UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___
Commission File Number 000-31293

EQUINIX, INC.
(Exact name of registrant as specified in its charter)

Delaware	**77-0487526**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

301 Velocity Way, Fifth Floor, Foster City, California 94404
(Address of principal executive offices, including ZIP code)

(650) 513-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) Yes ☒ No ☐ and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's Common Stock as of September 30, 2008 was 37,349,752.

EQUINIX, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

EQUINIX, INC.
Condensed Consolidated Balance Sheets
(in thousands)

	September 30, 2008	December 31, 2007
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 160,685	$ 290,633
Short-term investments	101,892	63,301
Accounts receivable, net	62,376	60,089
Prepaids and other current assets	17,701	12,738
Total current assets	342,654	426,761
Long-term investments	67,622	29,966
Property and equipment, net	1,346,982	1,162,720
Goodwill	411,108	442,926
Intangible assets, net	62,351	67,207
Debt issuance costs, net	18,363	21,333
Other assets	42,855	30,955
Total assets	$ 2,291,935	$ 2,181,868
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 71,234	$ 65,096
Accrued property and equipment	56,537	76,504
Current portion of capital lease and other financing obligations	3,986	3,808
Current portion of mortgage and loans payable	41,486	16,581
Current portion of convertible debt	32,250	—
Other current liabilities	33,583	29,473
Total current liabilities	239,076	191,462
Capital lease and other financing obligations, less current portion	95,095	93,604
Mortgage and loans payable, less current portion	374,872	313,915
Convertible debt, less current portion	645,986	678,236
Deferred tax liabilities	21,785	25,955
Deferred rent and other liabilities	77,871	64,264
Total liabilities	1,454,685	1,367,436
Stockholders' equity:		
Common stock	37	37
Additional paid-in capital	1,445,363	1,376,915
Accumulated other comprehensive loss	(64,557)	(3,888)
Accumulated deficit	(543,593)	(558,632)
Total stockholders' equity	837,250	814,432
Total liabilities and stockholders' equity	$ 2,291,935	$ 2,181,868

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	(unaudited)			
Revenues	$ 183,735	$ 103,782	$513,997	$280,728
Costs and operating expenses:				
Cost of revenues	109,863	62,891	306,357	171,265
Sales and marketing	16,009	9,630	46,650	27,602
General and administrative	35,529	25,182	111,350	72,122
Restructuring charges	799	—	799	407
Total costs and operating expenses	162,200	97,703	465,156	271,396
Income from operations	21,535	6,079	48,841	9,332
Interest income	441	3,309	6,293	10,340
Interest expense	(13,880)	(5,662)	(40,297)	(15,240)
Other income (expense)	(520)	3,167	602	3,168
Loss on conversion and extinguishment of debt	—	(2,554)	—	(5,949)
Income before income taxes	7,576	4,339	15,439	1,651
Income taxes	(187)	(215)	(400)	(766)
Net income	$ 7,389	$ 4,124	$ 15,039	$ 885
Basic net income per share:				
Net income per share	$ 0.20	$ 0.13	$ 0.41	$ 0.03
Weighted-average shares	36,972	31,683	36,608	30,845
Diluted net income per share:				
Net income per share	$ 0.19	$ 0.12	$ 0.40	$ 0.03
Weighted-average shares	37,932	33,112	37,731	32,339

See accompanying notes to condensed consolidated financial statements

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EQUINIX, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine months ended September 30,	
	2008	2007
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 15,039	$ 885
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	110,110	64,495
Stock-based compensation	41,951	31,032
Amortization of intangible assets	5,236	689
Amortization of debt issuance costs	3,753	1,985
Accretion of asset retirement obligation and accrued restructuring charges	1,245	2,373
Restructuring charges	799	407
Gain on foreign currency hedge	—	(1,494)
Other items	285	(1,152)
Changes in operating assets and liabilities:		
Accounts receivable	(3,783)	(7,068)
Prepaids and other assets	(2,018)	(1,825)
Accounts payable and accrued expenses	5,015	23,079
Accrued restructuring charges	(2,034)	(10,100)
Other liabilities	15,665	2,833
Net cash provided by operating activities	191,263	106,139
Cash flows from investing activities:		
Purchases of investments	(240,556)	(89,476)
Sales of investments	71,141	100
Maturities of investments	93,268	71,421
Purchase of San Jose IBX property	—	(71,471)
Purchase of Los Angeles IBX property	—	(49,059)
Purchase of IXEurope, net of cash acquired	—	(541,729)
Purchase of Virtu, net of cash acquired	(23,241)	—
Purchases of other property and equipment	(305,546)	(295,809)
Change in accrued property and equipment	(16,015)	23,940
Purchase of restricted cash	(14,234)	(598)
Release of restricted cash	333	—
Other investing activities	—	1,475
Net cash used in investing activities	(434,850)	(951,206)
Cash flows from financing activities:		
Proceeds from employee equity awards	26,087	27,568
Proceeds from issuance of common stock	—	339,946
Proceeds from convertible debt	—	645,986
Proceeds from loans payable	102,101	118,754
Repayment of capital lease and other financing obligations	(2,874)	(1,445)
Repayment of mortgage and loans payable	(11,456)	(1,573)
Debt issuance costs	(908)	(22,224)
Net cash provided by financing activities	112,950	1,107,012
Effect of foreign currency exchange rates on cash and cash equivalents	689	(1,056)
Net increase (decrease) in cash and cash equivalents	(129,948)	260,889
Cash and cash equivalents at beginning of period	290,633	82,563
Cash and cash equivalents at end of period	$ 160,685	$ 343,452
Supplemental cash flow information:		
Cash paid for taxes	$ 405	$ 240
Cash paid for interest	$ 35,486	$ 16,130

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. (“Equinix” or the “Company”) and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The balance sheet at December 31, 2007 has been derived from audited financial statements at that date. The financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (“SEC”), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles. For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix’s Form 10-K as filed with the SEC on February 27, 2008. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Certain amounts in the accompanying condensed consolidated financial statements have been reclassified to conform to the condensed consolidated financial statement presentation as of and for the three and nine months ended September 30, 2008.

Consolidation and Foreign Currency Transactions

The accompanying unaudited condensed consolidated financial statements include the accounts of Equinix and its subsidiaries, including the operations of IXEurope from September 14, 2007 and Virtu from February 5, 2008 (see Note 2). All significant intercompany accounts and transactions have been eliminated in consolidation. Foreign exchange gains or losses resulting from foreign currency transactions, including intercompany foreign currency transactions that are anticipated to be repaid within the foreseeable future, are reported within other income (expense) on the Company’s accompanying statements of operations.

Revenue Recognition and Allowance for Doubtful Accounts

Equinix derives more than 90% of its revenues from recurring revenue streams, consisting primarily of (1) colocation services, such as the licensing of cabinet space and power; (2) interconnection services, such as cross connects and Equinix Exchange ports; (3) managed infrastructure services, such as Equinix Direct and bandwidth and (4) other services consisting of rent. The remainder of the Company’s revenues are from non-recurring revenue streams, such as from the recognized portion of deferred installation revenues, professional services, contract settlements and equipment sales. Revenues from recurring revenue streams are generally billed monthly and recognized ratably over the term of the contract, generally one to three years for Internet Business Exchange (“IBX”) space customers. Non-recurring installation fees, although generally paid in a lump sum upon installation, are deferred and recognized ratably over the longer of the term of the related contract or expected life of the installation. Professional service fees are recognized in the period in which the services were provided and represent the culmination of a separate earnings process as long as they meet the criteria for separate recognition under EITF No. 00-21, “Revenue Arrangements with Multiple Deliverables.” Revenue from bandwidth and equipment sales is recognized on a gross basis in accordance with EITF No. 99-19, “Recording Revenue as a Principal versus Net as an Agent”, primarily because the Company acts as the principal in the transaction, takes title to products and services and bears inventory and credit risk. To the extent the Company does not meet the criteria for gross basis accounting for bandwidth and equipment revenue, the Company records the revenue on a net basis. Revenue from contract settlements, when a customer wishes to terminate their contract early, is generally recognized on a cash basis, when no remaining performance obligations exist, to the extent that the revenue has not previously been recognized.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the three and nine months ended September 30, 2008 and 2007.

Revenue is recognized only when the service has been provided and when there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the receivable is reasonably assured. It is customary business practice to obtain a signed master sales agreement and sales order prior to recognizing revenue in an arrangement. Taxes collected from customers and remitted to governmental authorities are reported on a net basis and are excluded from revenue.

The Company assesses collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. The Company generally does not request collateral from its customers although in certain cases the Company obtains a security interest in a customer's equipment placed in its IBX centers or obtains a deposit. If the Company determines that collection of a fee is not reasonably assured, the fee is deferred and revenue is recognized at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, the Company also maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments for which the Company had expected to collect the revenues. If the financial condition of the Company's customers were to deteriorate or if they became insolvent, resulting in an impairment of their ability to make payments, greater allowances for doubtful accounts may be required. Management specifically analyzes accounts receivable and current economic news and trends, historical bad debts, customer concentrations, customer credit-worthiness and changes in customer payment terms when evaluating revenue recognition and the adequacy of the Company's reserves. A specific bad debt reserve of up to the full amount of a particular invoice value is provided for certain problematic customer balances. An additional reserve is established for all other accounts based on the age of the invoices and an analysis of historical credits issued. Delinquent account balances are written-off after management has determined that the likelihood of collection is not probable.

Net Income per Share

The Company computes net income per share in accordance with SFAS No. 128, "Earnings per Share;" SEC Staff Accounting Bulletin ("SAB") No. 98; EITF Issue 03-6, "Participating Securities and the Two-Class Method Under FASB 128;" EITF Issue 04-8 "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share" and SFAS No. 123(R), "Share-Based Payment." Basic net income (loss) per share is computed using net income (loss) and the weighted-average number of common shares outstanding. Diluted net income per share is computed using net income, adjusted for interest expense as a result of the assumed conversion of the Company's Convertible Subordinated Debentures, 2.50% Convertible Subordinated Notes and 3.00% Convertible Subordinated Notes, if dilutive, and the weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding. Dilutive potential common shares include the assumed exercise, vesting and issuance activity of employee equity awards using the treasury stock method, as well as warrants and shares issuable upon the conversion of the Convertible Subordinated Debentures, 2.50% Convertible Subordinated Notes and 3.00% Convertible Subordinated Notes.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table sets forth the computation of basic and diluted net income per share for the periods presented (in thousands, except per share amounts):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Numerator:				
Numerator for basic net income per share	$ 7,389	$ 4,124	$ 15,039	$ 885
Effect of assumed conversion of convertible subordinated debentures and notes:				
Interest expense, net of tax	—	—	—	—
Numerator for diluted net income per share	$ 7, 389	$ 4,124	$ 15, 039	$ 885
Denominator:				
Weighted-average shares	37,268	32,142	36,975	31,305
Weighted-average unvested restricted shares issued subject to forfeiture	(296)	(459)	(367)	(460)
Denominator for basic net income per share	36,972	31,683	36,608	30,845
Effect of dilutive securities:				
Convertible subordinated debentures	—	—	—	—
2.50% convertible subordinated notes	—	—	—	—
3.00% convertible subordinated notes	—	—	—	—
Employee equity awards	960	1,429	1,123	1,494
Warrants	—	—	—	—
Total dilutive potential shares	960	1,429	1,123	1,494
Denominator for diluted net income per share	37,932	33,112	37,731	32,339
Net income per share:				
Basic	$ 0.20	$ 0.13	$ 0.41	$ 0.03
Diluted	$ 0.19	$ 0.12	$ 0.40	$ 0.03

The following table sets forth potential shares of common stock that are not included in the diluted net income per share calculation above because to do so would be anti-dilutive for the periods indicated (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Shares reserved for conversion of convertible subordinated debentures	816	816	816	816
Shares reserved for conversion of 2.50% convertible subordinated notes	2,232	2,232	2,232	2,232
Shares reserved for conversion of 3.00% convertible subordinated notes	2,945	2,945	2,945	2,945
Common stock warrants	1	1	1	1
Common stock related to employee equity awards	1,447	1,065	1,520	1,093
	7,441	7,059	7,514	7,087

Income Taxes

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are expected more likely than not to be realized in the future.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company recorded an additional deferred tax liability totaling $1,372,000 with an increase to goodwill as a result of the Virtu Acquisition. The deferred tax liability recognized is primarily attributable to the identifiable intangible assets that were recorded for the purchase.

The Company will continue to provide a valuation allowance for the net deferred tax assets, other than the deferred tax assets associated with its Singapore and Swiss subsidiaries, until it becomes more likely than not that the net deferred tax assets will be realizable. For the three and nine months ended September 30, 2008, the Company recorded $187,000 and $400,000, respectively, of tax expense. The tax benefit and expense recorded during the periods ended September 30, 2008 were primarily attributable to the Company's foreign operations. For the three and nine months ended September 30, 2007, the Company recorded a tax provision of $215,000 and $766,000, respectively. The tax provision recorded in the periods ended September 30, 2007 was primarily attributable to the Company's foreign operations. The tax provision for the nine months ended September 30, 2008 includes a tax benefit of $185,000 the Company recorded due to a tax settlement with a state in which it operated. The Company did not record any excess tax benefits associated with the stock options exercised by employees during the three and nine months ended September 30, 2008 and 2007.

In January 2007, the Company adopted the provisions of FIN 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in the condensed consolidated financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The adoption of FIN 48 resulted in no cumulative effect of a change in accounting principle being recorded on the Company's condensed consolidated financial statements during the three months ended March 31, 2007. Prior to the adoption of FIN 48, the Company recorded liabilities related to uncertain income tax position based upon SFAS No. 5, "Accounting for Contingencies."

During the three months ended March 31, 2008, the Company reached a final agreement with a state in which it operated to close an appeal filed by the Company in that state's tax court. The Company filed the appeal in 2006 to contest the decision made by the state auditor disallowing the refundable research and capital goods credits. The executed closing settlement specified that the state would credit the Company $357,000 plus interest, which was received. As a result of the settlement, the total unrecognized tax benefits decreased by $1,373,000 in the nine months ended September 30, 2008. A majority of the unrecognized tax benefits, if subsequently recognized, will affect the Company's effective tax rate at the time of recognition. The Company will continue to classify the interest and penalties recognized in accordance with paragraphs 15 and 16, respectively, of FIN 48 in the financial statements as income tax. The Company's income tax returns for all tax years remain open to examination by federal and various state taxing authorities due to the Company's Net Operating Loss ("NOL") carry-forward. In addition, the Company's tax years of 2001 through 2007 also remain open and subject to examination by local tax authorities in the foreign jurisdictions in which the Company has major operations.

Construction in Progress

Construction in progress includes direct and indirect expenditures for the construction and expansion of IBX centers and is stated at original cost. The Company has contracted out substantially all of the construction and expansion efforts of its IBX centers to independent contractors under construction contracts. Construction in progress includes certain costs incurred under a construction contract including project management services, engineering and schematic design services, design development, construction services and other construction-related fees and services. In addition, the Company has capitalized certain interest costs during the construction phase. Once an IBX center or expansion project becomes operational, these capitalized costs are allocated to certain property and equipment categories and are depreciated at the appropriate rates consistent with the estimated useful life of the underlying assets.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Interest incurred is capitalized in accordance with SFAS No. 34, “Capitalization of Interest Costs.” The following table sets forth total interest cost incurred and total interest cost capitalized (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Interest expense	$ 13,880	$ 5,662	$ 40,297	$ 15,240
Interest capitalized	1,490	2,974	4,684	6,120
Interest charges incurred	$ 15,370	$ 8,636	$ 44,981	$ 21,360

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with SFAS No. 123(R), “Share-Based Payment,”and related pronouncements (“SFAS 123(R)”). Under the fair value recognition provisions of this statement, stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period. SFAS 123(R) supersedes the Company’s previous accounting under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” (“APB 25”) for periods beginning in fiscal year 2006. Commencing in March 2008, the Company began granting restricted stock units to its employees in lieu of stock options.

In January 2008, the Compensation Committee of the Board of Directors approved the issuance of an aggregate of 123,000 shares of restricted stock units to executive officers pursuant to the 2000 Equity Incentive Plan. In addition, in February 2008, the Stock Award Committee of the Board of Directors approved the issuance of 308,267 restricted stock units to certain employees, excluding executive officers, as part of the Company’s annual refresh program. All awards are subject to vesting provisions. All such equity awards described in this paragraph had a total fair value as of the date of grants, net of estimated forfeitures, of $28,565,000, which is expected to be amortized over a weighted-average period of 3.23 years.

During the three months ended June 30, 2008, the Company entered into compromise agreements with its two senior officers in Europe in connection with their resignations and modified their outstanding stock awards. As a result, the Company recorded an incremental stock-based compensation charge of $3,098,000 during the nine months ended September 30, 2008, which is included in general and administrative expenses in the Company’s condensed consolidated statements of operations.

The following table presents, by operating expense, the Company’s stock-based compensation expense recognized in the Company’s condensed consolidated statement of operations (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Cost of revenues	$ 1,257	$ 878	$ 3,435	$ 3,019
Sales and marketing	2,367	2,049	7,421	6,440
General and administrative	8,938	7,562	31,095	21,573
	$ 12,562	$ 10,489	$ 41,951	$ 31,032

Goodwill and Other Intangible Assets

Equinix currently operates in one reportable segment, but has determined that it operates in a number of reporting units for the purposes of SFAS No. 142, which consists of the Company’s geographic operations in 1) the United States, 2) Asia-Pacific and 3) Europe. As of September 30, 2008, the Company had goodwill attributable to the Asia-Pacific reporting unit and the Europe reporting unit. The Company performed its annual impairment review of the Europe reporting unit as of August 31, 2008. The Company concluded that its goodwill attributed to the Company's Europe reporting unit was not impaired as the fair value of its Europe reporting unit exceeded the carrying value of this reporting unit, including goodwill. The recent market declines have not had an impact on this determination. The primary methods used to determine the fair values for SFAS No. 142 impairment purposes were the discounted cash flow and market methods. The assumptions supporting the discounted cash flow method, including the discount rate, which was assumed to be 9.5%, were determined using the Company's best estimates as of the date of the impairment review. Impairment assessment inherently involves judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact the Company's assumptions as to prices, costs, growth rates or other factors that may result in changes in the Company's estimates of future cash flows. Although the Company believes the assumptions it used in testing for impairment are reasonable, significant changes in any one of the Company's assumptions could produce a significantly different result. The Company performs its annual impairment review of the Asia-Pacific reporting unit in the fourth quarter; however, the Company has noted no indications of impairment as of September 30, 2008.

Goodwill and other intangible assets, net, consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Goodwill:		
Asia-Pacific	$ 18,088	$ 18,010
Europe	393,020	424,916
	411,108	442,926
Other intangibles:		
Intangible asset – customer contracts	69,084	69,209
Intangible asset – leases	5,035	5,254
Intangible asset – tradename	419	361
Intangible asset – workforce	160	160
Intangible asset – lease expenses	111	111
Intangible asset – non-compete	65	—
	74,874	75,095
Accumulated amortization	(12,523)	(7,888)
	62,351	67,207
	$ 473,459	$ 510,133

As a result of the Virtu Acquisition, the Company recorded goodwill of $16,973,000 and intangible assets, comprised primarily of customer contracts, of $7,195,000. The customer contracts intangible asset is being amortized over an estimated useful life of 12 years. The Company's goodwill and intangible assets in Europe are assets denominated in British pounds and Euros and goodwill in Asia-Pacific is denominated in Singapore dollars and are subject to foreign currency fluctuations. The Company's foreign currency translation gains and losses, including goodwill and other intangibles, are a component of other comprehensive income and loss.

For the three and nine months ended September 30, 2008, the Company recorded amortization expense of $1,690,000 and $5,236,000, respectively. For the three and nine months ended September 30, 2007, the Company recorded amortization expense of $423,000 and $689,000, respectively. The Company expects to record the following amortization expense during the remainder of 2008 and beyond (in thousands):

Year ending:	
2008 (three months remaining)	$ 1,726
2009	6,223
2010	6,188
2011	6,089
2012	6,071
2013 and thereafter	36,054
Total	$ 62,351

Derivatives and Hedging Activities

The Company follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133"), which requires the Company to recognize all derivatives on the consolidated balance sheet at fair value. The accounting for changes in the value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. In order for a derivative to be designated as a hedge, there must be documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively.

