into more U.S. dollars. However, during the second half of 2008 and through the first quarter of 2009, the U.S. dollar strengthened relative to certain of the currencies of the foreign countries in which we operate. This significantly impacted our consolidated financial position and results of operations as amounts in foreign currencies are generally translating into less U.S. dollars. Further strengthening of the U.S. dollar would continue to have a significant impact on our consolidated financial position and results of operations including the amount of revenue that we report in future periods. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in Quantitative and Qualitative Disclosures About Market Risk included in Part I, Item 3 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

Our products and services have a long sales cycle that may harm our revenues and operating results.

A customer s decision to license cabinet space in one of our IBX centers and to purchase additional services typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX centers until they are confident that the IBX center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may expend significant time and resources in pursuing a particular sale or customer that does not result in revenue.

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The current economic downturn may further impact this long sales cycle by making it extremely difficult for customers to accurately forecast and plan future business activities. This could cause customers to slow spending, or delay decision-making, on our products and services, which would delay and lengthen our sales cycle.

Delays due to the length of our sales cycle may materially and adversely affect our revenues and operating results, which could harm our ability to meet our forecasts for a given quarter and cause volatility in our stock price.

We have incurred substantial losses in the past and may incur additional losses in the future.

As of March 31, 2009 our accumulated deficit was $440.0 million. Although we generated net income during 2008, our first full year of net income since our inception, and during the first quarter of 2009, we are also currently investing heavily in our future growth through the build-out of several additional IBX centers and IBX center expansions. As a result, we will incur higher depreciation and other operating expenses, as well as interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial crisis may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX centers or IBX centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We are continuing to invest in our expansion efforts but may not have sufficient customer demand in the future to realize expected returns on these investments.

We are considering the acquisition or lease of additional properties and the construction of new IBX centers beyond those expansion projects already announced. We will be required to commit substantial operational and financial resources to these IBX centers, generally 12 to 18 months in advance of securing customer contracts, and we may not have sufficient customer demand in those markets to support these centers once they are built. In addition, unanticipated technological changes could affect customer requirements for data centers and we may not have built such requirements into our new IBX centers. Either of these contingencies, if they were to occur, could make it difficult for us to realize expected or reasonable returns on these investments.

Our construction of additional new IBX centers could involve significant risks to our business.

In order to sustain our growth in certain of our existing and new markets, we must acquire suitable land with or without structures to build new IBX centers from the ground up. We call these greenfield builds. Greenfield builds are currently underway, or being contemplated, in several key markets. A greenfield build involves substantial planning and lead-time, much longer time to completion than an IBX retrofit of an existing data center, and significantly higher costs of construction, equipment and materials, which could have a negative impact on our returns. A greenfield build also requires us to carefully select and rely on the experience of one or more general contractors and associated subcontractors during the construction process. Should a general contractor or significant subcontractor experience financial or other problems during the construction process, we could experience significant delays, increased costs to complete the project and other negative impacts to our expected returns. Site selection is also a critical factor in our expansion plans, and there may not be suitable properties available in our markets with the necessary combination of high power capacity and fiber connectivity.

While we may prefer to locate new IBX centers adjacent to our existing locations, we may be limited by the inventory and location of suitable properties, as well as by the need for adequate power and fiber to the site. In the event we decide to build new IBX centers separate from our existing IBX centers, we may provide services to

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interconnect these two centers. Should these services not provide the necessary reliability to sustain service, this could result in lower interconnection revenue and lower margins and could have a negative impact on customer retention over time.

Any failure of our physical infrastructure or services could lead to significant costs and disruptions that could reduce our revenue and harm our business reputation and financial results.

Our business depends on providing customers with highly reliable service. We must protect our customers IBX infrastructure and their equipment located in our IBX centers. Furthermore, we continue to acquire IBX centers not built by us. If we discover that these IBX centers and their infrastructure assets are not in the condition we expected when they were acquired, we may be required to incur substantial additional costs to repair or upgrade the centers. The services we provide in each of our IBX centers are subject to failure resulting from numerous factors, including:

- human error;
- equipment failure;
- physical or electronic security breaches;
- fire, earthquake, flood, tornados and other natural disasters;
- extreme temperatures;
- water damage;
- fiber cuts;
- power loss;
- terrorist acts;
- sabotage and vandalism; and
- failure of business partners who provide our resale products.

Problems at one or more of our IBX centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX centers are critical to many of our customers businesses, service interruptions or significant equipment damage in our IBX centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as the result of a problem at one of our IBX centers.

We may incur significant liability to our customers in connection with a loss of power or our failure to meet other service level commitment obligations, or if we are held liable for a substantial damage award. In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

Furthermore, we are dependent upon Internet service providers, telecommunications carriers and other website operators in the U.S., Asia-Pacific region, Europe and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Users of our services may in the future experience difficulties due to system failures unrelated to our systems and services. If for any reason, these providers fail to provide the required services, our business, financial condition and results of operations could be materially and adversely impacted.

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The market price of our stock may continue to be highly volatile, and the value of an investment in our common stock may decline.

Since January 1, 2008, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from $35.14 to $100.75 per share. The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

Announcements by others or us may also have a significant impact on the market price of our common stock. These announcements may relate to:

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our stock by securities analysts;
- our purchase or development of real estate and/or additional IBX centers;
- acquisitions by us of complementary businesses; or
- the operational performance of our IBX centers.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for emerging telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock.

We expect our operating results to fluctuate.

We have experienced fluctuations in our results of operations on a quarterly and annual basis. The fluctuations in our operating results may cause the market price of our common stock to be volatile. We expect to experience significant fluctuations in our operating results in the foreseeable future due to a variety of factors, including, but not limited to:

- fluctuations of foreign currencies in the markets in which we operate;
- the timing and magnitude of capital expenditures, financing or other expenses related to the acquisition, purchase or construction of additional IBX centers or the upgrade of existing IBX centers;
- demand for space, power and services at our IBX centers;
- changes in general economic conditions, such as the current economic downturn, and specific market conditions in the telecommunications and Internet industries, both of which may have an impact on our customer base;
- costs associated with the write-off or exit of unimproved or underutilized property, or the reversal of prior exit costs due to a change in strategy;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company s operations;
- the duration of the sales cycle for our services;

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- restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and services and the gross margins associated with our products and services;
- the timing required for new and future centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX centers;
- lack of available capacity in our existing IBX centers to generate new revenue or delays in opening up new or acquired IBX centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX center leases in connection with extending their lease terms when their initial lease term expiration dates approach;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- changes in income tax benefit or expense; and
- changes in or new generally accepted accounting principles (GAAP) in the U.S. as periodically released by the Financial Accounting Standards Board (FASB).