To assess effectiveness, the Company uses a regression analysis. The extent to which a hedging instrument has been and is expected to continue to be effective at achieving offsetting changes in cash flows is assessed and documented at least quarterly. Any ineffectiveness is reported in current-period earnings. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in other comprehensive income (loss) and recognized in the condensed consolidated statements of operations when the hedged cash flows affect earnings. The ineffective portions of cash flow hedges are immediately recognized in earnings. If the hedge relationship is terminated, then the change in fair value of the derivative recorded in other comprehensive income (loss) is recognized when the cash flows that were hedged occur, consistent with the original hedge strategy. For hedge relationships discontinued because the forecasted transaction is not expected to occur according to the original strategy, any related derivative amounts recorded in other comprehensive income (loss) are immediately recognized in earnings.

Cash Flow Hedges – Interest Rate Swaps

The Company has variable-rate debt financing. These obligations expose the Company to variability in interest payments and therefore fluctuations in interest expense due to changes in interest rates. Interest rate swap contracts are used in the Company's risk management activities in order to minimize significant fluctuations in earnings that are caused by interest rate volatility. Interest rate swaps involve the exchange of variable-rate interest payments for fixed-rate interest payments based on the contractual underlying notional amount. Gains and losses on the interest rate swaps that are linked to the debt being hedged are expected to substantially offset this variability in earnings.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

In May 2008, the Company entered into several interest rate swaps in order to minimize variability related to its variable-rate Chicago IBX Financing and European Financing (see Note 12 – Debt Facilities and Other Financing Obligations). The Company also designated two existing interest rate swaps acquired in the IXEurope Acquisition as effective cash flow hedge relationships with the European Financing. Each of these hedge relationships were highly effective at achieving offsetting changes in cash flows as of September 30, 2008 with an insignificant amount of ineffectiveness recorded in interest expense on the accompanying condensed consolidated statements of operations. As of September 30, 2008, the Company had the following interest rate swaps in place (in thousands):

	As of September 30, 2008		
	Notional Amount	Fair Value(1)	Loss (2)
Liabilities:			
European Financing interest rate swaps	$ 113,710	$ (1,602)	$ (1,832)
Chicago IBX Financing interest rate swap	105,000	(513)	(513)
	$ 218,710	$ (2,115)	$ (2,345)

(1) Included in the condensed consolidated balance sheets within prepaids and other current assets or deferred rent and other liabilities.

(2) Included in the condensed consolidated balance sheets within other comprehensive income (loss).

Other Derivatives – Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of the foreign currency-denominated assets and liabilities change. Foreign currency forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon price on an agreed-upon settlement date.

The Company has not designated the foreign currency forward contracts as hedging instruments under SFAS 133. Gains and losses on these contracts are included in other income (expense), net, along with those gains and losses of the related hedged items. The Company entered into various foreign currency forward contracts during the three months ended September 30, 2008. As of September 30, 2008, the Company recorded a net asset of $2,944,000 representing the fair values of these foreign currency forward contracts, which is recorded within prepaids and other current assets in the accompanying condensed consolidated balance sheet.

Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). This standard establishes a framework for measuring fair value and expands disclosure about fair value measurements. The Company did not elect to adopt fair value accounting for any assets or liabilities allowed by SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). The adoption of SFAS 157 did not have a material impact on the Company’s financial position, results of operations or operating cash flow.

To increase consistency and comparability in fair value measurements, SFAS 157 establishes a fair value hierarchy to prioritize the inputs used in valuation techniques. There are three broad levels to the fair value hierarchy of inputs to fair value (Level 1 being the highest priority and Level 3 being the lowest priority) as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the asset or the liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

· Level 3: Unobservable inputs reflecting the Company's own assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The Company measures and reports certain financial assets and liabilities at fair value on a recurring basis, including its investments in money market funds and available-for-sale debt investments in other public companies, governmental units and other agencies and derivatives.

The Company's assets and liabilities measured at fair value at September 30, 2008 were as follows (in thousands):

	Fair value at September 30, 2008	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
Money market	$ 41,538	$ 41,538	$ —	$ —
Reserve fund at cost	49,422	—	—	49,422
Commercial paper	24,329	—	24,329	—
U.S. government and agency obligations	123,625	—	123,625	—
Corporate bonds	43,179	—	43,179	—
Asset-backed securities	32,904	—	32,904	—
Certificates of deposits	13,976	—	13,976	—
Other securities	1,226	—	1,226	—
Derivative assets (1)	3,004	—	3,004	—
	$ 333,203	$ 41,538	$ 242,243	$ 49,422
Liabilities:				
Derivative liabilities (2)	(2,174)	—	(2,174)	—
	$ (2,174)	$ —	$ (2,174)	$ —

(1) Included in the condensed consolidated balance sheets within prepaids and other current assets and other assets.

(2) Included in the condensed consolidated balance sheets within other current liabilities and deferred rent and other liabilities.

The fair value of the Company's investments in available-for-sale money market funds approximates their face value. Such instruments are included in cash equivalents. These securities include available-for-sale debt investments related to the Company's investments in the securities of other public companies, governmental units and other agencies. The fair value of these investments is based on the quoted market price of the underlying shares. However, money market funds held by The Reserve Primary Fund (the "Reserve"), whose carrying value of $50,949,000 was in excess of fair value, accordingly an other-than-temporary impairment charge of $1,527,000 was recorded in September 2008 to reflect the adjusted cost of $49,422,000 (see Note 5). The money market funds held in the Reserve, normally classified as Level 1 securities, were re-designated as Level 3 securities in September 2008. The impairment charge of $1,527,000 related to the Reserve is reflected in interest income on the accompanying condensed consolidated statements of operations.

Valuation Methods

Fair value estimates are made as of a specific point in time based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company's money market fund instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices for identical instruments in active markets. However, the Reserve experienced a decline in its fair value as a result of its exposure to investments held in Lehman Brothers Holdings, Inc. ("Lehman Brothers") which filed for Chapter 11 bankruptcy protection. The Company recorded a loss on its investments in the Reserve and each of the individual securities which comprise the holdings in the Reserve were further evaluated. The Company has re-designated its investment in the Reserve from cash and cash equivalents to short-term investments at adjusted cost (for further information, refer to Note 5). This re-designation is included in purchases of investments in investing activities in the Company's accompanying condensed consolidated statements of cash flows. The Company conducted its fair value assessment of the Reserve using Level 2 and Level 3 inputs. Management has reviewed the Reserve's underlying securities portfolio which is substantially comprised of discount notes, certificates of deposit and commercial paper issued by highly-rated institutions. The Company has used a pricing service to assist in its review of fair value of the underlying portfolio, which estimates fair value of some instruments using proprietary models based on assumptions as to term, maturity dates, rates, credit risk, etc. Normally, the Company would classify such an investment within Level 2 of the fair value hierarchy. However, management also evaluated the fair value of its unit interest in the Reserve itself, considering risk of collection, timing and other factors. These assumptions are inherently subjective and involve significant management judgment. As a result, the Company has classified its holdings in the Reserve within Level 3 of the fair value hierarchy.

The Company considers each category of investments held to be an asset group. The asset groups held at September 30, 2008 were U.S. government and agency securities, corporate notes, commercial paper and asset backed securities. The Company's fair value assessment includes an evaluation by each of these asset groups, all of which continue to be classified within Level 2 of the fair value hierarchy.

The types of instruments valued based on other observable inputs include available-for-sale debt investments in other public companies, governmental units and other agencies. Such instruments are generally classified within Level 2 of the fair value hierarchy.

Short-Term and Long-Term Investments. The Company uses the specific identification method in computing realized gains or losses. Except for the Reserve, which is carried at its adjusted cost, short-term and long-term investments are classified as "available-for-sale" and are carried at fair value based on quoted market prices with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income or loss. The Company reviews its investment portfolio quarterly to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades over an extended period of time. The Company determined that these quoted market prices qualify as Level 1 and Level 2.

Derivative Assets and Liabilities. In determining the fair value of the Company's interest rate swap derivatives, the Company uses the present value of expected cash flows based on observable market interest rate curves and volatilities commensurate with the term of each instrument and the credit valuation adjustments to appropriately reflect both the Company's own nonperformance risk and the counterparty's nonperformance risk. For foreign currency derivatives, the Company's approach is to use forward contract and option valuation models employing market observable inputs, such as spot currency rates, time value and option volatilities and adjust for the credit default swap market. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit risk valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September 30, 2008, the Company had assessed the significance of the impact of the credit risk valuation adjustments on the overall valuation of its derivative positions and had determined that the credit risk valuation adjustments were not significant to the overall valuation of its derivatives.

2. Virtu Acquisition

On February 5, 2008, a wholly-owned subsidiary of the Company acquired all of the issued and outstanding share capital of Virtu Secure Webservices B.V. ("Virtu"), a provider of network-neutral data center services in the Netherlands, for a cash payment of $23,345,000, including closing costs (the "Virtu Acquisition"). Under the terms of the Virtu Acquisition, the Company may also pay additional future contingent consideration, which will be payable in the form of up to 20,000 shares of the Company's common stock and cash of up to 1,500,000 Euros, contingent upon meeting certain pre-determined future annual operating targets from 2008 to 2011. Such contingent consideration, if paid, will be recorded as additional goodwill. Virtu, a similar business to that of the Company, operates data centers in the Netherlands, supplementing the Company's existing European operations. The combined company predominantly operates under the Equinix name. The results of operations for Virtu are insignificant; therefore, the Company does not present pro forma combined results of operations.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

3. IBX Acquisitions and Expansions

Paris IBX Expansion Project

In September 2008, the Company entered into a long-term lease for a new building located adjacent to one of its existing Paris IBX centers. The lease, which is an operating lease, commenced on October 1, 2008. Cumulative minimum monthly payments under the lease total 44,568,000 Euros, or approximately $62,805,000. Monthly payments under the lease commence in April 2009 and are payable through September 2020.

Sydney IBX Expansion Project

In January 2008, the Company entered into a long-term lease for a new building located adjacent to its existing Sydney IBX center and at the same time terminated the existing lease for the Company's original Sydney IBX center by incorporating it into the new lease. The Company extended the original lease term for an additional seven years in a single, revised lease agreement for both buildings (collectively, the "Building"). Cumulative minimum payments under this lease total 18,260,000 Australian dollars, or approximately $14,500,000, of which 12,202,000 Australian dollars, or approximately $9,700,000, is incremental to the previous lease. Payments are due monthly and commenced in January 2008. As a result of the Company significantly altering the Building's footprint in order to meet the Company's IBX center needs, the Company followed the accounting provisions of EITF 97-10, "The Effect of Lessee Involvement in Asset Construction" ("EITF 97-10"). Pursuant to EITF 97-10, the Building is considered a financed asset (the "Sydney IBX Building Financing") and subject to a ground lease for the underlying land, which is considered an operating lease. Pursuant to the Sydney IBX Building Financing, the Company recorded the Building asset and a corresponding financing obligation liability totaling 5,805,000 Australian dollars (or approximately $4,600,000) in January 2008. Monthly payments under the Sydney IBX Building Financing, which commenced in January 2008, are payable through December 2022, at an effective interest rate of approximately 7.90% per annum.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

IBX Expansion Project Summary

The following table sets forth approximate balances of total cumulative capital expenditures, excluding cost of acquisition of land and building, if any, incurred on the Company's significant expansion projects which were underway as of either of the following dates (in thousands):

	September 30, 2008	December 31, 2007
U.S. Expansion Projects:		
Washington, D.C. Metro Area Fifth IBX Center Expansion Project (DC5)	$ 77,637	$ 20,000
Silicon Valley Metro Area IBX Expansion Project (SV2 Phase II)	38,931	25,283
Los Angeles Metro Area IBX Expansion Project (LA4 Phase I)	23,424	4,321
New York Metro Area IBX Expansion Project (NY4 Phase II))	18,526	—
	158,518	49,604
Asia-Pacific Expansion Projects:		
Tokyo IBX Expansion Project (TY2)	26,894	16,600
Singapore IBX Expansion Project (SG1 Expansion Phase II and III)	29,404	15,500
Sydney IBX Expansion Project (SY2)	17,985	—
Hong Kong IBX Expansion Project (HK1 Phase II)	16,469	—
	90,752	32,100
Europe Expansion Projects:		
Paris IBX Expansion Project (PA2 Phase II and III)	25,457	8,513
Frankfurt IBX Expansion Project (FR2 Phase II(a) and II(b))	29,302	4,177
London IBX Expansion Project (LD4 Phase II)	28,102	5,529
Amsterdam IBX Expansion Project (AM1 Phase I)	9,453	—
	92,314	18,219
	$ 341,584	$ 99,923

The Company's planned capital expenditures during the remainder of 2008 in connection with the expansion efforts described above are substantial. For further information, refer to "Other Purchase Commitments" in Note 13.

4. Related Party Transactions

The Company has several significant stockholders, and other related parties, that are also customers and/or vendors. For the three and nine months ended September 30, 2008, revenues recognized with these related parties were $6,662,000 and $14,266,000, respectively. For the three and nine months ended September 30, 2007, revenues recognized with these related parties were $2,345,000 and $6,322,000, respectively. As of September 30, 2008 and 2007, accounts receivable with these related parties were $5,386,000 and $1,952,000, respectively. For the three and nine months ended September 30, 2008, costs and services procured with these related parties were $735,000 and $2,250,000, respectively. For the three and nine months ended September 30, 2007, costs and services procured with these related parties were $284,000 and $921,000, respectively. As of September 30, 2008 and 2007, accounts payable with these related parties were $87,000 and $144,000, respectively.

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5. Cash, Cash Equivalents and Short-Term and Long-Term Investments

Cash, cash equivalents and short-term and long-term investments consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Money market	$ 41,538	$ 272,099
Reserve fund at cost	49,422	—
Commercial paper	24,329	24,218
U.S. government and agency obligations	123,625	32,801
Corporate bonds	43,179	36,604
Asset-backed securities	32,904	16,578
Certificates of deposits	13,976	1,600
Other securities	1,226	—
Total available-for-sale securities	330,199	383,900
Less amounts classified as cash and cash equivalents	(160,685)	(290,633)
Total securities classified as investments	169,514	93,267
Less amounts classified as short-term investments	(101,892)	(63,301)
Total market value of long-term investments	$ 67,622	$ 29,966

As of September 30, 2008 and December 31, 2007, cash equivalents included investments which were readily convertible to cash and had maturity dates of 90 days or less. The maturities of securities classified as short-term investments were one year or less as of September 30, 2008 and December 31, 2007. The maturities of securities classified as long-term investments were greater than one year and less than three years as of September 30, 2008 and December 31, 2007.

In the period ended September 30, 2008, the Company recorded a $1,527,000 realized loss resulting from its investments in the Reserve, a prime obligations money market fund that suffered a decline in its Net Asset Value ("NAV") of below $1 per share when the Reserve valued its exposure to investments in Lehman Brothers at zero value. The Reserve held investments in commercial paper and short term-notes issued by Lehman Brothers, which filed for Chapter 11 bankruptcy protection in September 2008. This realized loss is included in interest income in the Company's accompanying condensed consolidated statements of operations. The Company has issued a redemption notice to redeem in full all of its holdings with the Reserve. As of September 30, 2008, the fair value of the funds held by the Reserve totaled $49,422,000.

The Company expects that distributions from the Reserve will occur over the remaining 12 months as the investments held in the fund mature. The Reserve has announced that this fund is in liquidation and they are currently working with their auditors to determine an accurate distribution of their account holdings. As of September 30, 2008, the Company has classified its investment in the Reserve as a short-term investment on its condensed consolidated balance sheet. This classification is based on the Company's internal assessment of each of the individual securities which make-up the underlying portfolio holdings in the Reserve, which primarily consisted of commercial paper and discount notes having maturity dates within the next 12 months. While the Company expects to receive substantially all of its current holdings in the Reserve within the next 12 months, it is possible the Company may encounter difficulties in receiving distributions given the current credit market conditions. If market conditions were to deteriorate even further such that the current fair value were not achievable, or if the Reserve is delayed in its ability to accurately complete their account reconciliations, the Company could realize additional losses in its holdings with the Reserve and distributions could be further delayed.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

As of September 30, 2008, the Company's net unrealized gains (losses) on its available-for-sale securities were comprised of the following (in thousands):

	Unrealized gains	Unrealized losses	Net unrealized losses
Cash and cash equivalents	$ —	$ (30)	$ (30)
Short-term investments	11	(336)	(325)
Long-term investments	69	(486)	(418)
	$ 80	$ (852)	$ (773)

The following table summarizes the fair value and gross unrealized losses related to 119 available-for-sale securities with an aggregate cost basis of $193,111,000, aggregated by type of investment and length of time that individual securities have been in continuous unrealized loss position, as of September 30, 2008 (in thousands):

	Securities in a loss position for less than 12 months		Securities in a loss position for 12 months or more	
	Fair value	Gross unrealized loss	Fair value	Gross unrealized loss
U.S. government & agency obligations	$ 96,429	$ (120)	$ —	$ —
Commercial paper	24,329	(25)	—	—
Corporate bonds	29,931	(439)	—	—
Asset-backed securities	27,594	(240)	—	—
Certificates of deposit	13,976	(28)	—	—
	$ 192,259	$ (852)	$ —	$ —

While the Company does not believe it holds investments that are other-than-temporarily impaired, as of September 30, 2008, the Company's investments are subject to the currently adverse market conditions, which include constraints related to liquidity. If market conditions continue to deteriorate and liquidity constraints become even more pronounced, the Company could sustain further other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded against net interest income or securities markets could become inactive which could affect the liquidity of the Company's investments. As securities mature, the Company has reinvested the proceeds in U.S. government securities, such as Treasury bills and Treasury notes, of a short-term duration and lower yield. As a result, the Company expects to recognize lower interest income in future periods.

6. Accounts Receivable

Accounts receivables, net, consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Accounts receivable	$ 112,610	$ 98,141
Unearned revenue	(48,797)	(37,606)
Allowance for doubtful accounts	(1,437)	(446)
	$ 62,376	$ 60,089

Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest. Unearned revenue consists of pre-billing for services that have not yet been provided, but which have been billed to customers ahead of time in accordance with the terms of their contract. Accordingly, the Company invoices its customers at the end of a calendar month for services to be provided the following month.

7. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Prepaid expenses	$ 10,229	$ 6,979
Foreign exchange forward contract receivables	2,944	—
Taxes receivable	2,295	3,437
Interest rate swap receivables	60	—
Other current assets	2,173	2,322
	$ 17,701	$ 12,738

8. Property and Equipment

Property and equipment consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
IBX plant and machinery	$ 629,825	$ 503,755
Leasehold improvements	539,079	481,409
Buildings	156,510	153,692
Site improvements	149,061	96,041
IBX equipment	138,306	128,423
Computer equipment and software	69,429	60,881
Land	50,139	50,979
Furniture and fixtures	8,128	5,698
Construction in progress	170,174	133,501
	1,910,651	1,614,379
Less accumulated depreciation	(563,669)	(451,659)
	$ 1,346,982	$ 1,162,720

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $40,807,000 and $40,486,000 at September 30, 2008 and December 31, 2007, respectively. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $10,407,000 and $7,539,000 as of September 30, 2008 and December 31, 2007, respectively.

As of September 30, 2008 and December 31, 2007, the Company had accrued property and equipment expenditures of $56,537,000 and $76,504,000, respectively. The Company's planned capital expenditures during the remainder of 2008 in connection with recently acquired IBX properties and expansion efforts are substantial. For further information, refer to "Other Purchase Commitments" in Note 13.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Accounts payable	$ 11,797	$ 14,816
Accrued compensation and benefits	20,143	18,875
Accrued utility and security	12,447	8,709
Accrued interest	10,220	6,461
Accrued taxes	7,643	6,925
Accrued professional fees	2,024	2,094
Accrued other	6,960	7,216
	$ 71,234	$ 65,096

10. Other Current Liabilities

Other current liabilities consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Deferred installation revenue	$ 20,432	$ 16,295
Customer deposits	5,609	4,643
Deferred recurring revenue	3,483	3,811
Accrued restructuring charges	3,172	3,973
Deferred rent	409	400
Other current liabilities	478	351
	$ 33,583	$ 29,473

11. Deferred Rent and Other Liabilities

Deferred rent and other liabilities consisted of the following (in thousands):

	September 30, 2008	December 31, 2007
Deferred rent, non-current	$ 29,490	$ 26,512
Deferred installation revenue, non-current	14,526	10,241
Asset retirement obligations	11,280	8,759
Accrued restructuring charges, non-current	8,296	8,167
Customer deposits, non-current	6,077	4,201
Deferred recurring revenue, non-current	5,467	5,745
Interest rate swap payables	2,174	—
Other liabilities	561	639
	$ 77,871	$ 64,264

The Company currently leases the majority of its IBX centers and certain equipment under non-cancelable operating lease agreements expiring through 2027. The centers' lease agreements typically provide for base rental rates that increase at defined intervals during the term of the lease. In addition, the Company has negotiated rent expense abatement periods for certain properties to better match the phased build-out of its centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

12. Debt Facilities and Other Financing Obligations

Chicago IBX Financing

During the nine months ended September 30, 2008, the Company received additional advances under the Chicago IBX Financing totaling $4,379,000, bringing the cumulative and final loan payable to $109,991,000. The loan payable under the Chicago IBX Financing bears interest at a floating rate. As of September 30, 2008, the loan payable carried an approximate interest rate of 5.25% per annum.

The loan payable under the Chicago IBX Financing has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. The Chicago IBX Financing is collateralized by the assets of one of the Company’s Chicago IBX centers.

In May 2008, the Company entered into an interest rate swap agreement with one counterparty to hedge the interest payments on a $105,000,000 notional amount of the Chicago IBX Financing, which will mature in February 2011. Under the terms of the interest rate swap transaction, the Company receives interest payments based on rolling one-month LIBOR terms and pays interest at the fixed rate of 6.34%. The Company’s disclosures on derivatives and fair value are contained in Note 1 – Derivative and Hedging Activities and Fair Value Measurements.

Asia-Pacific Financing

In January 2008, the Asia-Pacific Financing was amended to enable the Company’s subsidiary in Australia to borrow up to 32,000,000 Australian dollars, or approximately $25,357,000, under the same general terms, amending the Asia-Pacific Financing into an approximately $69,017,000 multi-currency credit facility agreement. In June 2008, the Asia-Pacific Financing was further amended to enable the Company’s subsidiary in Hong Kong to borrow up to 156,000,000 Hong Kong dollars, or approximately $20,093,000, under the same general terms, amending the Asia-Pacific Financing into an approximately $89,110,000 multi-currency credit facility agreement. Loans payable under the Asia-Pacific Financing bear interest at floating rates.

Loans payable under the Asia-Pacific Financing have a final maturity date of June 2012. The Asia-Pacific Financing is guaranteed by the parent, Equinix, Inc., is secured by the assets of the Company’s subsidiaries in Japan, Singapore, Hong Kong and Australia, including a pledge of their shares, and has several financial covenants, with which the Company must comply quarterly. As of September 30, 2008, the Company was in compliance with all financial covenants associated with the Asia-Pacific Financing.

As of September 30, 2008, the Company had borrowed 23,000,000 Singapore dollars, or approximately $16,024,000, at an approximate interest rate per annum of 3.04%; 2,932,500,000 Japanese yen, or approximately $27,636,000, at an approximate interest rate per annum of 2.70%; 13,210,000 Australian dollars, or approximately $10,468,000, at an approximate interest rate per annum of 9.06%; and 87,776,000 Hong Kong dollars, or approximately $11,305,000, at an approximate interest rate per annum of 5.51%. Collectively, the total amount borrowed was approximately equal to $65,433,000, leaving approximately $23,677,000 available to borrow under the Asia-Pacific Financing.

European Financing

During the nine months ended September 30, 2008, the Company received additional advances totaling approximately 29,351,000 British pounds, or approximately $57,089,000, under the European Financing, leaving the amount available to borrow under the European Financing totaling approximately 9,627,000 British pounds, or approximately $17,141,000. As of September 30, 2008, a total of approximately 71,822,000 British pounds, or approximately $127,879,000, was outstanding under the European Financing with an approximate blended interest rate of 7.78% per annum. Loans payable under the European Financing bear interest at floating rates. The European Financing is available to fund certain of the Company’s expansion projects in France, Germany, Switzerland and the United Kingdom.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Loans payable under the European Financing have a final maturity date of June 2014. The European Financing is collateralized by certain of the Company's assets in Europe and contains several financial covenants with which the Company must comply quarterly. As of September 30, 2008, the Company was in compliance with all financial covenants associated with the European Financing.

In May 2008, the Company entered into three interest rate swap agreements and re-designated two older ineffective interest rate swap agreements with a total of two counterparties to hedge the interest payments on the equivalent of $113,710,000 notional amount of the European Financing, which will mature in August 2009 and May 2011. Under the terms of the interest rate swap transactions, the Company receives interest payments based on rolling one-month EURIBOR and LIBOR terms and pays fixed interest rates ranging from 5.97% to 8.16%. The Company's disclosures on derivatives and fair value are contained in Note 1 – Derivative and Hedging Activities and Fair Value Measurements.

Netherlands Financing

In February 2008, as a result of the Virtu Acquisition, a wholly-owned subsidiary of the Company assumed senior credit facilities totaling approximately 5,500,000 Euros (the "Netherlands Financing"), which are callable by the lender and bear interest at a floating rate (three month EURIBOR plus 1.25%). As of September 30, 2008, a total of 4,319,000 Euros, or approximately $6,087,000, was outstanding under the Netherlands Financing with an approximate blended interest rate of 6.53% per annum. The Netherlands Financing is collateralized by substantially all of the Company's operations in the Netherlands. The Netherlands Financing contains several financial covenants, which must be complied with on an annual basis. The Company's wholly-owned subsidiary in the Netherlands was not in compliance with the December 31, 2007 financial covenants; however, in April 2008, the Company obtained a waiver from the lender for such non-compliance. Although the Netherlands Financing has a payment schedule with a final payment date in January 2016, as of September 30, 2008, the Company had reflected the total amount outstanding under the Netherlands Financing as a current liability within the current portion of mortgage and loans payable on the accompanying balance sheet as it is not currently a committed facility.

Silicon Valley Bank Credit Line

In February 2008, the Company terminated the Silicon Valley Bank Credit Line. As a result, all letters of credit previously issued under the Silicon Valley Bank Credit Line, totaling $12,144,000, were cash collateralized. The Company reports such restricted cash within other assets on the accompanying balance sheets. As of the termination date, the Company had no borrowings outstanding under the Silicon Valley Bank Credit Line and no termination penalties were incurred.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Maturities

Combined aggregate maturities for the Company's various debt facilities and other financing obligations as of September 30, 2008 were as follows (in thousands):

	Convertible debt (1)	Mortgage and loans payable (1)	Capital lease and other financing obligations (2)	Total
2008 (three months remaining)	$ —	$ 13,784	$ 2,943	$ 16,727
2009	32,250	40,484	11,879	84,613
2010	—	149,378 (3)	11,930	161,308
2011	—	37,854	12,039	49,893
2012	250,000	25,380	11,729	287,109
2013 and thereafter	395,986	149,478	111,717	657,181
	678,236	416,358	162,237	1,256,831
Less amount representing interest	—	—	(73,516)	(73,516)
Plus amount representing residual property value	—	—	10,360	10,360
	678,236	416,358	99,081	1,193,675
Less current portion of principal	(32,250)	(41,486)	(3,986)	(77,722)
	$ 645,986	$ 374,872	$ 95,095	$1,115,953

(1) Represents principal only.

(2) Represents principal and interest in accordance with minimum lease payments.

(3) The loan payable under the Chicago IBX Financing has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions.

13. Commitments and Contingencies

Legal Matters

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against the Company, certain of its officers and directors (the "Individual Defendants"), and several investment banks that were underwriters of the Company's initial public offering (the "Underwriter Defendants"). The cases were filed in the United States District Court for the Southern District of New York. Similar lawsuits were filed against approximately 300 other issuers and related parties. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 against the Company and the Individual Defendants. The plaintiffs have since dismissed the Individual Defendants without prejudice. The suits allege that the Underwriter Defendants agreed to allocate stock in the Company's 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. The plaintiffs allege that the prospectus for the Company's initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, the Court dismissed the Section 10(b) claim against the Company, but denied the motion to dismiss the Section 11 claim. On December 5, 2006, the Second Circuit vacated a decision by the district court granting class certification in six "focus" cases, which are intended to serve as test cases. Plaintiffs selected these six cases, which do not include Equinix. On April 6, 2007, the Second Circuit denied a petition for rehearing filed by plaintiffs, but noted that plaintiffs could ask the district court to certify more narrow classes than those that were rejected. On August 14, 2007, plaintiffs filed amended complaints in the six focus cases. On September 27, 2007, plaintiffs moved to certify a class in the six focus cases. On November 14, 2007, the issuers and the underwriters named as defendants in the six focus cases moved to dismiss the amended complaints against them. On March 26, 2008, the district court dismissed the Section 11 claims of those members of the putative classes in the focus cases who sold their securities for a price in excess of the initial offering price and those who purchased outside the previously certified class period. With respect to all other claims, the motions to dismiss were denied. On October 10, 2008, at the request of the plaintiffs, plaintiffs' motion for class certification was withdrawn, without prejudice.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of Equinix's current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action. On March 3, 2008, the state court plaintiff filed a second amended consolidated complaint after the court granted two motions to dismiss prior complaints with leave to amend. The second amended consolidated complaint alleged that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the dissemination of false financial statements. The second amended consolidated complaint sought to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution and fees and costs. On July 8, 2008, the state court granted the Company's motion to dismiss the second amended consolidated complaint without leave to amend and entered a final judgment dismissing the action and all claims asserted therein in their entirety without leave to amend. The time for the state court plaintiff to appeal the judgment expired on September 9, 2008.

On August 22, 2008, a complaint was filed against the Company, 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 the Company merged Pihana and i-STT (a subsidiary of Singapore Technologies Telemedia Pte Ltd) into the internet exchange services business of the Company. 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 the Company 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 $725,000,000 value of the Company 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. 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. The Company believes that plaintiffs' claims and alleged damages are without merit and it intends to defend the litigation vigorously.

Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of the matter. The Company is unable at this time to determine whether the outcome of the litigation would have a material impact on its results of operations, financial condition or cash flows.

The Company believes that while an unfavorable outcome to these litigations is reasonably possible, a range of potential loss cannot be determined at this time. As a result, the Company has not accrued for any amounts in connection with these legal matters as of September 30, 2008. The Company and its officers and directors intend to continue to defend the actions vigorously.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Other Purchase Commitments

Primarily as a result of the Company's various IBX expansion projects, as of September 30, 2008, the Company was contractually committed for $156,625,000 of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX centers and make them available to customers for installation. In addition, the Company had numerous other, non-capital purchase commitments in place as of September 30, 2008, such as commitments to purchase power in select locations, primarily in the U.S., Australia, Germany, Singapore and the United Kingdom, through the remainder of 2008 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2008 and thereafter. Such other miscellaneous purchase commitments totaled $73,154,000 as of September 30, 2008.

14. Other Comprehensive Income and Loss

The components of other comprehensive income and loss are as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Net income	$ 7,389	$ 4,124	$ 15,039	$ 885
Unrealized gain (loss) on available for sale securities	(717)	271	(964)	269
Unrealized loss on interest rate swaps	(3,584)	—	(2,345)	—
Foreign currency translation gain (loss)	(64,097)	6,732	(57,361)	6,634
Comprehensive income (loss)	$ (61,009)	$ 11,127	$ (45,631)	$ 7,788

During the three months ended September 30, 2008, the U.S. dollar strengthened relative to certain of the currencies of the foreign countries in which the Company operates. This has significantly impacted the Company's consolidated financial position (as evidenced above in the Company's foreign currency translation losses), as well as its consolidated results of operations as amounts in foreign currencies are generally translating into less U.S. dollars. To the extent the U.S. dollar strengthens further, this will continue to have a significant impact to the Company's consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

There were no significant tax effects on comprehensive income for the three and nine months ended September 30, 2008 and 2007.

15. Segment Information

The Company and its subsidiaries are principally engaged in a single reporting segment: the design, build-out and operation of network neutral IBX centers. Virtually all revenues result from the operation of these IBX centers. However, the Company operates in three distinct geographic regions, comprised of the U.S., Asia-Pacific and Europe. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the presentation in the accompanying condensed consolidated financial statements and based on these three geographic regions. The Company has evaluated the criteria for aggregation of its geographic regions under SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", and believes it meets each of the respective criteria set forth therein. The Company's geographic regions have similar long-term economic characteristics and maintain similar sales forces, each of which offers all of the Company's services due to the similar nature of such services. In addition, the geographic regions utilize similar means for delivering the Company's services and have similarity in the types of customers.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

While the Company believes it operates in one reporting segment, the Company nonetheless provides the following geographic disclosures (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Total revenues:				
United States	$114,859	$ 83,685	$321,302	$234,461
Asia-Pacific	21,579	14,643	60,356	40,813
Europe	47,297	5,454	132,339	5,454
	$183,735	$103,782	$513,997	$280,728
Total depreciation and amortization:				
United States	$ 26,898	$ 19,426	$ 73,987	$ 57,868
Asia-Pacific	4,355	2,521	12,298	5,812
Europe	10,340	1,311	29,061	1,311
	$ 41,593	$ 23,258	$115,346	$ 64,991
Income (loss) from operations:				
United States	$ 16,252	$ 6,386	$ 44,840	$ 8,000
Asia-Pacific	2,119	312	3,932	1,951
Europe	3,164	(619)	69	(619)
	$ 21,535	$ 6,079	$ 48,841	$ 9,332
Capital expenditures:				
United States	$ 36,971	$141,749	$129,852	$378,272
Asia-Pacific	33,021	9,445	75,232	35,350
Europe	25,453	544,446 (1)	123,703 (2)	544,446 (1)
	$ 95,445	$695,640	$328,787	$958,068

(1) Includes the purchase price for IXEurope Acquisition, net of cash acquired, totaling $541,792,000.

(2) Includes the purchase price for Virtu Acquisition, net of cash acquired, totaling $23,241,000.

The Company's long-lived assets are located in the following geographic areas (in thousands):

	September 30, 2008	December 31, 2007
United States	$ 1,062,568	$ 959,637
Asia-Pacific	155,128	91,478
Europe	731,585	703,992
	$ 1,949,281	$ 1,755,107

For information on the Company's goodwill, refer to "Goodwill and Other Intangible Assets" in Note 1.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Revenue information on a services basis is as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Colocation	$ 141,938	$ 75,282	$ 396,261	$ 200,682
Interconnection	24,357	18,798	69,897	53,171
Managed infrastructure	6,968	4,830	20,301	13,214
Rental	254	378	812	1,011
Recurring revenues	173,517	99,288	487,271	268,078
Non-recurring revenues	10,218	4,494	26,726	12,650
	$ 183,735	$ 103,782	$ 513,997	$ 280,728

No single customer accounted for 10% or greater of the Company's revenues for the three and nine months ended September 30, 2008 and 2007. No single customer accounted for 10% or greater of the Company's gross accounts receivable as of September 30, 2008 and December 31, 2007.

16. Restructuring Charges

In December 2004, in light of the availability of fully built-out data centers in select markets at costs significantly below those costs the Company would incur in building out new space, the Company made the decision to exit leases for excess space adjacent to one of the Company's New York metro area IBXs, as well as space on the floor above its original Los Angeles IBX. As a result of the Company's decision to exit these spaces, the Company recorded restructuring charges totaling $17,685,000, which represents the present value of the Company's estimated future cash payments, net of any estimated subrental income and expense, through the remainder of these lease terms, as well as the write-off of all remaining property and equipment attributed to the partial build-out of the excess space on the floor above its Los Angeles IBX as outlined below.

The Company estimated the future cash payments required to exit these two leased spaces, net of any estimated subrental income and expense, through the remainder of these lease terms and then calculated the present value of such future cash flows in order to determine the appropriate restructuring charge to record. The Company records accretion expense to accrete its accrued restructuring liability up to an amount equal to the total estimated future cash payments necessary to complete the exit of these leases. Should the actual lease exit costs differ from the Company's estimates, the Company may need to adjust its restructuring charges associated with the excess lease spaces, which would impact net income in the period such determination was made.

A summary of the movement in the 2004 accrued restructuring charges from December 31, 2007 to September 30, 2008 is outlined as follows (in thousands):

	Accrued restructuring charge as of December 31, 2007	Accretion expense	Restructuring charge adjustment	Cash payments	Accrued restructuring charge as of September 30, 2008
Estimated lease exit costs	$ 12,140	$ 563	$ 799	$ (2,034)	$ 11,468
	12,140	$ 563	$ 799	$ (2,034)	11,468
Less current portion	(3,973)				(3,172)
	$ 8,167				$ 8,296

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The Company recorded an additional restructuring charge of $799,000 as a result of revised sublease assumptions on one of these two excess space leases as new information became available during the three months ended September 30, 2008. As the Company currently has no plans to enter into lease terminations with either of the landlords associated with these two excess space leases, the Company has reflected its accrued restructuring liability as both a current and non-current liability. The Company reports accrued restructuring charges within other current liabilities and deferred rent and other liabilities on the accompanying condensed consolidated balance sheets as of September 30, 2008 and December 31, 2007. The Company is contractually committed to these two excess space leases through 2015.

17. Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) replaces SFAS 141, "Business Combinations." SFAS 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired or a gain from a bargain purchase. SFAS 141R also determines disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of a fiscal year that begins on or after December 15, 2008 and there are also implications for acquisitions that occur prior to this date. The Company is currently evaluating the impact that the adoption of SFAS No. 141 (R) will have on its financial statements.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements" ("SFAS 160"). SFAS 160 amends ARB 51, Consolidated Financial Statements, and requires all entities to report non-controlling (minority) interests in subsidiaries within equity in the consolidated financial statements, but separate from the parent shareholders' equity. SFAS 160 also requires any acquisitions or dispositions of non-controlling interests that do not result in a change of control to be accounted for as equity transactions. Further, SFAS 160 requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. As of September 30, 2008, all of the Company's subsidiaries were wholly-owned. As a result, SFAS 160 is not presently expected to impact the Company.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires enhanced disclosures about an entity's derivative and hedging activities and, thereby, improves the transparency of financial reporting. SFAS 161 is effective for fiscal years beginning on or after November 15, 2008. The Company is currently evaluating the impact that the adoption of SFAS 161 will have on its financial statement disclosures.

In April 2008, the FASB issued FASB Staff Position No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life or recognized intangible assets under SFAS 142, "Goodwill and Other Intangible Assets." FSP FAS 142-3 applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP FAS 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption is prohibited. The Company is currently evaluating the impact that the adoption of FSP FAS 142-3 will have on its financial statements.

In May 2008, the FASB issued FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion" ("FSP APB 14-1"). FSP APB 14-1 specifies that issuers of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact that the adoption of FSP APB 14-1 will have on its financial statements. The Company believes that FSP APB 14-1 will have a significant impact to the amount of interest expense the Company records commencing with the first quarter of 2009.

EQUINIX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

18. Subsequent Events

In October 2008, the Company received additional advances totaling approximately 3,200,000 British pounds, or approximately $5,600,000, under the European Financing with an approximate blended interest rate of 6.97% per annum. As a result, the remaining amount available to borrow under the European Financing totals approximately 6,400,000 British pounds or approximately $11,400,000.

In October 2008, the Company received additional advances totaling approximately 56,550,000 Hong Kong dollars, or approximately $7,300,000, under the Asia-Pacific Financing with an approximate interest rate of 5.48% per annum. As a result, the remaining amount available to borrow under the Asia-Pacific Financing totals approximately $16,350,000.

In October 2008, an indirect wholly-owned subsidiary of the Company entered into an agreement for lease for property and a warehouse building located in a suburb of London, England (the “Agreement for Lease”). The Agreement for Lease provides for the completion of certain works within a specified time frame and the entry into a definitive lease (the “Lease”) upon the completion of those works. The Lease will have a term of 20 years, with an option to terminate on the part of the tenant after 15 years upon six months’ prior notice, and a total cumulative rent obligation of approximately $41,607,000 over the first 15 years of the Lease. On the fifteenth anniversary of the Lease, the rent can be reviewed and adjusted to market rents, as set out in the Lease.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in this discussion 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 are based upon current expectations that involve risks and uncertainties. Any statements contained 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 identify 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 "Liquidity and Capital Resources'' below and ''Risk Factors'' in Item 1A of Part II of this Quarterly Report on Form 10-Q. All forward-looking statements in this document are based on information available to us as of the date of this Report and we assume no obligation to update any such forward-looking statements.