Any of the foregoing factors, or other factors discussed elsewhere in this report, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. Prior to 2008, we had generated net losses every fiscal year since inception. It is possible that we may not be able to generate positive net income on a quarterly or annual basis in the future. In addition, a relatively large portion of our expenses are fixed in the short-term, particularly with respect to lease and personnel expenses, depreciation and amortization and interest expenses. Therefore, our results of operations are particularly sensitive to fluctuations in revenues. As such, comparisons to prior reporting periods should not be relied upon as indications of our future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors. If this occurs, we could experience an immediate and significant decline in the trading price of our stock.

We are exposed to potential risks from legislation requiring companies to evaluate controls under Section 404 of the Sarbanes-Oxley Act of 2002.

Although we received an unqualified opinion regarding the effectiveness of our internal controls over financial reporting as of December 31, 2008, in the course of our ongoing evaluation of our internal controls over financial reporting we have identified certain areas which we would like to improve and are in the process of evaluating and designing enhanced processes and controls to address these areas identified during our evaluation, none of which we believe constitutes a material change. However, we cannot be certain that our efforts will be effective or sufficient for us, or our independent registered public accounting firm, to issue unqualified reports in the future, especially as our business continues to grow and evolve.

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Our ability to manage our operations and growth will require us to improve our operational, financial and management controls, as well as our internal reporting systems and controls. We may not be able to implement improvements to our internal reporting systems and controls in an efficient and timely manner and may discover deficiencies in existing systems and controls. Any such deficiencies could result in material misstatements in our consolidated financial statements.

If we cannot effectively manage our international operations, and successfully implement our international expansion plans, our revenues may not increase and our business and results of operations would be harmed.

For the years ended December 31, 2008, 2007 and 2006, we recognized 37%, 23% and 14%, respectively, of our revenues outside the U.S. For the three months ended March 31, 2009, we recognized 37% of our revenues outside the U.S.

To date, the neutrality of our IBX centers and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our acquired IBX centers in the Asia-Pacific region the limited number of carriers available reduces that advantage. As a result, we may need to adapt our key revenue-generating services and pricing to be competitive in those markets. In addition, we are currently undergoing expansions or evaluating expansion opportunities in Europe and in the Asia-Pacific region. Undertaking and managing expansions in foreign jurisdictions may present unanticipated challenges to us.

Our international operations are generally subject to a number of additional risks, including:

- the costs of customizing IBX centers for foreign countries;
- protectionist laws and business practices favoring local competition;
- greater difficulty or delay in accounts receivable collection;
- difficulties in staffing and managing foreign operations, including negotiating with foreign labor unions or workers councils;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- compliance with the Foreign Corrupt Practices Act; and

compliance with evolving governmental regulation with which we have little experience.

The increased use of high power density equipment may limit our ability to fully utilize our IBX centers.

Customers are increasing their use of high-density electrical power equipment, such as blade servers, in our IBX centers which has significantly increased the demand for power on a per cabinet basis. Because many of our IBX centers were built a number of years ago, the current demand for electrical power may exceed the designed electrical capacity in these centers. As electrical power, not space, is typically the limiting factor in our IBX centers, our ability to fully utilize those IBX centers may be limited. The availability of sufficient power may also pose a risk to the successful operation of our new IBX centers. The ability to increase the power capacity of an IBX center, should we decide to, is dependent on several factors including, but not limited to, the local utility s ability to provide additional power; the length of time required to provide such power; and/or whether it is feasible to upgrade the electrical infrastructure of an IBX center to deliver additional power to customers. Although we are currently designing and building to a much higher power specification, there is a risk that demand will continue to increase and our IBX centers could become obsolete sooner than expected.

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Acquisitions present many risks, and we may not realize the financial or strategic goals that were contemplated at the time of any transaction.

Over the last several years, we have completed several acquisitions (including our acquisitions of IXEurope plc in 2007 and Virtu Secure Webservices B.V. in 2008) and we may make additional acquisitions in the future. These acquisitions may include acquisitions of businesses, products, services or technologies that we believe to be complementary, as well as acquisitions of new IBX centers or real estate for development of new IBX centers. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to several potential risks, including:

- the possible disruption of our ongoing business and diversion of management s attention by acquisition, transition and integration activities;
- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition, some of which would be anticipated in any purchase price;
- the possibility that we may not be able to successfully integrate acquired businesses or achieve anticipated operating efficiencies or cost savings;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the possibility that our customers may not accept either the existing equipment infrastructure or the look-and-feel of a new or different IBX center;
- the possibility that additional capital expenditures may be required;
- the possible loss or reduction in value of acquired businesses;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX center;
- the possibility of litigation or other claims in connection with or as a result of an acquisition, including claims from terminated employees, customers, former stockholders or other third parties; and
- the possibility of pre-existing undisclosed liabilities, including but not limited to environmental or asbestos liability, for which insurance coverage may be insufficient or unavailable.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We cannot assure you that the price for any future acquisitions of IBX centers will be similar to prior IBX center acquisitions. In fact, we expect acquisition costs, including capital expenditures required to build or render new IBX centers operational, to increase in the future. If our revenue does not keep pace with these potential acquisition and expansion costs, we may not be able to maintain our current or expected margins as we absorb these additional expenses. There is no assurance we would successfully overcome these risks or any other problems encountered with these acquisitions.

Our business could be harmed by prolonged electrical power outages or shortages, increased costs of energy or general lack of availability of electrical resources.

Our IBX centers are susceptible to regional costs of power, electrical power shortages, planned or unplanned power outages and limitations, especially internationally, on the availability of adequate power resources.

Power outages, such as those that occurred in California during 2001, the Northeast in 2003, and from the tornados on the U.S. east coast in 2004, could harm our customers and our business. We attempt to limit exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place, as was the case with the power outages we experienced in our Chicago and Washington, D.C. metro area IBX centers in 2005 and London metro area IBX centers in 2007.

In addition, global fluctuations in the price of power can increase the cost of energy, and although contractual price increase clauses exist in the majority of our customer agreements, we may not always choose to pass these increased costs on to our customers.

In each of our markets, we rely on third parties to provide a sufficient amount of power for current and future customers. At the same time, power and cooling requirements are growing on a per unit basis. As a result, some customers are consuming an increasing amount of power per cabinet. We generally do not control the amount of electric power our customers draw from their installed circuits. This means that we could face power limitations in our centers. This could have a negative impact on the effective available capacity of a given center and limit our ability to grow our business, which could have a negative impact on our financial performance, operating results and cash flows.

We may also have difficulty obtaining sufficient power capacity for potential expansion sites in new or existing markets. We may experience significant delays and substantial increased costs demanded by the utilities to provide the level of electrical service required by our current IBX center designs.

We may be forced to take steps, and may be prevented from pursuing certain business opportunities, to ensure compliance with certain tax-related covenants agreed to by us.

We agreed to a covenant in connection with our combination with i-STT Pte Ltd and Pihana Pacific, Inc. in 2002 (which we refer to as the FIRPTA covenant) that we would use all commercially reasonable efforts to ensure that, at all times from and after the closing of the combination, none of our capital stock issued to STT Communications would constitute United States real property interests within the meaning of Section 897(c) of the Code. Under Section 897(c) of the Code, our capital stock issued to STT Communications would generally constitute United States real property interests at such point in time that the fair market value of the United States real property interests owned by us equals or exceeds 50% of the sum of the aggregate fair market values of (a) our United States real property interests, (b) our interests in real property located outside the United States and (c) any other assets held by us which are used or held for use in our trade or business. Currently, the fair market value of our United States real property interests is significantly below the 50% threshold. However, in order to ensure compliance with the FIRPTA covenant, we may be limited with respect to the business opportunities we may pursue, particularly if the business opportunities would increase the amounts of United States real property interests owned by us or decrease the amount of other assets owned by us. In addition, we may take proactive steps to avoid our capital stock being deemed a United States real property interest, including, but not limited to, (a) a sale-leaseback transaction with respect to some or all of our real property interests, or (b) the formation of a holding company organized under the laws of the Republic of Singapore which would issue shares of its capital stock in exchange for all of our outstanding stock (which would require the submission of that transaction to our stockholders for their approval and the consummation of that exchange). We will take these actions only if such actions are commercially reasonable for our stockholders and us. We have entered into an agreement with STT Communications and its affiliate pursuant to which we will no longer be bound by the FIRPTA covenant as of September 30, 2009. If we were to breach this covenant, we may be liable for damages to STT Communications.

Increases in property taxes could adversely affect our business, financial condition and results of operations.

Our IBX centers are subject to state and local real property taxes in the U.S. and certain of our foreign jurisdictions. The state and local real property taxes on our IBX centers may increase as property tax rates change

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and as the value of the properties are assessed or reassessed by taxing authorities. Many state and local governments are facing budget deficits, which may cause them to increase assessments or taxes. If property taxes increase, our business, financial condition and operating results could be adversely affected.

A small number of our stockholders has voting control over a substantial portion of our stock and has influence over matters requiring stockholder consent.

Several of our stockholders each hold voting control over greater than 10% of our outstanding common stock. In addition, these stockholders are not prohibited from buying shares of our stock in public or private transactions. As a result, each of these stockholders is able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could prevent or delay a third party from acquiring or merging with us.

We have various mechanisms in place that may discourage takeover attempts.

Certain provisions of our certificate of incorporation and bylaws may discourage, delay or prevent a third party from acquiring control of us in a merger, acquisition or similar transaction that a stockholder may consider favorable. Such provisions include:

- authorization for the issuance of blank check preferred stock;
- the prohibition of cumulative voting in the election of directors;
- a super-majority voting requirement to effect business combinations or certain amendments to our certificate of incorporation and bylaws;
- limits on the persons who may call special meetings of stockholders;
- the prohibition of stockholder action by written consent; and
- advance notice requirements for nominations to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law, which restricts certain business combinations with interested stockholders in certain situations, may also discourage, delay or prevent someone from acquiring or merging with us.

Environmental regulations may impose upon us new or unexpected costs.

We are subject to various environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of our locations, hazardous substances or regulated materials are known to be present in soil or groundwater and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. At some of our locations, there are land use restrictions in place relating to earlier environmental cleanups that do not materially limit our use of the sites. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

In addition, we are subject to environmental, health and safety laws regulating air emissions, storm water management and other issues arising in our business. While these obligations do not normally impose material costs upon our operations, unexpected events, equipment malfunctions and human error, among other factors, can lead to violations of environmental laws, regulations or permits. In addition, environmental laws and regulations change frequently and may require additional investment to maintain compliance. Noncompliance with existing, or adoption of more stringent, environmental or health and safety laws and regulations or the discovery of previously unknown contamination could require us to incur costs or become the basis of new or increased liabilities that could be material.

Fossil fuel combustion creates greenhouse gas emissions that are linked to global climate change. Regulations to limit greenhouse gas emissions are in force in the European Union in an effort to prevent or reduce climate change. In the United States, federal legislative proposals have been and are expected to be introduced that would, if adopted, implement some form of regulation or taxation to reduce or mitigate greenhouse gas emissions. In addition, it is possible that the U.S. Environmental Protection Agency (EPA) will use its existing authority under the Clean Air Act to regulate greenhouse gas emissions. In July 2008, EPA issued an Advanced Notice of Proposed Rulemaking (the ANPR) requesting public comment on whether and how the EPA should regulate emissions of greenhouse gases. On April 10, 2009, the EPA published a proposed rule that would require monitoring and annual reporting of greenhouse gas emissions by dozens of industries, including the electricity generating industry.

Several states within the United States have adopted laws intended to limit fossil fuel consumption and/or encourage renewable energy development for the same purpose. In California, AB-32, the Global Warming Solutions Act of 2006 (GWSA), prescribes a statewide cap on global warming pollution with a goal of reaching 1990 greenhouse gas emission levels by 2020 and 80% below 1990 levels by 2050. In addition, AB-32 establishes a mandatory reporting program to the California Air Resources Board (CARB) for significant greenhouse gas emissions and requires the CARB to adopt regulations for significant greenhouse gas emission sources (allowing CARB to design a cap and trade program) and gives CARB the authority to enforce such regulations beginning in 2012. CARB has published a proposed plan under the GWSA providing for a renewable portfolio standard (RPS) for electric utilities of 33% by 2020.

The federal and state regulatory programs are still developing. In their final form, they may include a tax on carbon, a carbon cap-and-trade market, and/or other restrictions on carbon and greenhouse gas emissions. The area of greenhouse gas limitations and regulation is rapidly changing and will continue to change as additional legislation is considered and adopted, and regulations are finalized that implement existing law. We do not anticipate being directly regulated by the developing climate change-related laws and regulations, but the resulting controls on greenhouse gas emissions are likely to increase the costs of electricity or fossil fuels, and these cost increases could materially increase our costs of operation or limit the availability of electricity or emergency generator fuels. If laws reducing greenhouse gas emissions are passed or new regulations are implemented based on existing law, we may be required to modify our emergency power source systems, buildings or other infrastructure in order to comply, the cost of which could be substantial.

To the extent any of these environmental regulations impose new or unexpected costs, our business, results of operations or financial condition may be adversely affected.

We depend on a number of third parties to provide Internet connectivity to our IBX centers; if connectivity is interrupted or terminated, our operating results and cash flow could be materially and adversely affected.

The presence of diverse telecommunications carriers fiber networks in our IBX centers is critical to our ability to retain and attract new customers. We are not a telecommunications carrier, and as such we rely on third parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers customers to encourage them to invest the capital and operating resources required to connect from their centers to our IBX centers. Carriers will likely evaluate the revenue opportunity of an IBX

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center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX centers or that once a carrier has decided to provide Internet connectivity to our IBX centers that it will continue to do so for any period of time. Further, many carriers are experiencing business difficulties or announcing consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our IBX centers, which could have an adverse effect on our operating results.

Our new IBX centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. If the establishment of highly diverse Internet connectivity to our IBX centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX center expansions. This could affect our ability to attract new customers to these IBX centers or retain existing customers.