Overview

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies, systems integrators and the world's largest network providers. On September 14, 2007, we completed the acquisition of IXEurope Plc, or IXEurope, headquartered in London, U.K., whereby IXEurope became our wholly-owned subsidiary. We refer to this transaction as the IXEurope acquisition. On February 5, 2008, we completed the acquisition of Virtu Secure Webservices B.V., or Virtu, based in the Netherlands, whereby Virtu became our wholly-owned subsidiary. We refer to this transaction as the Virtu acquisition. Virtu, a similar business to ours, operated network neutral data centers in the Netherlands, and the Virtu acquisition supplements our existing European operations. As of September 30, 2008, we operate IBX centers in the Chicago, Dallas, Los Angeles, New York, Silicon Valley and Washington, D.C. metro areas in the United States, Australia, Hong Kong, Japan and Singapore in the Asia-Pacific region, and France, Germany, the Netherlands, Switzerland and the United Kingdom in the Europe region.

Direct interconnection to our aggregation of networks, which serve more than 90% of the world's Internet routes, allows our customers to increase performance while significantly reducing costs. Based on our network neutral model and the quality of our IBX centers, we believe we have established a critical mass of customers. As more customers 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. Our focused business model is based on our critical mass of customers and the resulting network effect. This critical mass and the resulting network effect, combined with our strong financial position, continue to drive new customer growth and bookings.

Historically, our market has been served by large telecommunications carriers who have bundled their telecommunications products and services with their colocation offerings. Each of these colocation providers own and operate a network. We do not own or operate a network, yet have greater than 300 networks operating out of our IBX centers. As a result, we are able to offer our customers a substantial choice of networks given our network neutrality thereby allowing our customers to choose from numerous network service providers. We believe this is a distinct and sustainable competitive advantage.

On a consolidated basis, and excluding customers acquired in the Virtu acquisition, our customer count increased to 2,203 as of September 30, 2008 versus 1,881 as of December 30, 2007, an increase of 17%. Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available taking into account power limitations. Excluding the impact of the IXEurope and the Virtu acquisitions, our utilization rate increased to 78% as of September 30, 2008 versus 73% as of December 31, 2007; however, further excluding the impact of our IBX center expansion projects that have opened during the last 12 months, our utilization rate would have been 89% as of September 30, 2008. Our utilization rate varies from market to market among our IBX centers in our markets across the U.S., Asia-Pacific and Europe. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of draw our customers take from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX centers to support power and cooling needs twice that of previous IBX centers. We could face power limitations in our centers even though we may have additional physical cabinet capacity available within a specific IBX center. This could have a negative impact on the available utilization capacity of a given center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service offerings. As was the case with our recent expansions and acquisitions, our expansion criteria will be dependent on a number of factors such as demand from new and existing customers, quality of the design, power capacity, access to networks, capacity availability in current market location, amount of incremental investment required by us in the targeted property, lead-time to break-even and in-place customers. Like our recent expansions and acquisitions, the right combination of these factors may be attractive to us. Dependent on the particular deal, these transactions may require upfront cash payments and additional capital expenditures or may be funded through long-term financing arrangements in order to bring these properties up to Equinix standards. Property expansion may be in the form of purchases of real property, long-term leasing arrangements or acquisitions. Future purchases, construction or acquisitions may be completed by us or with partners or potential customers to minimize the outlay of cash, which can be significant.

Our business is based on a recurring revenue model comprised of colocation, interconnection and managed infrastructure services. We consider these services recurring as our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues are a significant component of our total revenues, comprising greater than 90% of our total revenues. Over the past few years, greater than half of our then existing customers order new services in any given quarter representing greater than half of the new orders received in each quarter.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services that we perform. These services are considered to be non-recurring as they are billed typically once and only upon completion of the installation or professional services work performed. The majority of these non-recurring revenues are typically billed on the first invoice distributed to the customer in connection with their initial installation. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our U.S. revenues are derived primarily from colocation and interconnection services while our Asia-Pacific and Europe revenues are derived primarily from colocation and managed infrastructure services.

The largest cost components of our cost of revenues are depreciation, rental payments related to our leased IBX centers, utility costs, including electricity and bandwidth, IBX employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security services. A substantial majority of our cost of revenues is fixed in nature and should not vary significantly from period to period, unless we add or open new IBX centers. However, there are certain costs which are considered more variable in nature, including utilities and supplies that are directly related to growth in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth of consumption by the customer. In addition, the cost of electricity is generally higher in the summer months as compared to other times of the year.

Sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, including stock-based compensation, sales commissions, marketing programs, public relations, promotional materials and travel, as well as bad debt expense and amortization of customer contract intangible assets.

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, accounting, legal and other professional service fees, and other general corporate expenses such as our corporate headquarters office lease and some depreciation expense.

Due to our recurring revenue model and a cost structure which has a large base that is fixed in nature and does not grow in proportion to revenue growth, we expect our cost of revenues, sales and marketing expenses and general and administrative expenses to decline as a percentage of revenue over time, although we expect each of them to grow in absolute dollars in connection to our growth. This is evident in the trends noted below in our discussion on our results of operations.

Critical Accounting Policies and Estimates

Equinix's financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are affected by management's application of accounting policies. On an on-going basis, management evaluates its estimates and judgments. Critical accounting policies for Equinix that affect our more significant judgment and estimates used in the preparation of our condensed consolidated financial statements include accounting for business combinations, accounting for stock-based compensation, accounting for income taxes and accounting for restructuring charges, which are discussed in more detail under the caption "Critical Accounting Policies and Estimates" in our 2007 Annual Report on Form 10-K.

Results of Operations

Our results of operations for the three and nine months ended September 30, 2007 include the operations of IXEurope from September 14 to September 30, 2007, but do not include the operations of Virtu, as the Virtu acquisition closed on February 5, 2008. Our results of operations for the nine months ended September 30, 2008 include the operations of Virtu from February 5, 2008 to September 30, 2008.

Three Months Ended September 30, 2008 and 2007

Revenues. Our revenues for the three months ended September 30, 2008 and 2007 were split between the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S:						
Recurring revenues	$109,422	60%	$ 80,583	78%	$28,839	36%
Non-recurring revenues	5,437	3%	3,102	3%	2,335	75%
	114,859	63%	83,685	81%	31,174	37%
Asia-Pacific:						
Recurring revenues	19,921	11%	13,525	13%	6,396	47%
Non-recurring revenues	1,658	1%	1,118	1%	540	48%
	21,579	12%	14,643	14%	6,936	47%
Europe:						
Recurring revenues	44,174	24%	5,180	5%	38,994	753%
Non-recurring revenues	3,123	1%	274	0%	2,849	1040%
	47,297	25%	5,454	5%	41,843	767%
Total:						
Recurring revenues	173,517	95%	99,288	96%	74,229	75%
Non-recurring revenues	10,218	5%	4,494	4%	5,724	127%
	$183,735	100%	$103,782	100%	$79,953	77%

U.S. Revenues. The period over period growth in recurring revenues was primarily the result of an increase in orders from both our existing customers and new customers acquired during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX centers, as well as selective price increases in each of our IBX markets. During the three months ended September 30, 2008, we recorded $10.1 million of incremental revenues not generated during the same period of last year associated with our newly opened IBX centers or IBX center expansions in the Chicago, New York, and Washington, D.C. metro areas and with additional expansion activity currently taking place in the Los Angeles and New York metro areas. We expect our U.S. recurring revenues, particularly from colocation and interconnection services, to remain our most significant source of revenue for the foreseeable future.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in this region, represented approximately 38% of the regional revenues for both the three months ended September 30, 2008 and 2007. As in the U.S., Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers acquired during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX centers, as well as selective price increases in each of our IBX markets. During the three months ended September 30, 2008, we recorded $3.7 million of incremental revenues not generated during the same period of last year associated with our new IBX center in Tokyo, which we acquired in December 2006, and from our IBX center expansions in Hong Kong and Singapore. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of our recently-opened IBX center expansions in the Hong Kong, Singapore and Tokyo metro areas and additional expansion activity currently taking place in the Singapore and Sydney metro areas.

Europe Revenues. Our revenues from the United Kingdom, the largest revenue contributor in this region, represented approximately 37% of the regional revenues for the three months ended September 30, 2008. We expect our Europe revenues to grow in future periods, as a result of our recently-opened IBX center expansions in the Amsterdam, Frankfurt, London and Paris metro areas and additional expansion activity currently taking place in the Amsterdam, London and Paris metro areas.

Cost of Revenues. Our cost of revenues for the three months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Three months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$ 63,790	58%	$ 49,695	79%	$14,095	28%
Asia-Pacific	13,346	12%	9,165	15%	4,181	46%
Europe	32,727	30%	4,031	6%	28,696	712%
Total	$ 109,863	100%	$ 62,891	100%	$46,972	75%

	Three months ended September 30,	
	2008	2007
Cost of revenues as a percentage of revenues:		
U.S.	56%	59%
Asia-Pacific	62%	63%
Europe	69%	74%
Total	60%	61%

U.S. Cost of Revenues. U.S. cost of revenues for the three months ended September 30, 2008 and 2007 included $24.9 million and $17.5 million, respectively, of depreciation expense. Growth in depreciation expense was due to our IBX center expansion activity. Excluding depreciation expense, the increase in U.S. cost of revenues was primarily due to overall growth related to our revenue growth and costs associated with our expansion projects, including higher compensation costs and an increase in utility costs in line with increasing customer installations. We anticipate that our U.S. cost of revenues will continue to increase in the foreseeable future to the extent that the occupancy levels in our U.S. IBX centers increase and as our newly-opened IBX centers or IBX center expansions in the Chicago, New York, Silicon Valley and Washington, D.C. metro areas commence operations more fully during the remainder of 2008 and from our additional expansion activity currently taking place in the Los Angeles and New York metro areas. We expect U.S. cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the three months ended September 30, 2008 and 2007 included $4.2 million and $2.5 million, respectively, of depreciation expense. Growth in depreciation expense was due to our IBX center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in connection with revenue growth, such as increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to customer growth, as well as additional rent expense associated with new leases in connection with the Hong Kong and Singapore expansion projects. We anticipate that our Asia-Pacific cost of revenues will increase in the foreseeable future in connection with overall revenue growth and from our additional expansion activity currently taking place in the Singapore and Sydney metro areas. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Europe Cost of Revenues. Europe cost of revenues for the three months ended September 30, 2008 and 2007 included $8.3 million and $981,000, respectively, of depreciation expense. We anticipate our Europe cost of revenues will increase in future periods, both as we sell out the available space in our existing data centers and as our newly-opened IBX centers or IBX center expansions in the Amsterdam, Frankfurt, London and Paris metro areas commence operations more fully during the remainder of 2008 and from our additional expansion activity currently taking place in the Amsterdam, London and Paris metro area markets. We expect Europe cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Sales and Marketing Expenses. Our sales and marketing expenses for the three months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Three months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$ 9,628	60%	$7,454	77%	$2,174	29%
Asia-Pacific	2,200	14%	1,478	15%	722	49%
Europe	4,181	26%	698	8%	3,483	499%
Total	$16,009	100%	$9,630	100%	$6,379	66%

	Three months ended September 30,	
	2008	2007
Sales and marketing expenses as a percentage of revenues:		
U.S.	8%	9%
Asia-Pacific	10%	10%
Europe	9%	13%
Total	9%	9%

U.S. Sales and Marketing Expenses. The increase in U.S. sales and marketing expenses was primarily due to increased sales compensation as a result of revenue growth and expenditures related to our branding initiatives. We expect U.S. sales and marketing expenses to increase as we continue to grow our business and invest further in various branding initiatives; however, as a percentage of revenues, we expect them to decrease.

Asia-Pacific Sales and Marketing Expenses. The increase in Asia-Pacific sales and marketing expenses was primarily due to sales compensation, including stock-based compensation, as a result of revenue growth. We expect Asia-Pacific sales and marketing expenses to increase as we continue to grow our business; however, as a percentage of revenues, we expect them to decrease.

Europe Sales and Marketing Expenses. We expect Europe sales and marketing expenses to increase as we continue to grow our business; however, as a percentage of revenues, we expect them to decrease.

General and Administrative Expenses. Our general and administrative expenses for the three months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Three months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$24,390	69%	$20,150	80%	$ 4,240	21%
Asia-Pacific	3,914	11%	3,688	15%	226	6%
Europe	7,225	20%	1,344	5%	5,881	438%
Total	$35,529	100%	$25,182	100%	$10,347	41%

	Three months ended September 30,	
	2008	2007
General and administrative expenses as a percentage of revenues:		
U.S.	21%	24%
Asia-Pacific	18%	25%
Europe	15%	25%
Total	19%	24%

U.S. General and Administrative Expenses. The increase in U.S. general and administrative expenses was primarily due to higher compensation costs, including stock-based compensation, and headcount growth (254 U.S. general and administrative employees as of September 30, 2008 versus 218 as of September 30, 2007), and an increase in professional fees related to various consulting projects to support our growth. Going forward, we expect U.S. general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we expect them to decrease.

Asia-Pacific General and Administrative Expenses. Our Asia-Pacific general and administrative expenses were relatively flat period over period. However, going forward, we expect Asia-Pacific general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we expect them to decrease.

Europe General and Administrative Expenses. Our Europe general and administrative expenses are expected to increase in future periods as we continue to scale our operations to support our growth and in connection with various integration initiatives related to investments in systems and internal control compliance; however, as a percentage of revenues, we expect them to decrease.

Restructuring Charges. During the three months ended September 30, 2008, we recorded a restructuring charge adjustment of $799,000 from revised sublease assumptions for our excess space lease in the Los Angeles metro area as a result of new information becoming available in the quarter. The original restructuring charge for this lease, along with one other lease in the New York metro area, was recorded in the fourth quarter of 2004 and totaled $17.7 million. We are contractually committed to these two excess space leases through 2015. During the three months ended September 30, 2007 no restructuring charges were recorded.

Interest Income. Interest income decreased to $441,000 for the three months ended September 30, 2008 from $3.3 million for the three months ended September 30, 2007. Interest income decreased primarily due to realized losses from our investment portfolio including a $1.5 million loss on one of our money market accounts as more fully described in Note 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, as well as from lower yields on invested balances. The average yield for the three months ended September 30, 2008 was 2.23% versus 5.22% for the three months ended September 30, 2007. We expect our interest income to decrease for the foreseeable future due primarily to lower yields on our investment portfolio.

Interest Expense. Interest expense increased to $13.9 million for the three months ended September 30, 2008 from $5.7 million for the three months ended September 30, 2007. The increase in interest expense was primarily due to new financings entered into during 2007 and 2008 consisting of (i) our $110.0 million Chicago IBX financing, which was drawn down during the construction period of the Chicago metro area IBX expansion project, with an approximate interest rate of 5.25% per annum; (ii) our approximately $89.1 million Asia-Pacific financing, of which approximately $65.4 million was outstanding as of September 30, 2008 with an approximate blended interest rate of 4.28% per annum; (iii) our $396.0 million 3.00% convertible subordinated notes offering in September 2007; (iv) our approximately $163.0 million European financing, of which approximately $127.9 million was outstanding as of September 30, 2008 with an approximate blended interest rate of 7.78% per annum and (v) our Netherlands financing of approximately $6.1 million, acquired as a result of the Virtu acquisition, with an approximate blended interest rate of 6.53% per annum. During the three months ended September 30, 2008 and 2007, we capitalized $1.4 million and $3.0 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we fully utilize or recognize the full impact of our existing financings to fund our expansion efforts and as we complete expansion efforts and cease to capitalize interest expense.

Other Income (Expense). For the three months ended September 30, 2008, we recorded $520,000 of other expense, primarily attributable to foreign currency exchange losses during the period. For the three months ended September 30, 2007, we recorded $3.2 million of other income, primarily due to foreign currency exchange gains including a foreign exchange gain of $1.5 million as a result of hedging a portion of the IXEurope acquisition purchase price with forward contracts.

Income Taxes. For the three months ended September 30, 2008 and 2007, we recorded $187,000 and $215,000, respectively, of income tax expense. The tax expense recorded in both the three months ended September 30, 2008 and 2007 was primarily attributable to our foreign operations. We have not incurred any significant cash income tax expense since inception and we do not expect to incur any significant cash income tax expense during the remainder of 2008.

Nine Months Ended September 30, 2008 and 2007

Revenues. Our revenues for the nine months ended September 30, 2008 and 2007 were split between the following revenue classifications and geographic regions (dollars in thousands):

	Nine months ended September 30,				Change	
	2008	**%**	**2007**	**%**	**$**	**%**
U.S:						
Recurring revenues	$308,319	60%	$225,379	80%	$ 82,940	37%
Non-recurring revenues	12,983	3%	9,082	4%	3,901	43%
	321,302	63%	234,461	84%	86,841	37%
Asia-Pacific:						
Recurring revenues	55,587	11%	37,519	13%	18,068	48%
Non-recurring revenues	4,769	1%	3,294	1%	1,475	45%
	60,356	12%	40,813	14%	19,543	48%
Europe:						
Recurring revenues	123,365	24%	5,180	2%	118,185	2282%
Non-recurring revenues	8,974	1%	274	0%	8,700	3175%
	132,339	25%	5,454	2%	126,885	2326%
Total:						
Recurring revenues	487,271	95%	268,078	95%	219,193	82%
Non-recurring revenues	26,726	5%	12,650	5%	14,076	111%
	$513,997	100%	$280,728	100%	$233,269	83%

U.S. Revenues. The period over period growth in recurring revenues was primarily the result of an increase in orders from both our existing customers and new customers acquired during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX centers, as well as selective price increases in each of our IBX markets. During the nine months ended September 30, 2008, we recorded $26.3 million of incremental revenues not generated during the same period of last year associated with our newly opened IBX centers or IBX center expansions in the Chicago, New York, Silicon Valley and Washington, D.C. metro areas and with additional expansion activity currently taking place in the Los Angeles and New York metro areas. We expect our U.S. recurring revenues, particularly from colocation and interconnection services, to remain our most significant source of revenue for the foreseeable future.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in this region, represented approximately 36% of the regional revenues for both the nine months ended September 30, 2008 and 2007. As in the U.S., Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers acquired during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX centers, as well as selective price increases in each of our IBX markets. During the nine months ended September 30, 2008, we recorded $9.0 million of incremental revenues not generated during the same period of last year associated with our new IBX center in Tokyo, which we acquired in December 2006, and from our IBX center expansions in Hong Kong and Singapore. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of our recently-opened IBX center expansions in the Hong Kong, Singapore and Tokyo metro areas and additional expansion activity currently taking place in the Singapore and Sydney metro areas.

Europe Revenues. Our revenues from the United Kingdom, the largest revenue contributor in this region, represented approximately 39% of the regional revenues for the nine months ended September 30, 2008. We expect our Europe revenues to grow in future periods, as a result of our recently-opened IBX center expansions in the Amsterdam, Frankfurt, London and Paris metro areas and additional expansion activity currently taking place in the Amsterdam, London and Paris metro areas.