We may be vulnerable to security breaches which could disrupt our operations and have a material adverse effect on our financial performance and operating results.

A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate either our proprietary information or the personal information of our customers, or cause interruptions or malfunctions in our operations. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently, and are generally not recognized until launched against a target, we may not be able to implement security measures in a timely manner or, if and when implemented, we may not be certain whether these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results.

A small number of customers account for a significant portion of our revenues, and the loss of any of these customers could significantly harm our business, financial condition and results of operations.

While no single customer accounted for 10% or more of our revenues for the three months ended March 31, 2009 and 2008, our top 10 customers accounted for approximately 19% and 21%, respectively, of our revenues during these periods. We expect that a small percentage of our customers will continue to account for a significant portion of our revenues for the foreseeable future. We cannot guarantee that we will retain these customers or that they will maintain their commitments in our IBX centers at current levels. If we lose any of these key customers, or if any of them decide to reduce the level of their commitment to us, our business, financial condition and results of operations could be adversely affected.

We resell products and services of third parties that may require us to pay for such products and services even if our customers fail to pay us for them, which may have a negative impact on our operating results.

In order to provide resale services such as bandwidth, managed services and other network management services, we contract with third-party service providers. These services require us to enter into fixed term contracts for services with third-party suppliers of products and services. If we experience the loss of a customer who has purchased a resale product, we may remain obligated to continue to pay our suppliers for the term of the underlying contracts. The payment of these obligations without a corresponding payment from customers will reduce our financial resources and may have a material adverse effect on our operating and financial results and cash flows.

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We have government customers, which subjects us to risks including early termination, audits, investigations, sanctions and penalties.

We derive some revenues from contracts with the U.S. government, state and local governments and their respective agencies. Some of these customers may terminate all or part of their contracts at any time, without cause.

There is increased pressure for governments and their agencies, both domestically and internationally, to reduce spending. Some of our federal government contracts are subject to the approval of appropriations being made by the U.S. Congress to fund the expenditures under these contracts. Similarly, some of our contracts at the state and local levels are subject to government funding authorizations.

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business.

We may not be able to compete successfully against current and future competitors.

Our IBX centers and other products and services must be able to differentiate themselves from those of other providers of space and services for telecommunications companies, webhosting companies and other colocation providers. In addition to competing with neutral colocation providers, we must compete with traditional colocation providers, including telecom companies, carriers, Internet service providers and webhosting facilities. Similarly, with respect to our other products and services, including managed services, bandwidth services and security services, we must compete with more established providers of similar services. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than us.

Because of their greater financial resources, some of our competitors have the ability to adopt aggressive pricing policies, especially if they have been able to restructure their debt or other obligations. As a result, in the future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas in which we have IBX centers. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX centers. If these competitors were able to adopt aggressive pricing policies together with offering colocation space, our ability to generate revenues may be materially and adversely affected.

We may also face competition from persons seeking to replicate our IBX center concept by building new IBX centers or converting existing IBX centers that some of our competitors are in the process of divesting. We may continue to see increased competition for data center space and customers from large REITS who also operate in our market. We may experience competition from our landlords, some of which are REITS, in this regard. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use. Landlords/REITS may enjoy a cost effective advantage in providing services similar to those provided by our IBX centers, and in addition to the risk of losing customers to these parties, this could also reduce the amount of space available to us for expansion in the future. Competitors may operate more successfully or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in outsourcing arrangements may be reluctant or slow to replace, limit or compete with their existing systems by becoming a customer. Customers may also decide it is cost-effective for them to build out their own data centers, which could have a negative impact on our results of operations. In addition, other companies may be able to attract the same potential customers that we are targeting. Once customers are located in competitors facilities, it may be extremely difficult to convince them to relocate to our IBX centers.

Because we depend on the retention of key employees, failure to maintain competitive compensation packages, including equity incentives, may be disruptive to our business.

Our success in retaining key employees and discouraging them from moving to a competitor is an important factor in our ability to remain competitive. As is common in our industry, our employees are typically compensated through grants of equity awards in addition to their regular salaries. In addition to granting equity awards to selected new hires, we periodically grant new equity awards to certain employees as an incentive to remain with us. To the extent we are unable to offer competitive compensation packages to our employees and adequately maintain equity incentives due to equity expensing or otherwise, and should employees decide to leave us, this may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

Because we depend on the development and growth of a balanced customer base, failure to attract and retain this base of customers could harm our business and operating results.

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including global enterprises, content providers, financial companies, and network service providers. The more balanced the customer base within each IBX center, the better we will be able to generate significant interconnection revenues, which in turn increases our overall revenues. Our ability to attract customers to our IBX centers will depend on a variety of factors, including the presence of multiple carriers, the mix of products and services offered by us, the overall mix of customers, the IBX center s operating reliability and security and our ability to effectively market our services. However, some of our customers are, and are likely to continue to be, Internet companies that face many competitive pressures and that may not ultimately be successful. If these customers do not succeed, they will not continue to use the IBX centers which may be disruptive to our business. Finally, the current economic downturn may harm our ability to attract and retain customers if customers slow spending, or delay decision-making, on our products and services or if customers begin to have difficulty paying us and we experience increased churn in our customer base. Any of these factors may hinder the development and growth of a balanced customer base and adversely affect our business, financial condition and results of operations.

The failure to obtain favorable terms when we renew our IBX center leases could harm our business and results of operations.

While we own certain of our IBX centers, others are leased under long-term arrangements with lease terms expiring at various dates ranging from 2009 to 2027. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX centers. All of our IBX center leases have renewal options available to us. However, these renewal options provide for rent set at then-prevailing market rates. To the extent that then-prevailing market rates are higher than present rates, these higher costs may adversely impact our business and results of operations.

We are subject to securities class action and other litigation, which may harm our business and results of operations.

During the quarter ended September 30, 2001, putative shareholder class action lawsuits were filed against us, a number of our officers and directors, and several investment banks that were underwriters of our initial public offering. Similar complaints were filed against more than 300 other issuers, their officers and directors, and investment banks. The suits allege that the underwriter defendants agreed to allocate stock in our initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. Plaintiffs allege that the prospectus for our initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. A previously agreed upon settlement with the plaintiffs has been terminated. On August 14, 2007, the plaintiffs filed amended complaints in six cases selected as test, or focus,

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cases and moved for class certification on September 27, 2007. On October 10, 2008, at the request of plaintiffs, plaintiffs motion for class certification was withdrawn, without prejudice. On April 3, 2009, the plaintiffs submitted to the court a motion for preliminary approval of a settlement of the approximately 300 coordinated cases, which includes Equinix, the underwriter defendants in the Equinix class action lawsuit, and the plaintiff class in the Equinix class action lawsuit. The insurers for the issuer defendants in the coordinated cases will make the settlement payment on behalf of the issuers, including Equinix. The settlement is subject to termination by the parties under certain circumstances, and is subject to court approval. There is no assurance that the settlement will be concluded or that the court will approve the settlement.

On August 22, 2008, a complaint was filed against Equinix, certain former officers and directors of Pihana Pacific, Inc. (Pihana), certain investors in Pihana, and others. The lawsuit was filed in the First Circuit Court of the State of Hawaii, and arises out of December 2002 agreements pursuant to which Equinix merged Pihana and i-STT (a subsidiary of Singapore Technologies Telemedia Pte Ltd) into the internet exchange services business of Equinix. Plaintiffs, who were allegedly holders of Pihana common stock, allege that their rights as shareholders were violated, and the transaction was effectuated improperly, by Pihana s majority shareholders, officers and directors, with the alleged assistance of Equinix and others. Among other things, plaintiffs contend that they effectively had a right to block the transaction, that this supposed right was disregarded, and that they improperly received no consideration when the deal was completed. The complaint seeks to recover unspecified punitive damages, equitable relief, fees and costs, and compensatory damages in an amount that plaintiffs allegedly believe may be all or a substantial portion of the approximately $725 million value of Equinix held by Defendants (a group that includes more than 30 individuals and entities). An amended complaint, which adds new plaintiffs (other alleged holders of Pihana common stock), but is otherwise substantially similar to the original pleading, was filed on September 29, 2008 (the Amended Complaint). On October 13, 2008, a complaint was filed by another purported holder of Pihana common stock, naming the same defendants and asserting substantially similar allegations as the August 22, 2008 and September 29, 2008 pleadings. On December 12, 2008, the court entered a stipulated order, which consolidated the two actions under one case number and set January 22, 2009 as the last day for Defendants to move to dismiss or otherwise respond to the Amended Complaint, the operative complaint in this case. On January 22, 2009, motions to dismiss the Amended Complaint were filed by Equinix and other Defendants. The court has not yet ruled on any of the motions to dismiss. We believe that plaintiffs claims and alleged damages are without merit and we intend to defend the litigation vigorously.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcomes of the above matters or whether such outcomes would have a material impact on our business, results of operations, financial condition or cash flows.

We continue to participate in the defense of the above matters, which may increase our expenses and divert management s attention and resources. In addition, we may, in the future, be subject to other litigation. For example, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Any adverse outcome in litigation could seriously harm our business, results of operations, financial condition or cash flows.

We may not be able to protect our intellectual property rights.

We cannot assure that the steps taken by us to protect our intellectual property rights will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. We also are subject to the risk of litigation alleging infringement of third-party intellectual property rights. Any such claims could require us to spend significant sums in litigation, pay damages, develop non-infringing intellectual property, or acquire licenses to the intellectual property that is the subject of the alleged infringement.

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Risks Related to Our Industry

If the use of the Internet does not continue to grow, our revenues may not grow.

Acceptance and use of the Internet may not continue to develop at historical rates. Demand for Internet services and products are subject to a high level of uncertainty and are subject to significant pricing pressure. As a result, we cannot be certain that a viable market for our IBX centers will be sustained. If the market for our IBX centers grows more slowly than we anticipate, our revenues may not grow and our operating results could suffer.

Government regulation may adversely affect the use of the Internet and our business.

Various laws and governmental regulations governing Internet related services, related communications services and information technologies and electronic commerce remain largely unsettled, even in areas where there has been some legislative action. This is true both in the U.S. and the various foreign countries in which we operate. It may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the Internet and to related services such as ours. We have limited experience with such international regulatory issues and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad that may impose additional burdens on companies conducting business online and their service providers. The compliance with, adoption or modification of, laws or regulations relating to the Internet, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operation.

Industry consolidation may have a negative impact on our business model.

The telecommunications industry is currently undergoing consolidation. As customers combine businesses, they may require less colocation space, and there may be fewer networks available to choose from. Given the competitive and evolving nature of this industry, further consolidation of our customers and/or our competitors may present a risk to our network-neutral business model and have a negative impact on our revenues. In addition, increased utilization levels industry-wide could lead to a reduced amount of attractive expansion opportunities available to us.

Terrorist activity throughout the world and military action to counter terrorism could adversely impact our business.

The September 11, 2001 terrorist attacks in the U.S., the ensuing declaration of war on terrorism and the continued threat of terrorist activity and other acts of war or hostility contribute to a climate of political and economic uncertainty. Due to existing or developing circumstances, we may need to incur additional costs in the future to provide enhanced security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX centers. We may not have adequate property and liability insurance to cover catastrophic events or attacks.

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Risks Related to this Offering and the Notes

The notes are our unsecured subordinated obligations and are subordinated in right of payment to our senior debt.

The notes will be our unsecured obligations and will rank, in right of payment, junior to all of our existing and future senior debt. The notes will rank equal in right of payment to all of our existing and future subordinated debt, including our 2.50% Convertible Subordinated Debentures due 2024, our 2.50% Convertible Subordinated Notes due 2012 and our 3.00% Convertible Subordinated Notes due 2014.

In the event we default on any of our senior debt or in the event we undergo a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, the proceeds of the sale of our assets would first be applied to the repayment of our senior debt before any of those proceeds would be available to make payments on our subordinated debt, including the notes. Accordingly, there may be no assets remaining from which claims of the holders of the notes could be satisfied, or if any assets remained, they might be insufficient to satisfy those claims in full.

As of March 31, 2009, Equinix, Inc. had no outstanding senior debt (exclusive of senior guarantees of subsidiary debt of approximately $79.5 million aggregate principal amount) and approximately $665.1 million aggregate principal amount of subordinated indebtedness ranking equally with the notes. The indenture governing the notes does not limit our ability or the ability of our subsidiaries to incur debt, including senior debt.

Your right to receive payments on the notes is effectively subordinated to all existing and future liabilities of our subsidiaries and to all of our existing and future secured debt.

None of our subsidiaries will guarantee our obligations under, or have any obligation to pay any amounts due on, the notes. As a result, the notes will be effectively subordinated to all liabilities of our subsidiaries, including trade payables. Our rights and the rights of our creditors, including holders of the notes, to participate in the assets of any of our subsidiaries upon their liquidation or recapitalization will generally be subject to the prior claims of those subsidiaries creditors. As of March 31, 2009, our subsidiaries had approximately $853.6 million of indebtedness and other liabilities outstanding (excluding intercompany items and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries).

In addition, the notes will not be secured by any of our assets or those of our subsidiaries. As a result, the notes will be effectively subordinated to any secured debt we may incur. In any liquidation, dissolution, bankruptcy or other similar proceeding, holders of our secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the notes. In such an event, we may not have sufficient assets remaining to pay amounts due on any or all of the notes.

The indenture does not restrict our ability to incur additional debt, repurchase our securities or to take other actions that could negatively impact holders of the notes.

Neither the indenture nor the terms of the notes restrict us from incurring additional debt, including senior debt or secured debt. In addition, the limited covenants contained in the indenture do not require us to achieve or maintain any minimum financial ratios relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the indenture or the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due, and require us to dedicate a substantial portion of our cash flow to fund our operations, working capital and capital expenditures. In addition, we are not restricted from repurchasing shares of our common stock or other securities by the terms of the notes.