Cost of Revenues. Our cost of revenues for nine months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Nine months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$175,625	57%	$143,123	84%	$ 32,502	23%
Asia-Pacific	38,124	12%	24,111	14%	14,013	58%
Europe	92,608	31%	4,031	2%	88,577	2197%
Total	$306,357	100%	$171,265	100%	$135,092	79%

	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Cost of revenues as a percentage of revenues:		
U.S.	55%	61%
Asia-Pacific	63%	59%
Europe	70%	74%
Total	60%	61%

U.S. Cost of Revenues. U.S. cost of revenues for the nine months ended September 30, 2008 included $67.6 million of depreciation expense and $2.6 million of stock-based compensation expense. U.S. cost of revenues for the nine months ended September 30, 2007 included $53.0 million of depreciation expense and $2.6 million of stock-based compensation expense. Growth in depreciation expense was due to our IBX center expansion activity. Excluding depreciation expense, the increase in U.S. cost of revenues was primarily due to overall growth related to our revenue growth and costs associated with our expansion projects, including higher compensation costs and an increase in utility costs in line with increasing customer installations. We anticipate that our U.S. cost of revenues will continue to increase in the foreseeable future to the extent that the occupancy levels in our U.S. IBX centers increase and as our newly-opened IBX centers or IBX center expansions in the Chicago, New York, Silicon Valley and Washington, D.C. metro areas commence operations more fully during the remainder of 2008 and from our additional expansion activity currently taking place in the Los Angeles and New York metro areas. We expect U.S. cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the nine months ended September 30, 2008 and 2007 included $11.9 million and $5.7 million, respectively, of depreciation expense. Growth in depreciation expense was due to our IBX center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in connection with revenue growth, such as increasing utility and bandwidth costs in line with increasing customer installations and revenues attributed to customer growth, as well as additional rent expense associated with new leases in connection with the Hong Kong and Singapore expansion projects. We anticipate that our Asia-Pacific cost of revenues will increase in the foreseeable future in connection with overall revenue growth and our additional expansion activity currently taking place in the Singapore and Sydney metro areas. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Europe Cost of Revenues. Europe cost of revenues for the nine months ended September 30, 2008 included $23.1 million of depreciation expense. We anticipate our Europe cost of revenues will increase in future periods, as we sell out the available space in our existing data centers, as our newly-opened IBX centers or IBX center expansions in the Amsterdam, Frankfurt, London and Paris metro areas commence operations more fully during the remainder of 2008 and from our additional expansion activity currently taking place in the Amsterdam, London and Paris metro area markets. We expect Europe cost of revenues to increase as we continue to grow our business; however, as a percentage of revenues, we expect it to decrease although this trend may periodically be impacted when a large expansion project opens and before it starts generating any meaningful revenue.

Sales and Marketing Expenses. Our sales and marketing expenses for the nine months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Nine months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$ 26,799	57%	$ 22,434	81%	$ 4,365	19%
Asia-Pacific	6,490	14%	4,470	16%	2,020	45%
Europe	13,361	29%	698	3%	12,663	1814%
Total	$ 46,650	100%	$ 27,602	100%	$19,048	69%

	Nine months ended September 30,	
	2008	2007
Sales and marketing expenses as a percentage of revenues:		
U.S.	8%	10%
Asia-Pacific	11%	11%
Europe	10%	13%
Total	9%	10%

U.S. Sales and Marketing Expenses. The increase in U.S. sales and marketing expenses was primarily due to increased sales compensation costs as a result of revenue growth and expenditures related to our branding initiatives. We expect U.S. sales and marketing expenses to increase as we continue to grow our business and invest further in various branding initiatives; however, as a percentage of revenues, we expect them to decrease.

Asia-Pacific Sales and Marketing Expenses. The increase in Asia-Pacific sales and marketing expenses was primarily due to an increase in sales compensation over the prior period associated with the overall growth in this region. We expect Asia-Pacific sales and marketing expenses to increase as we continue to grow our business; however, as a percentage of revenues, we expect them to decrease.

Europe Sales and Marketing Expenses. We expect Europe sales and marketing expenses to increase as we continue to grow our business; however, as a percentage of revenues, we expect them to decrease.

General and Administrative Expenses. Our general and administrative expenses for the nine months ended September 30, 2008 and 2007 were split between the following geographic regions (dollars in thousands):

	Nine months ended September 30,				Change	
	2008	%	2007	%	$	%
U.S.	$ 73,239	66%	$ 60,497	84%	$12,742	21%
Asia-Pacific	11,810	11%	10,281	14%	1,529	15%
Europe	26,301	23%	1,344	2%	24,957	1857%
Total	$ 111,350	100%	$ 72,122	100%	$39,228	54%

	Nine months ended September 30,	
	2008	2007
General and administrative expenses as a percentage of revenues:		
U.S.	23%	26%
Asia-Pacific	20%	25%
Europe	20%	25%
Total	22%	26%

U.S. General and Administrative Expenses. Excluding depreciation expense, the increase in U.S. general and administrative expenses was primarily due to higher compensation costs, including general salary increases, benefits, stock-based compensation and headcount growth (254 U.S. general and administrative employees as of September 30, 2008 versus 218 as of September 30, 2007), an increase in depreciation as a result of our investment in systems and an increase in professional fees related to various consulting projects to support our growth. Going forward, we expect U.S. general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we expect them to decrease.

Asia-Pacific General and Administrative Expenses. The increase in Asia-Pacific general and administrative expenses was primarily due to higher compensation costs, including general salary increases and bonuses. Going forward, we expect Asia-Pacific general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we expect them to decrease.

Europe General and Administrative Expenses. Our Europe general and administrative expenses are expected to increase in future periods as we continue to scale our operations to support our growth and in connection with various integration initiatives related to investments in systems and internal control compliance; however, as a percentage of revenues, we expect them to decrease.

Restructuring Charges. During the nine months ended September 30, 2008 and 2007, we recorded a restructuring charge adjustment of $799,000 and $407,000, respectively, from revised sublease assumptions for our excess space lease in the Los Angeles metro area as a result of new information becoming available in the quarter. The original restructuring charge for this lease, along with one other lease in the New York metro area, was recorded in the fourth quarter of 2004 and totaled $17.7 million. We are contractually committed to these two excess space leases through 2015.

Interest Income. Interest income decreased to $6.3 million for the nine months ended September 30, 2008 from $10.3 million for the nine months ended September 30, 2007. Interest income decreased primarily due to realized losses from our investment portfolio including a $1.5 million loss on one of our money market accounts as more fully described in Note 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, as well as from lower yields on invested balances. The average yield for the nine months ended September 30, 2008 was 3.0% versus 5.22% for the nine months ended September 30, 2007. We expect our interest income to decrease for the foreseeable future due primarily to lower yields on our investment portfolio.

Interest Expense. Interest expense increased to $40.3 million for the nine months ended September 30, 2008 from $15.2 million for the nine months ended September 30, 2007. The increase in interest expense was primarily due to new financings entered into during 2007 and 2008 consisting of (i) our $110.0 million Chicago IBX financing, which was drawn down during the construction period of the Chicago metro area IBX expansion project, with an approximate interest rate of 5.25% per annum; (ii) our $250.0 million 2.50% convertible subordinated notes offering in March 2007; (iii) our approximately $89.1 million Asia-Pacific financing, of which approximately $65.4 million was outstanding as of September 30, 2008 with an approximate blended interest rate of 4.28% per annum; (iv) our $396.0 million 3.00% convertible subordinated notes offering in September 2007; (v) our approximately $163.0 million European financing, of which approximately $127.9 million was outstanding as of September 30, 2008 with an approximate blended interest rate of 7.78% per annum and (vi) our Netherlands financing of approximately $6.1 million, acquired as a result of the Virtu acquisition, with an approximate blended interest rate of 6.53% per annum. During the nine months ended September 30, 2008 and 2007, we capitalized $4.6 million and $6.1 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we fully utilize or recognize the full impact of our existing financings to fund our expansion efforts and as we complete expansion efforts and cease to capitalize interest expense.

Other Income. For the nine months ended September 30, 2008, we recorded $602,000 of other income, primarily attributable to foreign currency exchange gains during the period. For the nine months ended September 30, 2007, we recorded $3.2 million of other income, primarily due to foreign currency exchange gains including a foreign exchange gain of $1.5 million as a result of hedging a portion of the IXEurope acquisition purchase price with forward contracts.

Loss on Conversion and Extinguishment of Debt. During the three months ended March 31, 2007, we retired $54.0 million of our convertible subordinated debentures in exchange for approximately 1.4 million newly issued shares of our common stock. As a result, we recorded a $3.4 million loss on debt conversion in accordance with FASB No. 84, “Induced Conversions of Convertible Debt,” due to the inducement fee. In addition, in September 2007, a senior bridge loan was terminated unused and, as a result, we recorded a $2.5 million loss on debt extinguishment reflecting the immediate write-off of debt issuance costs previously capitalized to secure the senior bridge loan. Therefore, during the nine months ended September 30, 2007, we recognized a total of $5.9 million of loss on debt conversion and extinguishment. During the nine months ended September 30, 2008 there were no similar transactions.

Income Taxes. For the nine months ended September 30, 2008 and 2007, we recorded $400,000 and $766,000, respectively, of income tax expense. The tax provision recorded in both the nine months ended September 30, 2008 and 2007 was primarily attributable to our foreign operations. We have not incurred any significant cash income tax expense since inception and we do not expect to incur any significant cash income tax expense during the remainder of 2008.

Liquidity and Capital Resources

As of September 30, 2008, our total indebtedness was comprised of (i) convertible debt totaling $678.2 million from our convertible subordinated debentures, our 2.50% convertible subordinated notes and our 3.00% convertible subordinated notes and (ii) non-convertible debt and financing obligations totaling $515.5 million from our Washington D.C. metro area IBX capital lease, San Jose IBX equipment and fiber financing, Chicago IBX equipment financing, Los Angeles IBX financing, Ashburn campus mortgage payable, Chicago IBX financing, Asia-Pacific financing, European financing, Netherlands financing and other financing obligations.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements and complete our publicly announced expansion projects for at least the next 12 months. As of September 30, 2008, we had $330.2 million of cash, cash equivalents and short-term and long-term investments (which is net of a $1.5 million impairment loss we realized in September 2008 on our $50.9 million investment in The Reserve Primary Fund, which is referred to as the Reserve, as more fully described in Note 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q). 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. Besides our investment portfolio and any financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a well diversified customer base with no concentration of credit risk with any single customer, we have a number of large customers in the financial services sector. 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 we may experience increased churn in our customer base, including reductions in their commitments to us, which could also have a material adverse effect on our liquidity.

As of September 30, 2008, we had a total of $40.8 million of additional liquidity available to us, comprised of $23.7 million under the Asia-Pacific financing, for expansion projects in Hong Kong and Sydney, and $17.1 million under the European financing for general working capital and expansion projects in France, Germany, Switzerland and the United Kingdom, which, given the state of the current credit market, we believe we will be able to fully utilize. Regarding our indebtedness as of September 30, 2008, as noted above, $515.5 million was non-convertible senior debt, of which $254.7 million of this amount is with a single lender. Although these are committed facilities, most of which are fully drawn or advanced for which we are amortizing debt repayments of either principal and/or interest only, and we are in full compliance with all covenants related to them, 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.

While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and to complete our publicly-announced IBX expansion plans, we may pursue additional expansion opportunities, primarily the build-out of new IBX centers, in certain of our existing markets which are at or near capacity within the next year. While we will be able to fund some of these expansion plans with our existing resources, to pursue certain of these additional expansion plans additional financing, either debt or equity, may be required. However, if current market conditions continue to persist, or deteriorate further, we would be unable to secure additional financing or any such additional financing may be available to us on unfavorable terms. An inability to pursue additional expansion opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

Sources and Uses of Cash

	Nine months ended September 30,	
	2008	2007
	(in thousands)	
Net cash provided by operating activities	$ 191,263	$ 106,139
Net cash used in investing activities	(434,850)	(951,206)
Net cash provided by financing activities	112,950	1,107,012

Operating Activities. The increase in net cash provided by operating activities was primarily due to improved operating results as discussed above, strong collections of accounts receivable, management of vendor payments and growth in customer installations, which increases deferred installation revenue, a liability account. We expect that we will continue to generate cash from our operating activities throughout the remainder of 2008 and beyond.

Investing Activities. Net cash used in investing activities for the nine months ended September 30, 2008 was primarily the result of $305.5 million of capital expenditures required to bring our recently announced and current IBX expansion projects to Equinix standards and to support our growing customer base, as well as the Virtu acquisition of $23.2 million, and the net purchase of our short-term and long-term investments. Net cash used in investing activities for the nine months ended September 30, 2007 was primarily the result of the IXEurope acquisition for $541.7 million, the purchase of one of our San Jose IBX properties and an adjacent piece of land totaling $71.5 million, the purchase of our Los Angeles IBX property for $49.1 million and $295.8 million of other capital expenditures required to bring our recently announced and current IBX expansion projects to Equinix standards and to support our growing customer base, partially offset by net maturities of our short-term and long-term investments.

Financing Activities. Net cash provided by financing activities for the nine months ended September 30, 2008, was primarily the result of $102.1 million in gross proceeds from our loans payable in connection with our European financing, Asia-Pacific financing and Chicago IBX financing, partially offset by debt issuance costs and principal payments for our capital leases and other financing obligations and our mortgage and loans payable. Net cash provided by financing activities for the nine months ended September 30, 2007, was primarily the result of $646.0 million in gross proceeds from our convertible subordinated debt offerings, $339.9 million in net proceeds from our common stock offering, $118.8 million in gross proceeds from our loans payable in connection with the Chicago IBX financing and the Asia-Pacific financing and $27.6 million in proceeds from our various employee stock plans, partially offset by debt issuance costs and principal payments for our capital leases and other financing obligations and the Ashburn campus mortgage payable.

Debt Obligations

Chicago IBX Financing. During the nine months ended September 30, 2008, we received additional advances totaling $4.4 million, bringing the cumulative and final loan payable to approximately $110.0 million. As of September 30, 2008, the loan payable carried an approximate interest rate of 5.25% per annum. The loan payable under the Chicago IBX financing bears interest at a floating rate. The loan payable under the Chicago IBX financing has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. The Chicago IBX financing is collateralized by the assets of one of our Chicago IBX centers.

In May 2008, we entered into an interest rate swap agreement with one counterparty to hedge the interest payments on a $105.0 million notional amount of the Chicago IBX financing, which will mature in February 2011. Under the terms of the interest rate swap transaction, we receive interest payments based on rolling one-month LIBOR terms and pay interest at the fixed rate of 6.34%.

Asia-Pacific Financing. In January 2008, the Asia-Pacific financing was amended to enable our subsidiary in Australia to borrow up to 32.0 million Australian dollars, or approximately $25.4 million, under the same general terms, amending the Asia-Pacific financing into an approximately $69.0 million multi-currency credit facility agreement. In June 2008, the Asia-Pacific financing was further amended to enable our subsidiary in Hong Kong to borrow up to 156.0 million Hong Kong dollars, or approximately $20.1 million, under the same general terms, amending the Asia-Pacific financing into an approximately $89.1 million multi-currency credit facility agreement. Loans payable under the Asia-Pacific financing bear interest at floating rates. Loans payable under the Asia-Pacific financing have a final maturity date of June 2012. The Asia-Pacific financing is guaranteed by the parent, Equinix, Inc., is secured by the assets of our subsidiaries in Japan, Singapore, Hong Kong and Australia, including a pledge of their shares, and has several financial covenants, with which we must comply quarterly. As of September 30, 2008, we were in compliance with all financial covenants associated with the Asia-Pacific financing. As of September 30, 2008, we had borrowed 23.0 million Singapore dollars, or approximately $16.0 million, at an approximate interest rate per annum of 3.04%; 2.9 billion Japanese yen, or approximately $27.6 million, at an approximate interest rate per annum of 2.70%; 13.2 million Australian dollars, or approximately $10.5 million, at an approximate interest rate per annum of 9.06% and 87.8 million Hong Kong dollars, or approximately $11.2 million, at an approximate interest rate per annum of 5.51%. Collectively, the total amount borrowed was approximately equal to $65.4 million, leaving approximately $23.7 million of available balance to borrow under the Asia-Pacific financing. In October 2008, we received an additional advance of 56.6 million Hong Kong dollars, or approximately $7.3 million, at an approximate interest rate per annum of 5.48% under the Asia-Pacific financing. Collectively, the total amount borrowed under the Asia-Pacific financing was approximately $72.7 million, leaving approximately $16.4 million available to borrow.

European Financing. During the nine months ended September 30, 2008, we received additionaladvances totaling approximately 29.4 million British pounds, or approximately $57.1 million, under the European financing, leaving the amount available to borrow totaling approximately 9.6 million British pounds, or approximately $17.1 million. As of September 30, 2008, a total of approximately 71.8 million British pounds, or approximately $127.9 million, was outstanding under the European financing with an approximate blended interest rate of 7.78% per annum. Loans payable under the European financing bear interest at floating rates. The European financing is available to fund certain of our expansion projects in France, Germany, Switzerland and the United Kingdom. Loans payable under the European financing have a final maturity date of June 2014. The European financing is collateralized by certain of our assets in Europe and contains several financial covenants with which we must comply quarterly. As of September 30, 2008, we were in compliance with all financial covenants associated with the European financing. In October 2008, we received additional advances totaling approximately 3.2 million British pounds, or approximately $5.6 million, under the European financing with an approximate blended interest rate of 6.97% per annum. As a result, the amount available to borrow under the European financing totals approximately 6.4 million British pounds or approximately $11.4 million.

In May 2008, we entered into three interest rate swap agreements and re-designated two older ineffective interest rate swap agreements with a total of two counterparties to hedge the interest payments on the equivalent of $113.7 million notional amount of the European financing, which will mature in August 2009 and May 2011. Under the terms of the interest rate swap transactions, we receive interest payments based on rolling one-month EURIBOR and LIBOR terms and pay fixed interest rates ranging from 5.97% to 8.16%.

Netherlands Financing. In February 2008, as a result of the Virtu acquisition, our wholly-owned subsidiary assumed senior credit facilities totaling 5.5 million Euros bearing interest at a floating rate (three month EURIBOR plus 1.25%). As of September 30, 2008, a total of approximately 4.3 million Euros, or approximately $6.1 million, was outstanding under the Netherlands financing with an approximate blended interest rate of 6.53% per annum. The Netherlands financing is collateralized by substantially all of our operations in the Netherlands. The Netherlands financing contains several financial covenants, which must be complied with on an annual basis. Our wholly-owned subsidiary in the Netherlands was not in compliance with the December 31, 2007 financial covenants; however, in April 2008, we obtained a waiver from the lender for such non-compliance. Although the Netherlands financing has a payment schedule with a final payment date in January 2016, as of September 30, 2008, we had reflected the total amount outstanding under the Netherlands financing as a current liability within the current portion of mortgage and loans payable on the accompanying balance sheet as it is not currently a committed facility.

$75.0 Million Silicon Valley Bank Revolving Credit Line. In February 2008, we terminated the $75.0 million Silicon Valley Bank revolving credit line. As a result, all letters of credit issued and outstanding under the $75.0 million Silicon Valley Bank revolving credit line, totaling $12.1 million, were cash collateralized. As of the termination date, we had no borrowings outstanding under the Silicon Valley Bank revolving credit line and no termination penalties were incurred.

Debt Maturities, Financings, Leases and Other Contractual Commitments

We lease a majority of our IBX centers and certain equipment under non-cancelable lease agreements expiring through 2027. The following represents our debt maturities, financings, leases and other contractual commitments as of September 30, 2008 (in thousands):

	2008 (3 months)	2009	2010	2011	2012	2013 and thereafter	Total
Convertible debt **(1)**	$ —	$ 32,250	$ —	$ —	$ 250,000	$ 395,986	$ 678,236
Chicago IBX financing **(1)**	—	—	109,991**(5)**	—	—	—	109,991
Asia-Pacific financing **(1)**	3,638	19,054	21,811	18,173	2,757	—	65,433
European financing **(1)**	934	9,342	14,750	16,618	19,322	66,913	127,879
Netherlands financing **(1)**	6,087	—	—	—	—	—	6,087
Interest **(2)**	9,569	36,037	28,895	26,308	19,524	27,654	147,987
Mortgage payable **(3)**	2,541	10,164	10,164	10,164	10,165	133,503	176,701
Other note payable **(3)**	2,500	10,000	—	—	—	—	12,500
Capital lease and other financing obligations **(3)**	2,943	11,880	11,930	12,039	11,729	111,717	162,238
Operating leases under accrued restructuring charges **(3)**	495	3,935	4,002	4,128	4,374	11,274	28,208
Operating leases **(4)**	13,964	57,005	54,331	50,322	49,338	284,819	509,779
Other contractual commitments **(4)**	77,896	132,991	15,717	3,175	—	—	229,779
	$ 120,567	$ 322,658	$ 271,591	$ 140,927	$ 367,209	$ 1,031,866	$ 2,254,818

(1) Represents principal only.

(2) Represents interest on convertible debt, Chicago IBX financing, Asia-Pacific financing, European financing and Netherlands financing based on their approximate interest rates as of September 30, 2008.

(3) Represents principal and interest.

(4) Represents off-balance sheet arrangements. Other contractual commitments are described below.

(5) The loan payable under the Chicago IBX financing has a maturity date of January 31, 2010, with options to extend for up to an additional two years, in one-year increments, upon satisfaction of certain extension conditions. Given the current market climate, we intend to extend the maturity of the loan payable under the Chicago IBX financing.