There may not be an active trading market for the notes and their price may be volatile. Holders may be unable to sell their notes at the price desired or at all.

There is no existing trading market for the notes. As a result, there can be no assurance that a liquid market will develop or be maintained for the notes, that holders will be able to sell any of the notes at a particular time (if at all) or that the prices holders receive if or when they sell the notes will be above their initial offering price. If the notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the price and volatility in the price of our shares of common stock, our performance and other factors. We do not intend to list the notes on any national securities exchange.

The underwriters have advised us that they intend to make a market in the notes after this offering is completed, but they have no obligation to do so and may cease their market-making at any time without notice. In addition, market-making will be subject to the limits imposed by the Securities Act and the Exchange Act. The liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by, among other things, changes in the overall market for debt securities, changes in our financial performance or prospects, the prospects for companies in our industry generally, the number of holders of the notes, the interest of securities dealers in making a market for the notes and prevailing interest rates.

Restricted convertibility of the notes could result in holders receiving less than the value of our common stock into which a note would otherwise be convertible.

The notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock only if specified conditions are met. If the relevant conditions for conversion are not met, holders will not be able to convert their notes, and may not be able to receive the value of the cash, shares of our common stock or combination of cash and shares of our common stock into which the notes would otherwise be convertible.

Our stock price has been volatile historically and may continue to be volatile. The price of our common stock, and therefore the price of the notes, may fluctuate significantly, which may make it difficult for holders to resell the notes or any shares of our common stock issuable upon conversion of the notes when desired or at attractive prices.

The trading price of our common stock has been and may continue to be subject to wide fluctuations. Since the fiscal year ended December 31, 2007, the closing sale price of our common stock on the NASDAQ Global Select Market ranged from $35.14 to $100.75 per share, and the closing sale price on June 8, 2009 was $71.76 per share. Our stock price may fluctuate in response to a number of events and factors, such as those set forth under Risks Related to Our Business The market price of our stock may continue to be highly volatile, and the value of an investment in our common stock may decline.

In the past, many companies have been the subject of securities class action litigation following periods of volatility in the market price of their stock. See Risks Related to Our Business We are subject to securities class action and other litigation, which may harm our business and results of operations.

In addition, the stock market in general, and prices for companies in our industry in particular, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance. Because the notes are convertible into shares of our common stock and/or cash amounts based on the value of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of our notes. Holders who receive our common stock upon conversion will also be subject to the risk of volatility and depressed prices of our common stock. In addition, the existence of the notes may encourage short selling in our common stock by market participants because the conversion of the notes could depress the price of our common stock.

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Sales of a significant number of shares of our common stock in the public markets, or the perception of such sales, could depress the market price of the notes.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets could depress the market price of the notes, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the notes. The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity which we expect to occur involving our common stock. This hedging or arbitrage could, in turn, affect the market price of the notes.

Holders of the notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to our common stock.

Holders of the notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights or rights to receive any dividends or other distributions on our common stock), but will be subject to all changes affecting our common stock. Holders will only be entitled to rights in our common stock if and when we deliver shares of our common stock upon conversion of their notes. For example, in the event that an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to a holder s conversion of notes, the holder will not be entitled to vote on the amendment, although the holder will nevertheless be subject to any changes in the powers, preferences or rights of our common stock that result from such amendment.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events including, but not limited to, the issuance of stock dividends on our common stock, subdivisions or combinations of our common stock, the issuance of certain rights or warrants, certain distributions of securities, indebtedness or assets, cash dividends and certain tender or exchange offers as described under Description of Notes Anti-dilution Adjustments Adjustment Events. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of our common stock for cash, that may adversely affect the trading price of the notes or our common stock. An event may occur that adversely affects the value of the notes but does not result in an adjustment to the conversion rate.

The adjustment to the conversion rate for notes converted in connection with a specified corporate transaction may not adequately compensate holders for any lost value of their notes as a result of such transaction.

If a change of control occurs, under certain circumstances we will increase the conversion rate by a number of additional shares of our common stock for notes converted in connection with such change of control. The increase in the conversion rate will be determined based on the date on which the change of control becomes effective and the price paid per share of our common stock in such transaction, as described below under Description of Notes Adjustment to Conversion Rate upon Certain Changes of Control. The adjustment to the conversion rate for notes converted in connection with a change of control may not adequately compensate holders for any lost value of their notes as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than $250.00 per share or less than $71.76 per share (in each case, subject to adjustment), no adjustment will be made to the conversion rate. In no event will the conversion rate, as a result of a change of control, exceed 2.0754 shares per $1,000 principal amount of notes, regardless of when the transaction becomes effective or the price paid per share of our common stock in the transaction, subject to adjustments in the same manner as the conversion rate as set forth under Description of

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Our obligation to increase the conversion rate in connection with any such change of control could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

Conversion of the notes will dilute the ownership interests of existing stockholders.

To the extent we deliver shares of our common stock upon conversion of the notes or our 2.50% Convertible Subordinated Notes due 2012, our 2.50% Convertible Subordinated Debentures due 2024 or our 3.00% Convertible Subordinated Notes due 2014, the ownership interests of existing stockholders will be diluted. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the notes may encourage short selling by market participants because the conversion of the notes could depress the price of our common stock.

We may not have the ability to repurchase the notes in cash upon the occurrence of a fundamental change as required by the indenture governing the notes or to pay cash upon the conversion of the notes.

Holders of the notes will have the right to require us to repurchase the notes upon the occurrence of a fundamental change as described under Description of Notes Repurchase at Option of the Holder upon a Fundamental Change. We may not have sufficient funds to repurchase the notes in cash, to pay cash upon the conversion of the notes or have the ability to arrange necessary financing on acceptable terms. Our ability to repurchase the notes or to pay cash upon conversion may be limited by law or the terms of other agreements relating to our senior indebtedness. In addition, if we irrevocably elect for the remaining term of the notes to satisfy our conversion obligation in cash up to 100% of the principal amount, such payments may be significant and we may not have sufficient funds to make them when due. The indentures governing our 2.50% Convertible Subordinated Notes due 2012, our 2.50% Convertible Subordinated Debentures due 2024 and our 3.00% Convertible Subordinated Notes due 2014 have, and any future indebtedness may have, similar provisions requiring us to repurchase such indebtedness upon a fundamental change and, therefore, we may not have sufficient funds to repurchase the notes if we must use any available funds to repurchase such other indebtedness. A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our failure to repurchase the notes when required or to pay cash in respect of conversions when required would result in an event of default with respect to the notes.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, holders will have the right to require us to repurchase the notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of certain transactions. For example, any leveraged recapitalization, refinancing, restructuring or acquisition initiated by us will generally not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, holders of the notes will not have the right to require us to repurchase the notes, even though any of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings we may have, thereby adversely affecting the holders of notes.