Primarily as a result of our various IBX expansion projects, as of September 30, 2008, we were contractually committed for $156.6 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to complete construction and open these IBX centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2008 and 2009, is reflected in the table above as “other contractual commitments.”

We have other non-capital purchase commitments in place as of September 30, 2008, such as commitments to purchase power in select locations, primarily in the U.S., Australia, Germany, Singapore and the United Kingdom, through the remainder of 2008 and thereafter, and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during the remainder of 2008 and beyond. Such other purchase commitments as of September 30, 2008, which total $73.2 million, are also reflected in the table above as “other contractual commitments.”

In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures of approximately $100.0 million to $150.0 million, in addition to the $156.6 million in contractual commitments as discussed above as of September 30, 2008, in our various IBX expansion projects during the remainder of 2008 and 2009 in order to complete the work needed to open these IBX centers. These non-contractual capital expenditures are not reflected in the table above. If the current economic environment persists, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

Recent Accounting Pronouncements

See Note 16 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We may be exposed to market risks related to impairments of our investment portfolio, changes in interest rates and foreign currency exchange rates and fluctuations in the prices of certain commodities, primarily electricity.

We currently employ interest rate swaps and foreign currency forward exchange contracts for the purpose of hedging certain specifically identified exposures. The use of these financial instruments is intended to mitigate some of the risks associated with either fluctuations in interest rates or currency exchange rates, but does not eliminate such risks. We do not use financial instruments for trading or speculative purposes.

Investment Portfolio Risk

All of our cash equivalents and marketable securities are designated as available-for-sale and are therefore recorded at fair market value on our condensed consolidated balance sheets with the unrealized gains or losses reported as a separate component of other comprehensive income or loss. We consider various factors in determining whether we should recognize an impairment charge for our securities, including the length of time and extent to which the fair value has been less than our cost basis and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value. As more fully described in Note 5 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, in September 2008, we incurred a realized loss from our investment portfolio (consisting of a single money market account) totaling $1.5 million. If market conditions continue to deteriorate and liquidity constraints become even more pronounced, we could sustain more losses from our investment portfolio. As our securities mature, we have been increasing our holdings in U.S. government securities, such as Treasury bills and Treasury notes of a short-term duration and lower yield. As a result, we expect our interest income to decrease in future periods.

As of September 30, 2008, our investment portfolio of cash equivalents and marketable securities consisted of money market fund investments, commercial paper, corporate notes, asset backed securities, certificates of deposit and U.S government and agency obligations. Excluding the U.S. government holdings which carry a lower risk and lower return in comparison to other securities in the portfolio, the invested amount in our investment portfolio most susceptible to market risk totaled $206.6 million.

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio and variable-rate financings in place in the U.S., Asia-Pacific and Europe. The fair market value of our marketable securities could be adversely impacted due to a rise in interest rates, but we do not believe such impact would be material. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities and as of September 30, 2008 our portfolio maturity was relatively short. If current interest rates were to increase or decrease by 10% from their position as of September 30, 2008, the fair market value of our investment portfolio could increase or decrease by approximately $155,000.

An immediate 10% increase or decrease in current interest rates from their position as of September 30, 2008 would furthermore not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our Chicago IBX financing, Asia-Pacific financing, European financing and Netherlands financing, which bear interest at variable rates tied to local cost of funds or LIBOR/SIBOR/EURIBOR, could be affected. For every 100 basis point change in interest rates, our annual interest expense could increase or decrease by a total of $3.1 million based on the total balance of our borrowings under the Chicago IBX financing, Asia-Pacific financing, European financing and Netherlands financing as of September 30, 2008. To mitigate the risk of fluctuations in floating rates, we utilize interest rate swaps (receive floating/ pay fixed). As of September 30, 2008, we had entered into a total of six swap agreements with maturity dates of less than three years, comprised of five swap agreements for the European financing with an aggregate notional amount of 38.3 million British pounds and 32.3 million Euros, or approximately $113.7 million, and one swap agreement for the Chicago IBX financing with an aggregate notional amount of $105.0 million. Under the five swap agreements for the European financing, we pay fixed rates of interest ranging from 5.97% to 8.16% on the notional amount and the counterparty pays us rates of interest on the notional amount based on LIBOR/EURIBOR. Under the swap agreement for the Chicago IBX financing, we pay a fixed rate of 6.34% on the notional amount and the counterparty pays us rates of interest on the notional amount based on one-month LIBOR. The fair values or changes in fair value of these swaps are recorded on our consolidated balance sheets in other comprehensive income or loss.

The fair market value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. These interest rate changes may affect the fair market value of the fixed interest rate debt but do not impact our earnings or cash flows. The fair market value of our convertible subordinated debentures and convertible subordinated notes is based on quoted market prices. The estimated fair value of our convertible subordinated debentures at September 30, 2008 was approximately $56.9 million. The estimated fair value of our 2.50% convertible subordinated notes at September 30, 2008 was approximately $200.0 million. The estimated fair value of our 3.00% convertible subordinated notes at September 30, 2008 was approximately $328.9 million.

We may enter into additional interest rate hedging agreements in the future to mitigate our exposure to interest rate risk.

Foreign Currency Risk

The majority of our recognized revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 37% of our revenues and 41% of our operating costs are in the Europe and Asia-Pacific regions and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the British pound, Euro, Swiss franc, Singapore dollar, Japanese yen and Hong Kong and Australian dollars. As a result, our operating results and cash flows are impacted by currency fluctuations relative to the U.S. dollar. To protect against certain reductions in value caused by changes in currency exchange rates, we have established a risk management program to offset some of the risk of carrying assets and liabilities denominated in foreign currency. Our risk management program reduces, but does not entirely eliminate, the impact of currency exchange rate movements and its impact to the statements of operations and does not currently address balance sheet exposure. As of September 30, 2008, the outstanding foreign currency contracts had maturities of 180 days or less.

For the foreseeable future, we anticipate that approximately 35-40% of our revenues and operating costs will continue to be generated and incurred outside of the U.S. in currencies other than the U.S. dollar. While we hedge certain of our balance sheet foreign currency assets and liabilities, 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 past several months, the U.S. dollar has strengthened relative to certain of the currencies of the foreign countries in which we operate. This has significantly impacted our consolidated financial position and results of operations as amounts in foreign currencies are generally translating into less U.S. dollars. To the extent the U.S. dollar strengthens further, this will continue to have a significant impact to our consolidated financial position and results of operations including the amount of revenue that we report in future periods.

We may enter into significant hedging activities in the future to mitigate our exposure to foreign currency risk as our exposure to foreign currency risk continues to increase due to our growing foreign operations; however, we do not currently intend to eliminate all foreign currency transaction exposure.

Commodity Price Risk

Certain operating costs incurred by us are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of price changes are electricity, supplies and equipment used in our IBX centers. We are closely monitoring the cost of electricity at all of our locations. We have entered into several power contracts to purchase power at fixed prices during 2008 and beyond in certain locations in the U.S., as well as Australia, Germany, Singapore and the United Kingdom.

In addition, as we are building new, "greenfield" IBX centers, we are subject to commodity price risk for building materials related to the construction of these IBX centers, such as steel and copper. In addition, the lead-time to procure certain pieces of equipment, such as generators, is substantial. Any delays in procuring the necessary pieces of equipment for the construction of our IBX centers could delay the anticipated openings of these new IBX centers and, as a result, increase the cost of these projects.

We do not currently employ forward contracts or other financial instruments to address commodity price risk other than the power contracts discussed above.

Item 4. Controls and Procedures

(a) ***Evaluation of Disclosure Controls and Procedures.*** Our Chief Executive Officer and our Chief Financial Officer, after evaluating the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this quarterly report, have concluded that our disclosure controls and procedures are effective based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

(b) ***Changes in Internal Control over Financial Reporting.*** There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against us, certain of our officers and directors (the "Individual Defendants"), and several investment banks that were underwriters of our initial public offering (the "Underwriter Defendants"). The cases were filed in the United States District Court for the Southern District of New York. Similar lawsuits were filed against approximately 300 other issuers and related parties. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 against us and the Individual Defendants. The plaintiffs have since dismissed the Individual Defendants without prejudice. 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. The 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. The action seeks damages in an unspecified amount. On February 19, 2003, the Court dismissed the Section 10(b) claim against us, but denied the motion to dismiss the Section 11 claim. On December 5, 2006, the Second Circuit vacated a decision by the district court granting class certification in six "focus" cases, which are intended to serve as test cases. Plaintiffs selected these six cases, which do not include Equinix. On April 6, 2007, the Second Circuit denied a petition for rehearing filed by plaintiffs, but noted that plaintiffs could ask the district court to certify more narrow classes than those that were rejected. On August 14, 2007, plaintiffs filed amended complaints in the six focus cases. On September 27, 2007, plaintiffs moved to certify a class in the six focus cases. On November 14, 2007, the issuers and the underwriters named as defendants in the six focus cases moved to dismiss the amended complaints against them. On March 26, 2008, the district court dismissed the Section 11 claims of those members of the putative classes in the focus cases who sold their securities for a price in excess of the initial offering price and those who purchased outside the previously certified class period. With respect to all other claims, the motions to dismiss were denied. On October 10, 2008, at the request of the plaintiffs, plaintiffs' motion for class certification was withdrawn, without prejudice.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of thematter. We are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows. We intend to continue to defend the action vigorously.

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of Equinix's current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action. On March 3, 2008, the state court plaintiff filed a second amended consolidated complaint after the court granted two motions to dismiss prior complaints with leave to amend. The second amended consolidated complaint alleged that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the dissemination of false financial statements. The second amended consolidated complaint sought to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution and fees and costs. On July 8, 2008, the state court granted our motion to dismiss the second amended consolidated complaint without leave to amend and entered a final judgment dismissing the action and all claims asserted therein in their entirety without leave to amend. The time for the state court plaintiff to appeal the judgment expired on September 9, 2008.

Responding to, investigating and/or defending against civil litigations and government inquiries regarding our stock option grants and practices would present a substantial cost to us in both cash and the attention of certain management and may have a negative impact on our operations. In addition, in the event of any negative finding or assertion by a court of law or any third-party claim related to our stock option granting practices, we may be liable for damages, fines or other civil or criminal remedies, or be required to restate our prior period financial statements or adjust our current period financial statements. Any such adverse action could have a material adverse effect on our business and current market value.

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. 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. 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 outcome of the matter. We are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors

In addition to the other information contained in this report, the following risk factors should be considered carefully in evaluating our business and us:

We may not be able to successfully integrate IXEurope and achieve the benefits we expect from the IXEurope acquisition.

We will only achieve the benefits that are expected to result from the IXEurope acquisition if we can successfully integrate its administrative, finance, operations, sales and marketing organizations, and implement appropriate systems and controls.

The success of the IXEurope acquisition and integration into our operations will involve a number of risks, including, but not limited to:

- the possible diversion of our management's attention from other business concerns, including our previously announced expansion plans in the U.S. and Asia-Pacific regions;
- the potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with the IXEurope acquisition, some of which were anticipated in our purchase price;
- the potential that our existing customer base will not choose us as their global colocation solution as expected;
- the potential inability to maintain our historic levels of stability, uptime and quality for our customers;
- the possible loss of IXEurope's key employees;
- the potential inability to achieve expected operating efficiencies in IXEurope's operations, including through the thorough integration of our operations, marketing, sales and financial systems;
- the increased complexity and diversity of our operations after the IXEurope acquisition compared to our prior operations;
- the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and
- unanticipated problems, expenses or liabilities.

If we fail to integrate IXEurope successfully and/or fail to realize the intended benefits of the IXEurope acquisition, our results of operations could be materially and adversely affected. In addition, the IXEurope acquisition resulted in a substantial goodwill asset, which will be subject to an annual impairment analysis. If this goodwill were to be impaired in the future, it could have a significant negative impact on our results of operations and financial condition.

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

We have a significant amount of debt. As of September 30, 2008, our total indebtedness was approximately $1.2 billion and our stockholders' equity was $837.3 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 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;

· 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; and

· make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings, a portion of which we have now hedged.

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 September 30, 2008, $515.5 million was non-convertible senior debt (of which $254.7 million is with a single lender). Although these are committed facilities, most of which are fully drawn or advanced for which we are amortizing debt repayments of either principal and/or interest only, and we are in full compliance with all covenants related to them, 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.

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 debts, will be a substantial drain on our cash flow and may decrease our cash balances. We recognize that 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. Further, as of September 30, 2008, we had a total of $40.8 million of additional liquidity available to us from our Asia-Pacific and European financings (of which approximately $12.9 million was subsequently drawn in October 2008 through the date of this filing). Although these are committed facilities and we are in full compliance with all covenants related to them, given the current economic environment, the lenders may elect to cancel any unused portions of these facilities at any time, which would have a significant impact on our liquidity. 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.

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. 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 this Quarterly Report on Form 10-Q.

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. We had invested approximately $50.9 million in this fund, which had a fair value of $49.4 million as of September 30, 2008. Despite making redemption requests for the entire amount of our investment, we have not received any distribution as of October 24, 2008. While we expect to receive substantially all of our current holdings in this fund within the next 12 months, it is possible we may encounter difficulties in receiving distributions given the current credit market conditions. 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 impact our liquidity in other ways. Customer collections are our primary source of cash. While we believe we have a well diversified customer base and no concentration of credit risk with any single customer, we have a number of large customers in the financial services sector. 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 we may experience increased churn in our customer base, including reductions in their commitments to us, which could also have a material adverse effect on our liquidity. Deteriorating market and liquidity conditions may also give rise to issues which may impact our lenders' ability to hold their debt commitments to us to their full term. Accordingly, while this would be highly unusual, these lenders of committed and drawn facilities could 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.

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.

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 from 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 balance sheet foreign currency assets and liabilities, 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 past several months, the U.S. dollar has strengthened relative to certain of the currencies of the foreign countries in which we operate. This has significantly impacted our consolidated financial position and results of operations as amounts in foreign currencies are generally translating into less U.S. dollars. To the extent the U.S. dollar strengthens further, this will continue to have a significant impact to 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 this Quarterly Report on Form 10-Q.

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

Although we have generated cash from operations for the past several years and expect this trend to continue, we have incurred substantial losses in the past. As of September 30, 2008 our accumulated deficit was $543.6 million. Although we have generated net income in our first, second and third quarters of 2008, 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 will negatively impact our ability to sustain profitability 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. In addition, costs associated with the IXEurope acquisition and the integration of the two 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 achieve and 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 12–18 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. Any 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 interconnect these two centers. Should these services not provide the necessary reliability to sustain service, this could result in lower interconnection revenue, 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. 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
- the 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 adversely impacted.

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 decline. 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:

- financing or other expenses related to the acquisition, purchase or construction of additional IBX centers;
- fluctuations of foreign currencies in the markets in which we operate;
- mandatory expensing of employee stock-based compensation;
- 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;
- 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 book new revenue or delays in opening up new or acquired IBX centers that delay our ability to book new revenue in markets which have otherwise reached capacity;
- the timing and magnitude of other operating expenses, including taxes, capital expenditures and expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets; and
- the cost and availability of adequate public utilities, including power.

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. We have 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.

Our inability to use our tax net operating losses will cause us to pay taxes at an earlier date and in greater amounts, which may harm our operating results.

We believe that our ability to use our pre-2003 tax net operating losses, or NOLs, in any taxable year is subject to limitations under Section 382 of the United States Internal Revenue Code of 1986, as amended, or the Code, as a result of the significant change in the ownership of our stock that resulted from our combination with i-STT Pte Ltd and Pihana Pacific, Inc. in 2002. We expect that a significant portion of our NOLs that accrued prior to December 31, 2002 will expire unused as a result of this limitation.

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, 2007, 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 or will constitute 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.

IXEurope, since it was acquired in September 2007, was scoped out of internal control testing for 2007; however, it will be in scope for 2008. It may be difficult to design and implement effective financial controls for combined operations, and differences in existing controls of any acquired businesses, including IXEurope, may result in weaknesses that require remediation when the financial controls and reporting are combined.

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.

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, 2007, 2006 and 2005, we recognized 23%, 14% and 13%, respectively, of our revenues outside the U.S. For the nine months ended September 30, 2008, 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 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 that market.

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. In addition, any expansion requires substantial operational and financial resources, and we may not have sufficient customer demand to support the expansion once complete. Unanticipated technological changes could also affect customer requirements for data centers and we may not have built such requirements into our expanded IBX centers.

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;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business; 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 most of our centers were built several 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 data 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, 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 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.

We have made, and may continue to make, acquisitions which pose integration and other risks that could harm our business.

We have recently acquired several new IBX centers, and we may seek to acquire additional IBX centers, real estate for development of new IBX centers, or complementary businesses, such as IXEurope and Virtu, products, services or technologies. As a result of these acquisitions, we may be required to incur additional debt and expenditures and issue additional shares of our common stock to pay for the acquired businesses, products, services or technologies, which may dilute our stockholders' ownership interest and may delay, or prevent, our profitability. These acquisitions may also expose us to risks such as:

- the 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 the level of quality in such businesses to which our customers are accustomed;
- the possibility that additional capital expenditures may be required;
- the possibility that senior management may be required to spend considerable time negotiating agreements and integrating acquired businesses;
- the possible loss or reduction in value of acquired businesses;
- 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 carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX center;
- the possibility of pre-existing undisclosed liabilities regarding the property or IBX center, including but not limited to environmental or asbestos liability, of which our insurance may be insufficient or for which we may be unable to secure insurance coverage; and
- the possibility that the concentration of our IBX centers in the Silicon Valley, Los Angeles and Tokyo, Japan metro areas may increase our exposure to seismic activity, especially if these centers are located on or near fault zones.

We cannot assure you that the price for any future acquisitions will be similar to prior IBX 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 European jurisdictions. The state and local real property taxes on our IBX centers may increase as property tax rates change 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.

Our non-U.S. customers include numerous related parties of STT Communications.

We continue to have contractual and other business relationships and may engage in material transactions with affiliates of STT Communications, a greater than 10% stockholder. Circumstances may arise in which the interests of STT Communications' affiliates may conflict with the interests of our other stockholders. In addition, entities affiliated with STT Communications make investments in various companies. They have invested in the past, and may invest in the future, in entities that compete with us. In the context of negotiating commercial arrangements with affiliates, conflicts of interest have arisen in the past and may arise, in this or other contexts, in the future. We cannot assure you that any conflicts of interest will be resolved in our favor.

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. 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 coming into force in the European Union in an effort to prevent or reduce climate change. In the United States, federal proposals are under consideration that would implement some form of regulation or taxation to mitigate greenhouse gas emissions. 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. The proposals include a tax on carbon, a carbon "cap-and-trade" market, and/or other restrictions on carbon and greenhouse gas emissions. California's recently enacted Global Warming Solutions Act of 2006 established a statewide greenhouse gas emissions cap and will require mandatory emissions reporting. We do not anticipate to be directly regulated by each of the potential or developing climate change-related laws, but such legislation is 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, we may be required to modify our emergency power sources 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 conditions 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 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 center based on the assumption that the environment will be highly competitive. We cannot assure you that any 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 expansion centers. 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, these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, 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% of our revenues for the nine months ended September 30, 2008 or the year ended December 31, 2007, our top 10 customers accounted for 21%, inclusive of the impact of the IXEurope acquisition and exclusive of the impact of the Virtu acquisition, and 23%, exclusive of the impact of the IXEurope acquisition, respectively, of our revenues during these periods. As of September 30, 2008, excluding customers acquired in the Virtu acquisition, we had 2,203 customers. 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 will 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.

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 local phone companies, long distance phone companies, Internet service providers and web-hosting 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 would be materially adversely affected.

We may also face competition from persons seeking to replicate our IBX concept by building new centers or converting existing 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 IBXs, 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 network service providers, site and performance management companies, and enterprise and content companies. 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. In addition, 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. This may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

Our products and services have a long sales cycle that may materially adversely affect our business, financial condition and results of operations.

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. Delays due to the length of our sales cycle may materially 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 2010 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.

If the market price of our stock continues to be highly volatile, the value of an investment in our common stock may decline.

Since January 1, 2007, the closing sale price of our common stock on the NASDAQ Global Select Market ranged from $53.00 to $116.66 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.