Upon conversion of the notes, to the extent we settle with cash or a combination of cash and shares of our common stock, we will pay an amount that is based upon a cash settlement averaging period, and you may receive less proceeds than expected.

We may satisfy some or all of our conversion obligation in cash or a combination of cash and shares of our common stock. If we choose to satisfy our conversion obligation in cash or a combination of cash and shares, the value of the cash and the number of shares to be delivered, if any, will be calculated based on a 25 consecutive trading day cash settlement averaging period. Accordingly, upon conversion of a note, holders may receive less proceeds than expected because the value of our common stock may decline (or not appreciate as much as you

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may expect) between the conversion date and the day the settlement amount of your notes is determined. In addition, because of the 25 trading day cash settlement averaging period, settlement generally will be delayed as detailed under Description of Notes Payment upon Conversion.

Our ability to pay cash upon conversion may be limited by law or the terms of our other agreements relating to our senior indebtedness. Our failure to convert the notes into cash or a combination of cash and shares upon exercise of a holder s conversion right in accordance with the provisions of the indenture and the continuance of such failure for five days would constitute a default under the indenture. In addition, a default under the indenture could lead to a default under existing and future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the notes.

We may not be able to refinance the notes if required or if we so desire.

We may need or desire to refinance all or a portion of the notes or any other future indebtedness that we incur on or before the maturity of the notes. There can be no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms, if at all.

The notes may not be rated or may receive a lower rating than anticipated by investors.

We do not intend to seek a rating on the notes. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the notes and our common stock could be harmed.

The notes will initially be held in book-entry form and, therefore, holders must rely on the procedures and the relevant clearing systems to exercise their rights and remedies.

Unless and until certificated notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, DTC, or its nominee, will be the sole holder of the notes. Payments of principal, interest and other amounts owing on or in respect of the notes in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants accounts that hold book-entry interests in the notes in global form and credited by such participants to indirect participants. Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the notes. Instead, if holders own a book-entry interest, they will be permitted to act only to the extent they have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure holders that procedures implemented for the granting of such proxies will be sufficient to enable them to vote on any requested actions on a timely basis.

Holders may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the notes even though they do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you will be deemed to have received a taxable dividend to the extent of our earnings and profits that will be subject to U.S. federal income tax without the receipt of any cash. In certain other circumstances, the absence of an adjustment may result in a taxable dividend. If you are a Non-U.S. Holder (as defined in Material U.S. Federal Tax Considerations), such deemed dividend may be subject to U.S. federal withholding tax (currently at a 30% rate, or such lower rate as may be specified by an applicable treaty), which may be withheld from subsequent payments on the notes. See Dividend Policy and Material U.S. Federal Tax Considerations.

If a change of control occurs on or prior to the maturity date of the notes, under some circumstances, we will increase the conversion rate for notes converted in connection with the change of control. Such increase may be treated as a distribution subject to U.S. federal income tax as a dividend. See Material U.S. Federal Tax Considerations.

The capped call transactions may affect the value of the notes and our common stock.

In connection with this offering of notes, we entered into capped call transactions with certain of the underwriters or their affiliates. The capped call transactions are expected to reduce the potential dilution upon conversion of the notes, as described in detail under Capped Call Transactions. If, however, the volume-weighted average price per share of our common stock, as measured under the terms of the capped call transactions at the time of exercise, exceeds the cap price of the capped call transactions, the number of shares of our common stock we expect to receive upon the exercise of the capped call transactions will be capped and the dilution mitigation under the capped call transactions will be limited to the number of shares of our common stock we receive under the capped call transactions.

In connection with hedging these capped call transactions, we expect that the counterparties described above (or their respective affiliates):

- may enter into various over-the-counter cash-settled derivative transactions with respect to our common stock concurrently with and shortly after the pricing of the notes; and

- may enter into or unwind various over-the-counter derivatives and/or purchase or sell our common stock in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so during any cash settlement averaging period related to a conversion of the notes).

These activities could have the effect of increasing or preventing a decline in, or of having a negative effect on, the trading price of our common stock concurrently with or following the pricing of the notes and could have the effect of decreasing the trading price of our common stock during any cash settlement averaging period related to a conversion of the notes.

In addition, we expect that the counterparties described above (or their respective affiliates) may modify or unwind their hedge positions from time to time prior to conversion or maturity of the notes by entering into or unwinding various derivative transactions and/or purchasing and selling shares of our common stock, or other of our securities (including the notes) or instruments that they may wish to use in connection with such hedging. In addition, we intend to exercise options we hold under the capped call transactions whenever notes are converted following the Final Notice Date (as defined herein). In order to unwind their hedge positions with respect to those exercised options, the hedge counterparties or their respective affiliates may sell shares of our common stock or other of our securities (including the notes) or instruments in secondary market transactions or unwind various derivative transactions with respect to our common stock prior to maturity of the notes. The effect, if any, of any of these transactions and activities on the price of our common stock or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock and the value of the notes, and, potentially, the value of the shares of our common stock and/or the amount of cash you may receive upon the conversion of the relevant notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the notes or the shares of our common stock. In addition, we do not make any representation that the counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

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USE OF PROCEEDS

We estimate that the proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $316.3 million. If the underwriters exercise in full their over-allotment option to acquire additional notes, we estimate that our net proceeds from this offering will be approximately $363.8 million.

We intend to use approximately $43.2 million of the net proceeds of this offering to pay the cost of capped call transactions that we entered into with certain of the underwriters or their affiliates. If the underwriters exercise their option to purchase additional notes to cover over-allotments, we expect to use a portion of the net proceeds from the sale of the additional notes to enter into additional capped call transactions.

We expect to use the remaining net proceeds to fund the development of expansion opportunities and for general corporate purposes. Pending application of the proceeds as described above, we intend to invest the net proceeds in short-term, interest-bearing investment grade securities.

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CAPITALIZATION

The following table sets forth our cash, cash equivalents, short-term and long-term investments and current portion of our indebtedness and our capitalization as of March 31, 2009:

- on an actual basis; and
- on an as adjusted basis to reflect the sale of the notes offered hereby, after deducting underwriting discounts and estimated offering expenses, and the cost of the capped call transactions as described in Use of Proceeds.

This table assumes no exercise of the underwriters over-allotment option and should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, and our financial statements, including the related notes, incorporated by reference in this prospectus, including those contained in our Current Report on Form 8-K filed with the SEC on June 8, 2009.