In addition, actual sales, or the market's perception with respect to possible sales, of a substantial number of shares of our common stock within a narrow period of time could cause our stock price to fall. On November 9, 2005, 4.3 million shares of our common stock were sold by i-STT Investments (Bermuda) Ltd. to Credit Suisse First Boston Capital LLC ("CSFB Capital") pursuant to a Forward Purchase Agreement (the "Purchase Agreement") under which i-STT Bermuda will (subject to its right to settle its obligations under the Purchase Agreement in cash) be obligated to deliver up to 4.3 million shares of Equinix common stock on November 15, 2008 in settlement of its obligations under the Purchase Agreement. CSFB will, in turn, use such shares of our common stock, or cash, as the case may be, to settle its obligations to the purchasers of its 5.50% Shared Appreciation Income Linked Securities ("SAILS") due November 15, 2008. The release of 4.3 million shares of our common stock to the purchasers of the SAILS, and their subsequent resale by such purchasers on the market, could cause our stock price to fall.

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;
- 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 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,” 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. If Plaintiffs re-file their motion and it is successful, it is likely that they will amend their complaint against Equinix.

On June 29, 2006 and September 18, 2006, shareholder derivative actions were filed in the Superior Court of the State of California, County of San Mateo, naming Equinix as a nominal defendant and several of Equinix's current and former officers and directors as individual defendants. These actions were consolidated, and the consolidated complaint was filed in January 2007. In March 2007, the state court stayed this action in deference to a federal shareholder derivative action filed in the United States District Court for the Northern District of California in October 2006. The federal action named Equinix as a nominal defendant and several current and former officers and directors as individual defendants. This complaint alleged that the individual defendants breached their fiduciary duties and violated California and federal securities laws as a result of purported backdating of stock options, insider trading and the dissemination of false statements. On April 12, 2007, the federal action was voluntarily dismissed without prejudice pursuant to a joint stipulation entered as an order by the court. On May 3, 2007, the state court lifted the stay on proceedings in the state court action. On March 3, 2008, the state court plaintiff filed a second amended consolidated complaint after the court granted two motions to dismiss prior complaints with leave to amend. The second amended consolidated complaint alleged that the individual defendants breached their fiduciary duties and violated California securities law as a result of purported backdating of stock option grants, insider trading and the dissemination of false financial statements. The second amended consolidated complaint sought to recover, on behalf of Equinix, unspecified monetary damages, corporate governance changes, equitable and injunctive relief, restitution and fees and costs. On July 8, 2008, the state court granted our motion to dismiss the second amended consolidated complaint without leave to amend and entered a final judgment dismissing the action and all claims asserted therein in their entirety without leave to amend. The time for the state court plaintiff to appeal the judgment expired on September 9, 2008.

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 thirty 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. 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. 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 outcome of the matter. We are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows.

We continue to participate in the defense of litigation, as discussed above, 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 and results of operations.

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 currently 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 appear to be having an adverse effect on business, financial and general economic conditions internationally. These effects may, in turn, increase our costs due to the need 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
2.1	Combination Agreement, dated as of October 2, 2002, by and among Equinix, Inc., Eagle Panther Acquisition Corp., Eagle Jaguar Acquisition Corp., i-STT Pte Ltd, STT Communications Ltd., Pihana Pacific, Inc. and Jane Dietze, as representative of the stockholders of Pihana Pacific, Inc.	Def. Proxy 14A	12/12/02		
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/02	3.1	
3.2	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.3	Bylaws of the Registrant.	10-K	12/31/02	3.2	
3.4	Certificate of Amendment of the Bylaws of the Registrant.	10-Q	6/30/03	3.4	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.				
4.2	Registration Rights Agreement (see Exhibit 10.7).				
4.3	Indenture dated February 11, 2004 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	10-Q	3/31/04	10.99	
4.4	Indenture dated March 30, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/07	4.4	
4.5	Form of 2.50% Convertible Subordinated Note Due 2012 (see Exhibit 4.4).				
4.6	Indenture dated September 26, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	9/26/07	4.4	
4.7	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.6).				
10.1	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/99	10.5	
10.2+	Lease Agreement with Carlyle-Core Chicago LLC, dated as of September 1, 1999.	S-4/A (File No. 333-93749)	5/9/00	10.9	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.3	2000 Equity Incentive Plan, as amended.	10-K	12/31/07	10.3	
10.4	2000 Director Option Plan, as amended.	10-K	12/31/07	10.4	
10.5	2001 Supplemental Stock Plan, as amended.	10-K	12/31/07	10.5	
10.6	Form of Severance Agreement entered into by the Company and each of the Company's executive officers.	10-Q	9/30/02	10.58	
10.7	Registration Rights Agreement by and among Equinix and the Initial Purchasers, dated as of December 31, 2002.	10-K	12/31/02	10.75	
10.8	Securities Purchase and Admission Agreement, dated April 29, 2003, among Equinix, certain of Equinix's subsidiaries, i-STT Investments Pte Ltd, STT Communications Ltd and affiliates of Crosslink Capital.	8-K	5/1/03	10.1	
10.9+	Lease Agreement dated as of April 21, 2004 between Eden Ventures LLC and Equinix, Inc.	10-Q	6/30/04	10.103	
10.10	Equinix, Inc. 2004 International Employee Stock Purchase Plan effective as of June 3, 2004.	10-Q	6/30/04	10.105	
10.11	Equinix, Inc. Employee Stock Purchase Plan effective as of June 3, 2004.	10-Q	6/30/04	10.106	
10.12	Form of Restricted Stock Agreement for Equinix's executive officers under the Company's 2000 Equity Incentive Plan.	10-K	12/31/05	10.115	
10.13	Lease Agreement dated June 9, 2005 between Equinix Operating Co., Inc. and Mission West Properties L.P. and associated Guaranty of Equinix, Inc.	10-Q	6/30/05	10.117	
10.14	Letter Agreement dated October 6, 2005 among Equinix, Inc., STT Communications Ltd. and I-STT Investments Pte. Ltd.	8-K	10/6/05	99.1	
10.15	Lease Agreement dated December 21, 2005 between Equinix Operating Co., Inc. and iStar El Segundo, LLC and associated Guaranty of Equinix, Inc.	10-K	12/31/05	10.126	
10.16+	Loan and Security Agreement and Note between Equinix RP II, LLC and SFT I, Inc. dated December 21, 2005 and associated Guaranty of Equinix, Inc.	10-K	12/31/05	10.127	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.17	Lease Agreement dated as of December 21, 2005 between Equinix RP II, LLC and Equinix, Inc.	10-K	12/31/05	10.128	
10.18	Lease Agreement dated September 14, 2006 between 777 Sinatra Drive Corp. and Equinix, Inc.	10-Q	9/30/06	10.135	
10.19	First Omnibus Modification Agreement dated December 27, 2006 by and among SFT I, Inc. ("SFT I"), Equinix RP II, LLC ("RP II") and Equinix, Inc. ("Equinix"), Amended and Restated Promissory Note dated December 27, 2006 by RP II in favor of SFT I and Reaffirmation of Guaranty dated December 27, 2006 by RP II and Equinix in favor of SFT I.	10-K	12/31/06	10.37	
10.20	First Amendment to Deed of Lease dated December 27, 2006 by and between Equinix RP II, LLC and Equinix Operating Co., Inc.	10-K	12/31/06	10.38	
10.21	Development Loan and Security Agreement dated February 2, 2007 by and between CHI 3, LLC and SFT I, Inc. and related Promissory Notes One through Four.	10-Q	3/31/07	10.37	
10.22	Guaranty dated February 2, 2007 by and between Equinix, Inc. and SFT I, Inc.	10-Q	3/31/07	10.38	
10.23	Completion and Payment Guaranty dated February 2, 2007 by and between Equinix, Inc. and SFT I, Inc.	10-Q	3/31/07	10.39	
10.24	Master Lease dated February 2, 2007 by and between CHI 3, LLC and Equinix Operating Co., Inc. and associated Guaranty of Lease by Equinix, Inc.	10-Q	3/31/07	10.40	
10.25	Severance Agreement dated March 16, 2007 by and between Stephen M. Smith and Equinix, Inc.	10-Q	3/31/07	10.44	
10.26	Form of Restricted Stock Agreements for Stephen M. Smith under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/07	10.45	
10.27	Facility Agreement dated August 31, 2007 by and among Equinix Singapore Pte. Ltd., Equinix Japan K.K., the Additional Borrowers (as defined therein), the Lenders (as defined therein), and ABN AMRO BANK N.V., and related Guarantee dated August 31, 2007 by Equinix, Inc.	10-Q	9/30/07	10.47	

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.28	£82,000,000 Senior Facilities Agreement dated June 29, 2007 by and among IXEurope plc, CIT Bank Limited, as arranger, CIT Capital Finance (UK) Limited, as administrative agent and security trustee and the Lenders (as defined therein).	10-Q	9/30/07	10.49	
10.29	Amendment and Accession Agreement, dated as of January 31, 2008, by and among Equinix Singapore Pte. Ltd., Equinix Japan K.K. and Equinix Australia Pty. Limited, as Borrowers, ABN AMRO Bank N.V., Singapore Branch, ABN AMRO Bank N.V., Japan Branch and ABN AMRO Australia Pty Limited, as Lenders and ABN AMRO Bank N.V., as Facility Agent, Arranger and Collateral Agent and related Amendment No. 1 to Guarantee by Equinix, Inc.	10-K	12/31/07	10.32	
10.30	2008 Equinix Annual Incentive Plan.	10-K	12/31/07	10.33	
10.31	Form of Restricted Stock Unit Agreement for Equinix's executive officers under the Company's 2000 Equity Incentive Plan.	10-K	12/31/07	10.34	
10.32	Equinix, Inc. Sub-Plan to the 2004 International Employee Stock Purchase Plan for Participants Located in the European Economic Area.	10-Q	3/31/08	10.32	
10.33	Letter Agreement, dated April 22, 2008, by and between Eric Schwartz and Equinix, Inc.	10-Q	6/30/08	10.34	
10.34	Severance Agreement, dated May 22, 2006, by and between Eric Schwartz and Equinix, Inc.	10-Q	6/30/08	10.35	
10.35	Letter Agreement, dated April 25, 2008, by and between Peter Ferris and Equinix, Inc.	10-Q	6/30/08	10.36	
10.36	Letter Amendment, dated May 6, 2008, to £82,000,000 Senior Facilities Agreement dated June 29, 2007, by and among Equinix Group Limited, CIT Bank Limited, as arranger, CIT Capital Finance (UK) Limited, as administrative agent and security trustee and the Lenders (as defined therein).	10-Q	6/30/08	10.37	
10.37	Second Amendment and Accession Agreement, dated as of June 6, 2008, by and among Equinix Singapore Pte. Ltd., Equinix Japan K.K., Equinix Australia Pty. Limited and Equinix Hong Kong Limited, as Borrowers, ABN AMRO Bank N.V. and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Hong Kong Branch, as Lenders and ABN AMRO Bank N.V., as Facility Agent, Arranger and Collateral Agent and related Amendment No. 2 to Guarantee by Equinix, Inc.	10-Q	6/30/08	10.38	
10.38	Letter Agreement, dated July 22, 2008, by and between Marjorie Backaus and Equinix, Inc.				X
10.39	Lease Agreement, dated September 30, 2008, by and between Equinix Paris SAS and Digital Realty (Paris 2) SCI, and related guarantee by Equinix, Inc.				X
21.1	Subsidiaries of Equinix, Inc.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X

+ Confidential treatment has been requested for certain portions which are omitted in the copy of the exhibit electronically filed with the Securities and Exchange Commission. The omitted information has been filed separately with the Securities and Exchange Commission pursuant to Equinix's application for confidential treatment.

EQUINIX, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EQUINIX, INC.

Date: October 24, 2008

By: /s/ Keith D. Taylor
Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.38	Letter Agreement, dated July 22, 2008, by and between Marjorie Backaus and Equinix, Inc.
10.39	Lease Agreement, dated September 30, 2008, by and between Equinix Paris SAS and Digital Realty (Paris 2) SCI, and related guarantee by Equinix, Inc.
21.1	Subsidiaries of Equinix, Inc.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.38

Equinix, Inc.

July 22, 2008

Ms. Marjorie S. Backaus

Dear Marjorie:

This letter (the "Agreement") confirms the agreement between you and Equinix, Inc. (the "Company") regarding the continuation of your employment with the Company and the benefits we would like to offer you following your cessation of employment.

1. Continuing Employment. Your employment with the Company will continue through the earlier of (a) February 15, 2009, or (b) the date you commence full-time employment for a new employer, provided that you may resign your employment on any earlier date. The Company may terminate your employment prior to February 15, 2009 only for Cause. For purposes of this Agreement, the "Termination Date" shall mean the date that your employment ends. You agree to notify the Company in writing immediately upon accepting new employment. While you are employed by the Company, you may engage in part-time employment and consulting work provided it does not create a conflict of interest with the Company, as determined in the reasonable discretion of the Company's Chief Executive Officer or General Counsel. Our mutual understanding is that your working hours will be reduced to 50% of a full-time equivalent beginning November 1, 2008 through December 31, 2008 and your working hours may be further reduced to 20% of a full-time equivalent thereafter or may remain at 50% of a full-time equivalent if warranted based on the projects assigned to you. Our mutual understanding is also that you will work closely with the Company's Chief Executive Officer through your Termination Date on special projects. For purposes of this Agreement, "Cause" means (a) an unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes harm to the Company, (b) a material failure to comply with the Company's written policies or rules, (c) conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any state thereof, (d) gross misconduct, (e) continued failure to perform lawfully assigned duties after receiving written notification of such failure from the Company's Chief Executive Officer and thirty (30) days to cure such failure to perform, or (f) engaging in activities prohibited by Section 11 or 15 of this Agreement.

2. Salary, Bonus and PTO. Through the Termination Date, you will continue to be paid the salary you are currently earning, adjusted as necessary to reflect your reduction in hours in accordance with existing payroll practices. While you remain employed, you will continue to be provided all employee benefits for which you are eligible through and until the date your employment ends. In addition, while employed, you will continue to accrue PTO to the extent provided for and in accordance with the Company's existing policies. Any bonus that is earned for services you perform for 2008 will be paid on February 15, 2009 or earlier if the Compensation Committee determines on an earlier date that the performance milestones have been satisfied. You will not be eligible for a bonus or other incentive compensation for services performed in 2009. As of the date of this Agreement, you will no longer be entitled to the severance benefits detailed in the Severance Agreement dated August 22, 2002 currently in effect between you and the Company. You agree that the only payments and benefits that you are entitled to receive from the Company in the future are those specified in this Agreement or the terms of the Company benefit plans.

3. COBRA. Should your working hours fall below the number of hours required to maintain your enrollment in the Company's health plans and, in any event, following the Termination Date, you will receive information about your right to continue your group health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). In order to continue your coverage, you must file the required election form and pay the applicable premium.

4. Stock. You understand and agree that you were granted and continue to hold the rights to shares of the Company's common stock listed in the table. As of February 15, 2009, you will be vested in the number of shares indicated in the table provided the applicable performance measures are met as confirmed by the Compensation Committee by that time. If you remain employed with the Company through February 15, 2009, then you will be vested in the additional number of restricted stock awards as indicated in the table, which reflects vesting as if you remained employed through July 1, 2009 (the table assumes satisfaction of the applicable performance measures). To vest in the July 1, 2009 installments as of February 15, 2009, you must sign this Agreement, be continuously in employment through February 15, 2009, agree to not engage in Competitive Activities (as defined in Section 11 below) and sign the release attached hereto as Exhibit A (the "Second Release") within 5 days following your cessation of employment.

Type of Award	Grant Date	Number of Shares	Exercised or released as of 7/18/08	Price	Vested/ Released as of 2/15/09	Vested/ Released as of 7/1/09
Incentive stock option	11/10/1999	14,063	3,516	$ 32.00000	14,063	14,063
Non-qualified option	6/13/2000	1,750	0	$224.00000	1,750	1,750
Non-qualified option	1/9/2001	3,825	0	$119.00160	3,825	3,825
Non-qualified option	1/9/2001	82	0	$122.00000	82	82
Non-qualified option	9/26/2001	10,938	10,938	$ 12.16000	10,938	10,938
Non-qualified option	4/22/2002	4,688	4,688	$ 22.40000	4,688	4,688
Non-qualified option	3/6/2003	100,000	100,000	$ 3.25000	100,000	100,000
Non-qualified option	2/9/2004	52,000	50,000	$ 30.02000	52,000	52,000
RSA	2/8/2005	31,000	27,125	$ 0.00	3,875	3,875
RSA	1/10/2006	25,000	15,625	$ 0.00	3,125	6,250
RSA	1/2/2007	6,500	4,334	$ 0.00	2,166	2,166
RSA	1/2/2007	15,000	2,500	$ 0.00	2,500	5,000
RSU	1/31/2008	9,500	0	$ 0.00	4,750	4,750

All of your options are currently vested. Each of the shares of the Company's common stock issuable under RSAs listed in the table will be issued to you or credited to an account in your name when vested. Each of the RSUs listed in the table will be settled when vested. Upon vesting of shares and settlement of rights, the Company will collect all applicable income and employment taxes. Your participation in the Company's Employee Stock Purchase Plan will continue through the Termination Date or any earlier reduction in hours worked to 20 hours per week or fewer. Any payroll deductions accumulated but not used to purchase shares as of your last day worked will be refunded to you following your last day worked. All terms, conditions and limitations applicable to the purchase rights pursuant to the Company's Employee Stock Purchase Plan shall remain in full force and effect. You acknowledge that you currently have no other stock rights in the Company other than those rights enumerated in this paragraph, other than shares you own and that are in your possession. You further acknowledge that all terms, conditions and limitations applicable to your stock, options and stock rights pursuant to the applicable stock award agreement, including provisions for acceleration of vesting on a Change in Control, as set forth in the applicable agreement and the Company's 2000 Equity Incentive Plan, shall remain in full force and effect.

5. Release of All Claims. In consideration for agreeing to continue your employment on the terms set forth herein and the opportunity to continue vesting in your equity awards, to the fullest extent permitted by law, you waive, release and promise never to assert any claims or causes of action, whether or not now known, against the Company or its predecessors, successors or past or present subsidiaries, stockholders, directors, officers, employees, consultants, attorneys, agents, assigns and employee benefit plans with respect to any matter, including (without limitation) any matter related to your employment with the Company or the termination of that employment, including (without limitation) claims to attorneys' fees or costs, claims of wrongful discharge, constructive discharge, emotional distress, defamation, invasion of privacy, fraud, breach of contract or breach of the covenant of good faith and fair dealing and any claims of discrimination or harassment based on sex, age, race, national origin, disability or any other basis under Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act and all other laws and regulations relating to employment. However, this release covers only those claims that arose prior to the execution of this Agreement and only those claims that may be waived by applicable law. Execution of this Agreement does not bar any claim that arises hereafter, including (without limitation) a claim for breach of this Agreement.

6. Waiver. You expressly waive and release any and all rights and benefits under Section 1542 of the California Civil Code (or any analogous law of any other state), which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

7. Promise Not To Sue. You agree that you will never, individually or with any other person, commence, aid in any way (except as required by legal process) or prosecute,or cause or permit to be commenced or prosecuted, any action or other proceeding based on any claim that is the subject of this Agreement.

8. Effective Date and Revocation. You have up to 21 days after you receive this Agreement to review it. You are advised to consult an attorney of your own choosing (at your own expense) before signing this Agreement. Furthermore, you have up to seven days after you sign this Agreement to revoke it. If you wish to revoke this Agreement after signing it, you may do so by delivering a letter of revocation to me. If you do not revoke this Agreement, the eighth day after the date you sign it will be the "Effective Date." Because of the seven-day revocation period, this Agreement will not become effective or enforceable until the Effective Date.

9. Insider Trading Policy. You agree that you will comply with the Company's insider trading policy.

10. Indemnification. You and the Company understand and agree that nothing in this Agreement shall modify in any manner any indemnification and/or insurance rights you may have pursuant to the Company's Certificate of Incorporation, Bylaws, the Indemnification Agreement between you and the Company dated November 8, 1999, or any applicable insurance policy for officers and directors liability.