	As of March 31, 2009	
	Actual	As Adjusted
	(dollars in thousands)	
Cash, cash equivalents and short-term and long-term investments	$ 283,975	$ 557,039
Current portion of capital lease and other financing obligations	$ 5,675	$ 5,675
Current portion of mortgage and loans payable	$ 51,929	$ 51,929
Current portion of convertible debt [(1)]	$ 19,150	$ 19,150
Long-term debt, net of current portion:		
Capital lease and other financing obligations	$ 131,864	$ 131,864
Mortgage and loans payable	371,406	371,406
2.50% convertible subordinated notes due 2012[(2)]	215,039	215,039
3.00% convertible subordinated notes due 2014[(3)]	395,986	395,986
4.75% convertible subordinated notes due 2016 offered hereby[(4)(5)]		235,421
Total long-term debt	1,114,295	1,349,716
Stockholders equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized actual and as adjusted; no shares issued and outstanding actual and as adjusted		
Common stock, $0.001 par value per share; 300,000,000 shares authorized actual and as adjusted; 37,947,965 shares issued and outstanding actual and as adjusted[(6)]	38	38
Additional paid-in capital[(5)]	1,540,583	1,566,407
Accumulated other comprehensive loss	(167,471)	(167,471)
Accumulated deficit	(439,954)	(439,954)

Total stockholders equity	933,196	959,020
Total capitalization	$ 2,047,491	$ 2,308,736

(1) The current portion of our convertible debt consisted of our 2.50% convertible subordinated debentures due 2024, which were convertible into an aggregate of 484,809 shares of common stock as of March 31, 2009. The remaining $19.2 million aggregate principal amount of these debentures were called for redemption. As of June 8, 2009, we had received notice from the holders of all such outstanding debentures pursuant to which they converted the debentures into an aggregate of 484,809 shares of common stock.

(2) Our 2.50% convertible subordinated notes due 2012 were convertible into 2,231,475 shares of common stock as of March 31, 2009 and is presented net of discount of $35.0 million on our consolidated balance sheet. Total principal outstanding for our 2.50% convertible subordinated notes due 2012 as of March 31, 2009 was $250.0 million.

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(3) Our 3.00% convertible subordinated notes due 2014 were convertible into 2,944,551 shares of common stock as of March 31, 2009.

(4) The notes offered hereby are convertible into 3,854,468 shares of common stock, assuming we elect to settle conversion solely in shares of our common stock.

(5) Amounts shown reflect the application of FSP APB 14-1, which requires issuers to separately account for the debt and equity components of convertible debt instruments that allow for cash settlement. In accordance with FSP APB 14-1, we estimate that $325.0 million of the aggregate principal amount of the notes will be recognized (and, to the extent applicable, reflected in the table above) as follows (in thousands):

Equity component	$ 89,579
Liability component:	
Principal	$ 325,000
Less: debt discount	(89,579)
Net carrying amount	$ 235,421

(6) Excludes 3,814,744 shares of common stock issuable upon the exercise of outstanding options and restricted stock units as of March 31, 2009, 1,034 shares of common stock issuable upon the exercise of outstanding common stock warrants as of March 31, 2009, 484,809 shares reserved for the conversion of our 2.50% convertible subordinated debentures due 2024 as of March 31, 2009, 2,231,475 shares reserved for the conversion of our 2.50% convertible subordinated notes due 2012 as of March 31, 2009, 2,944,551 shares reserved for the conversion of our 3.00% convertible subordinated notes due 2014 as of March 31, 2009, and 3,854,468 shares issuable upon conversion of the notes offered hereby on an as adjusted basis as of March 31, 2009.

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PRICE RANGE OF COMMON STOCK

Our common stock is quoted on the NASDAQ Global Select Market under the symbol of EQIX. Our common stock began trading in August 2000. The following table sets forth on a per share basis the low and high closing prices of our common stock as reported by the NASDAQ Global Select Market since January 1, 2007.

	Low	High
2007:		
First Fiscal Quarter	$ 75.38	$ 90.00
Second Fiscal Quarter	78.21	91.47
Third Fiscal Quarter	81.91	96.99
Fourth Fiscal Quarter	90.91	116.66
2008:		
First Fiscal Quarter	$ 57.78	$ 99.62
Second Fiscal Quarter	69.31	100.75
Third Fiscal Quarter	65.71	93.84
Fourth Fiscal Quarter	35.14	67.59
2009:		
First Fiscal Quarter	$ 42.26	$ 62.89
Second Fiscal Quarter (through June 8, 2009)	57.62	77.71

The closing price of our common stock on the NASDAQ Global Select Market on June 8, 2009 was $71.76 per share. As of May 31, 2009, we had approximately 241 registered holders.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future. We currently intend to retain our earnings, if any, for future growth. Future dividends on our common stock, if any, will be at the discretion of our Board of Directors and will depend on, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors that our Board of Directors may deem relevant.

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DESCRIPTION OF NOTES

We will issue the notes under an indenture to be dated as of the date of the issuance of the notes between us and U.S. Bank National Association, as trustee. The following description summarizes some, but not all, of the provisions of the notes and the indenture. We urge investors to read the indenture because it, and not this description, defines the rights of the holders of the notes. The terms of the notes will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. A copy of the indenture is available as described under Where You Can Find More Information .

In this Description of Notes section, references to Equinix , we , our or us refer to Equinix, Inc. and not to any existing or future subsidiary.

General

The notes will be our unsecured obligations and will be subordinate in right of payment to all of our existing and future senior debt as described under Subordination. The notes will be convertible into our common stock as described under Conversion of Notes. Upon surrender of the notes for conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and shares of our common stock in amounts described under Payment upon Conversion. We are offering $325,000,000 aggregate principal amount of notes, or $373,750,000 aggregate principal amount if the underwriters over-allotment option to purchase additional notes is exercised in full.

The notes will bear interest at an annual rate of 4.75% commencing on the date of issuance or from the most recent date to which interest has been paid or provided for. Interest will be payable on June 15 and December 15 of each year, commencing December 15, 2009, subject to limited exceptions if the notes are converted or repurchased prior to the interest payment date. The record dates for the payment of interest will be the preceding June 1 and December 1, respectively.

The notes will be issued only in denominations of $1,000 or in integral multiples of $1,000. The notes will mature on June 15, 2016, unless earlier converted or repurchased by us at a holder s option upon a fundamental change.

Neither we nor our subsidiaries are restricted from paying dividends, incurring debt or issuing or repurchasing our securities under the indenture. In addition, there are no financial covenants in the indenture. Holders are not protected under the indenture in the event of a highly leveraged transaction or a change in control of Equinix, except to the extent described under Repurchase at Option of the Holder upon a Fundamental Change.

We may, at our option, pay interest on the notes by check mailed to the holders. However, each beneficial owner of notes issued in global form will be paid by wire transfer in immediately available funds in accordance with DTC s settlement procedures, and each holder of notes in certificated form with an aggregate principal amount in excess of $2.0 million will be paid by wire transfer in immediately available funds upon the holder s election if the holder has provided us with wire transfer instructions at least 10 business days prior to the payment date. Interest on the notes will accrue and be paid on the basis of a 360-day year comprised of twelve 30-day months. We will not be required to make any payment on the notes due on any day that is not a business day until the next succeeding business day. The payment made on the next succeeding business day will be treated as though it were paid on the original due date and no interest will accrue on the payment for the additional period of time.

A business day means a day other than Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to close.

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