11. Non-Competition. You agree that the additional vesting set forth in Section 4 above will not be earned if, during the period beginning on the Termination Date and ending on February 15, 2010, you directly or indirectly own any interest in, manage, control, participate in (whether as an officer, director, employee, partner, agent, representative or otherwise), consult with or render services for, or in any manner engage in any business competing with, or similar to the business of, the Company anywhere within any state, possession, territory or jurisdiction of the United States of America, Canada, or in any of the countries in Central America, South America, Europe, Asia, Africa and Australia. Such competitive businesses include, but are not limited to, Digital Realty Trust, Level 3, Savvis, Switch & Data, Terremark, Dupont Fabros, Telecity, Interxion, Telx, Global Switch, 365 Main and other regional/global companies in the business of, or having a line of business in, colocation or interconnection. If any restriction set forth in this Section 11 is held to be unreasonable or unenforceable by a court of competent jurisdiction, then you agree, and hereby submit, to the reduction and limitation of such prohibition to such area or period as shall be deemed reasonable. You may own, directly or indirectly, solely as an investment, up to 1% of any class of securities that is publicly traded and you may own, directly or indirectly, solely as an investment, up to 1% of any investment fund with respect to which you do not make investment decisions. In addition, if you violate the restrictions set forth in this Section 11 on or before February 15, 2010, then you agree to forfeit the shares earned through the additional vesting set forth in Section 4 (or if sold, the gross proceeds realized on a sale of such shares).

12. No Admission. Nothing contained in this Agreement will constitute or be treated as an admission by you or the Company of liability, any wrongdoing or any violation of law.

13. Other Agreements. At all times in the future, you will remain bound by your Proprietary Information and Inventions Agreement with the Company, which you signed on October 28, 1999, and a copy of which is attached as Exhibit B. Except as expressly provided in this Agreement, this Agreement renders null and void all prior agreements between you and the Company and constitutes the entire agreement between you and the Company regarding your continued employment and your eligibility for severance benefits. This Agreement may be modified only in a written document signed by you and a duly authorized officer of the Company. If the Company determines that you are a "specified employee" under Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), when your employment terminates, then any payments under this Agreement that are not exempt from Section 409A of the Code will commence on the earliest practicable date that occurs more than six months after the termination of your employment.

14. Company Property. You agree that on or prior to your last day of service, you will return to the Company all property that belongs to the Company, including (without limitation) copies of documents that belong to the Company and files stored on your computer(s) that contain information belonging to the Company, except that you may keep your personal copies of (i) your compensation records and (ii) materials distributed to stockholders generally.

15. No Disparagement. You agree that you will never make any negative or disparaging statements (orally or in writing) about the Company or its stockholders, directors, officers, employees, products, services or business practices, except as required by law.

16. Confidentiality of Agreement. You acknowledge that this Agreement will be filed publicly by the Company. Until the date of public filing, you agree that you will not disclose to others the existence or terms of this Agreement, except that you may disclose such information to your spouse, attorney or tax adviser if such individuals agree that they will not disclose to others the existence or terms of this Agreement.

17. Severability. If any term of this Agreement is held to be invalid, void or unenforceable, the remainder of this Agreement will remain in full force and effect and will in no way be affected, and the parties will use their best efforts to find an alternate way to achieve the same result.

18. Company's Successors. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

19. Choice of Law. This Agreement will be construed and interpreted in accordance with the laws of the State of California (other than their choice-of-law provisions).

20. Execution. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which together will constitute one agreement. Execution of a facsimile copy will have the same force and effect as execution of an original, and a facsimile signature will be deemed an original and valid signature.

Please indicate your agreement with the above terms by signing below.

Very truly yours,

Equinix, Inc.

By: /s/

I agree to the terms of this Agreement, and I am voluntarily signing this release of all claims. I acknowledge that I have read and understand this Agreement, and I understand that I cannot pursue any of the claims and rights that I have waived in this Agreement at any time in the future.

/s/

Signature of Marjorie Backaus

Dated: July 22, 2008

Attachment

Exhibit A: Form of Release

Exhibit B: Proprietary Information and Inventions Agreement

EXHIBIT A

GENERAL RELEASE OF ALL CLAIMS

In consideration of the benefits to be provided to Marjorie Backaus ("Employee") by Equinix, Inc. ("the Company"), pursuant to the Agreement between Employee and the Company dated as of July __, 2008 (the "Agreement"), Employee, on Employee's own behalf and on behalf of Employee's heirs, executors, administrators and assigns, hereby fully and forever releases and discharges the Company and its directors, officers, employees, agents, successors, predecessors, subsidiaries, parent, shareholders, employee benefit plans and assigns (together called "the Releasees"), from all known and unknown claims and causes of action including, without limitation, any claims or causes of action arising out of or relating in any way to Employee's employment with the Company, including the termination of that employment.

1. After Employee signs this general release of all claims ("Release"), Employee will be entitled to the additional benefits set forth in the Agreement that are conditioned on this Release.

2. To the fullest extent permitted by law, Employee waives, releases and promises never to assert any claims or causes of action, whether or not now known, against the Company or its predecessors, successors or past or present subsidiaries, stockholders, directors, officers, employees, consultants, attorneys, agents, assigns and employee benefit plans with respect to any matter, including (without limitation) any matter related to her employment with the Company or the termination of that employment, including (without limitation) claims to attorneys' fees or costs, claims of wrongful discharge, constructive discharge, emotional distress, defamation, invasion of privacy, fraud, breach of contract or breach of the covenant of good faith and fair dealing and any claims of discrimination or harassment based on sex, age, race, national origin, disability or any other basis under Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act and all other laws and regulations relating to employment. However, this release covers only those claims that arose prior to the execution of this Agreement and only those claims that may be waived by applicable law. Execution of this Agreement does not bar any claim that arises hereafter, including (without limitation) a claim for breach of this Agreement.

3. In addition, Employee hereby expressly waives any and all rights and benefits conferred upon Employee by the provisions of section 1542 of the G*vil Code of the State of California*, which states as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

4. Employee also hereby agrees that nothing contained in this Release shall constitute or be treated as an admission of liability or wrongdoing by the Releasees or Employee.

5. Employee represents that she has returned to the Company all property that belongs to the Company, including (without limitation) copies of documents that belong to the Company and files stored on her computer(s) that contain or embody business, technical or financial information that she has developed, learned or obtained during the term of her service to the Company that relate to the Company or the business or demonstrably anticipated business of the Company, except that she may keep her personal copies of (i) her compensation records and (ii) materials distributed to stockholders generally.

6. If any provision of this Release is found to be unenforceable, it shall not affect the enforceability of the remaining provisions and the court shall enforce all remaining provisions to the full extent permitted by law.

7. This Release constitutes the entire agreement between Employee and Releasees with regard to the subject matter of this Release. It supersedes any other agreements, representations or understandings, whether oral or written and whether express or implied, which relate to the subject matter of this Release except as otherwise set forth in the Agreement.

8. This Release is not to be signed, and will not become effective, prior to Employee's cessation of service. Employee acknowledges that (a) her waiver and Release does not apply to any claims that may arise after she signs this Release; (b) she should consult with an attorney before executing this Release; (c) she has twenty-one (21) days from the date she first received this Release in July 2008 within which to review the Release; (d) she has seven (7) days following the execution of this Release to revoke this Release; and (e) this Release shall not be effective until the eighth day after this Release has been signed by Employee (the "Effective Date"). To revoke this Release, Employee must notify the Vice President of Human Resources in writing of her intent to revoke, and such written notification must be received within seven (7) days of the date Employee signs this Release. Employee shall not be entitled to receive any of the consideration being provided in exchange for this Release until the Effective Date.

9. Employee states that before signing this Release, Employee:

- Has read it,
- Understands it,
- Knows that she is giving up important rights,
- Is aware of her right to consult an attorney before signing it, and
- Has signed it knowingly and voluntarily.

Date: ______________

Signature of Marjorie Backaus

TO BE SIGNED UPON CESSATION OF SERVICE

EXHIBIT 10.39

(1) **DIGITAL REALTY (PARIS 2) SCI**

(2) **EQUINIX PARIS SAS**

COMMERCIAL LEASE

30 SEPTEMBER 2008

Confidential document. Free translation of the orginal French agreement signed on 30 September 2008 for information purposes only.

COMMERCIAL LEASE

BETWEEN:

DIGITAL REALTY (Paris 2), a French private limited Company for property purposes (*société civile immobilière*) with a share capital of €866, 000. 00, having its registered office at 40 avenue Jean Jaurès, 93170 Bagnolet, registered in the Bobigny Trade and Companies Register under number 492 802 947, represented by Nick Walsh, as, duly empowered for the purposes hereof pursuant to a power of attorney appearing in **Annex 1**,

Hereinafter referred to as the "**Landlord**",

Party of the first part,

And

EQUINIX PARIS SAS, a French limited company (*société par actions simplifiée*) with a share capital of € 37. 000, 00, having its registered office at Roissy-en-France (95700) 167 rue de la Belle Etoile –Parc d'Activité Paris Nord, in the process of being registered in the Pontoise Trade and Companies Register, represented by Michel Brignano as Chief Executive Officer, duly empowered for the purpose of executing the agreement; provided however that in the event that the Tenant does not provide the Landlord with its definitive Certificate of incorporation (Kbis) within 10 business days hereof the agreement will be declared null and void, and an indemnity will be in conformity with the provisions of section 8.4 hereinafter

Hereinafter referred to as the "**Tenant**",

Party of the second part,

The Landlord and the Tenant shall hereinafter be referred to individually as a "**Party**" and together as the "**Parties**".

RECITALS

A) The Landlord owns a property located at 114 Rue Ambroise Croizat, 93220 Saint-Denis, which includes a single building comprised of a basement level, a ground floor, and four upper floors, to be used as a datacenter (hereinafter the "**Building**") and exterior circulation areas including car parks (hereinafter the “**Property**”).

As the Tenant has informed the Landlord of its desire to enter into a commercial lease over part of the premises in the Building as defined in Article 1 below, the Parties have agreed as follows.

B) The Landlord is a company specialized in the housing and the rental of datacenters corresponding to power scales and electrical capacities of more than 240 Kw for a total electrical capacity as determined in relation to the total capacity of the building and the available electrical supply of electricity suppliers.

C) Any reference to the "Recitals", an Article or an Appendix in the Lease shall be understood to mean a reference to the recitals, an article or appendix of the Lease.

Now, therefore, the Parties agree as follows:

1. **LEASE - DESCRIPTION**

1.1 The Landlord hereby grants to the Tenant, which irrevocably accepts, a commercial lease over the following premises located within the Property, of a total area of approximately 10.273 square meters, comprised of (hereinafter the "**Leased Premises**"):

- premises reserved for business activities and neutral datacenter activities, in particular office areas, located on the ground floor of the Building, demarcated on the plan included in **Annex 2**, corresponding to a total rental space of 8 835 square meters and the technical and common areas, the latter being comprised of four high voltage electricity substations each one of them with a delivering capacity of 3 Mva;

- premises located in a mezzanine in the Building situated above a portion of the Leased Premises, demarcated on the plan included in **Annex 2**, corresponding to a total rental space of approximately 1.735 square meters and the technical and common areas,

- the exclusive right to use and access the exterior areas demarcated on the plan included in **Annex 2** for its installations and equipment;

- the right to install equipment on the roof of the Leased Premises, it being specified that there is presently no infrastructure on the roof to support such equipment. The installation of such equipment shall be carried out at the sole expense, responsibility, and risk of the Tenant subject to the prior written approval of the Landlord, approval which the Landlord may refuse only in the event that the Tenant fails to conform to the technical and safety rules applicable to the installation of such equipment.

- the private use of 32 parking spots on the Property;

- free access to the visitor's parking lot;

- the portion of the common parts relating to the aforementioned premises, as indicated are indicated on the plans appearing in **Annex 2** hereto; and

as the said Leased Premises exist and extend, it being specified that any error in the description, area or composition of the Leased Premises shall not give rise to any recourse or claim on the part of the Tenant, which represents that it is fully familiar with such premises as it has seen and inspected them for the purposes of this lease (hereinafter the "**Lease**").

The Tenant shall have access to a gross electric output of 12Mva for the Leased Premises.

1.2 The Parties mutually and expressly agree that the Leased Premises shall be used exclusively for business neutral datacenter activities and, in particular, as offices, and that they form an indivisible whole.

1.3 A schedule of condition shall be drawn up at the joint expense of both Parties as soon as possible after the Lease has been signed, and at the latest on the Entry Date onto the Premises (as defined in Section 4.1.1 hereinafter). If a schedule of condition is not drawn up for any reason whatsoever, the Leased Premises shall be deemed to have been handed over in perfect condition.

1.4 Environmental and Technological Risk Statement; Energy Performance Analysis; Asbestos Report

1.4.1 In accordance with the terms of Articles L 125-5 and R 125-26 of the Environmental Code (*Code de l'environnement*), the Landlord has provided the Tenant, who hereby acknowledges its receipt, with an Environmental and Technological Risks Statement (*état des risques naturels et technologiques*) – together with its annexes -established on the basis of the information provided to it by virtue of the *Arrêté Préfectoral* Number 2006-45-1 of February 14, 2006, which statement is included in **Annex 3**. The Landlord herby informs Tenant that the Building has not sustained any loss or damage which has given rise to indemnification pursuant to Article L 125-2 of the Environmental Code or Article L 128-2 of the Insurance Code.

1.4.2 The Tenant expressly exempts the Landlord from providing to the Tenant prior to the signing of this Lease, any energy performance analysis of the Leased Premises. The Tenant declares that he has such knowledge, and hereby waives any claim against the Landlord or the Landlord Group.

1.4.3 The Landlord has transmitted, prior to the signing of the present agreement, to the Tenant, who hereby acknowledges the receipt thereof, of a pre-construction asbestos report dated November 28, 2007, and appearing in **Annex 3** hereto. The Tenant hereby declares to have perfect knowledge of this report, the Leased Premises, and the Building, and assumes all responsibility and without recourse against the Landlord and the Landlord group for the Leased Premises and the Building, in this regard.

2. NATURE OF THE LEASE

The present lease is governed by the provisions of Articles L. 145-1 to L. 145-60 of the French Commercial Code as well as by the provisions of Articles D. 145-12 to D. 145-19 and those of Articles R. 145-1 to R 145-33 of the French Commercial Code, and by the provisions of Article 33 of the French Decree no. 53-960 of 30 September 1953.

The Tenant shall be solely responsible for the security, maintenance and insurance regarding the Leased Premises and shall reimburse the Landlord for all expenses, calculated *pro rata* according the leased surface area, in conformity with Article 7 below, that the Landlord may incur to maintain, insure, and secure the premises and common areas during the term of the Lease. The Tenant shall also be solely responsible for the upkeep and maintenance of all equipment installed in the Leased Premises by the

Landlord or Tenant subsequent to the signing of this Lease, it being specified that, with the exception of force majeure, the subsequent installation of any equipment by the Landlord is subject to prior written consent of the Tenant. The Landlord reserves the right to conduct an biannual audit of the Tenant's insurance certificates for the Leased Premises and equipment. In regards to this biannual audit, the Tenant shall make available to the Landlord the maintenance records concerning equipment installed by the Tenant in the Leased Premises. If necessary, the Landlord shall have the right to conduct physical inspections of the premises and infrastructure, provided that the Tenant receives at least ten (10) days notice of such inspection, and that such visit does not, in any case, disrupt the Tenant's normal activities, it being specified that such inspections shall be conducted by persons with sufficient technical and professional qualifications in that field. As an essential and determinative condition, each Party hereby agrees that the information communicated or collected from the Tenant during the visits described hereinabove are confidential and constitute the exclusive information of the Parties.

If necessary, the Tenant may postpone any such inspection by forty-eight (48) hours provided it provides five (5) days advance notice to the Landlord.

These biannual audits and inspections shall be at the sole cost of the Landlord.

3. INTENDED USE OF THE PREMISES

3.1 In accordance with Articles 1728 and 1729 of the French Civil Code, the Tenant shall use the Leased Premises without causing any disturbance and solely for business and neutral datacenter activities. This includes the Tenant providing to its customers the rooms and infrastructure necessary to store their IT and telecommunications equipment.

3.2 In general, the Tenant shall refrain from carrying on any activity that is liable to call into question the use or nature of the Leased Premises. The Tenant shall not, under any pretext, modify, even for a short time, the intended use or change the nature of the activities carried on in the Leased Premises, or carry on any ancillary or supplementary activities without the prior written consent of the Landlord.

3.3 The Tenant represents that it has obtained all the permits required in order to use the Leased Premises to perform the activity envisaged in Article 3.1 hereinabove for the entire term of the Lease and any renewals thereof. The Landlord shall not incur any liability if these permits are denied or the issue thereof is delayed. The Tenant shall be solely responsible all amounts, fees, levies, taxes and other duties relating to the activities carried on in the Leased Premises and the use thereof.

3.4 During the term of the Lease and any renewals thereof, the Tenant shall undertake, at its own expense, to obtain all administrative permits pertaining to the use of the Leased Premises and the performance of its business. The Landlord shall not incur any liability if these permits are denied, not renewed, withdrawn or the issue thereof is delayed.

4. TERM – POSSESSION – EARLY AVAILABILITY

4.1 Term of the Lease

4.1.1 The Lease is entered into for a fixed term of twelve (12) full and consecutive years, beginning on the entry date on to the Leased Premises, or October 1st, 2008, the date upon which the Lease shall become effective (the "Entry Date on to the Premises), and ending on September 30th, 2020.

4.1.2 In conformity to Article L. 145-4 paragraph 2 of the French Commercial Code, the Landlord and the Tenant agree that the Tenant hereby undertakes to not give notice of expiry at the expiration the first three three-year period of the Lease, so that the Lease shall remain in effect for a fixed term of twelve (12) years.

4.1.3 It is expressly stipulated, in the event that the Lease is renewed, it shall remain in effect for a fixed term of twelve (12) full and consecutive years, as shall all subsequent renewals. In conformity with the provisions of Article 145-4 paragraph 2 of the French Commercial Code, the Landlord and Tenant agree that in the event that the Lease is renewed under the conditions hereinabove, the Tenant shall not give notice of expiry at the expiration of each three-year period of the renewed Lease, so that the Lease shall be renewed for a fixed term of twelve (12) years upon each renewal. It being specified that the Base Rent applicable to the renewed Lease shall be equal to the Base Rent as revised in conformity with the indexation clause referred to in Article 6. The Landlord shall not take into account any improvements resulting from the Tenant's operations when determining the rent for the renewed lease.

5. RENT

5.1 The Lease is entered into in consideration of an annual rent of three-million-two-hundred-fifty-five-thousand euros (€ 3,255,000.00) exclusive of tax and charges for all of the Leased Premises (hereinafter the "**Base Rent**"), is being specified that the Tenant shall benefit from a rent abatement, including for the portion of the common parts pertaining to the said premises for the period between the Entry Date on to the Premises and the end of the sixth (6th) month of the term of the Lease, or March 31, 2009.

No rent shall be payable before the end of sixth (6th) month of the term of the Lease, or March 31, 2009. The Tenant shall nevertheless pay all of the charges referred to in Article 7 below as from the Entry Date on to the Premises.

5.2 The Base Rent is currently subject to value-added tax payable at the legal rate in force on the due date of each Base Rent installment. The Tenant shall pay all duties, taxes and levies of any kind whatsoever (including any variation in the rate of VAT) which may be due in respect of the Base Rent, charges and other payments provided for by the Lease.

5.3 Landlord and Tenant have agreed upon the amounts of Base Rent set forth in Article 5 as indexed by application of Article 6 hereinafter as being equal to the fair market value (*valeur locative*) of the Leased Premises under the terms of the present Lease, without prejudice to the Tenant's right to request a triennial "public policy" legal review of the Base Rent in conformity with the French Commercial Code. The Landlord and Tenant acknowledge and agree that the above mentioned provisions of the French Commercial Code create a rebuttable presumption that the Base Rent as set forth in Article 5, as indexed by application of Article 6 hereinafter is, in fact, equal to fair market value and should not be revised in connection with any such triennial legal review.

5.4 The Base Rent shall be payable by bank transfer, monthly and in advance, by the first day of each calendar month at the latest.

5.5 The Base Rent referred to in Article 5.1 as indexed in accordance with the terms of Article 6, shall therefore be due and payable as from the first anniversary date of the Lease.

6. RENT INDEXATION

6.1 The Base Rent is subject to an annual increase of three percent (3%) per year, exclusive of tax and charges on each anniversary date of the Entry Date on to the Premises, or as indicated hereinafter:

Month	**Monthly Base Rent, excluding taxes**
1-6	Abatement period
7-12	€ 271.250
13-24	€ 279.388
25-36	€ 287.769
37-48	€ 296.402
49-60	€ 305.294
61-72	€ 314.453
73-84	€ 323.887
85-96	€ 333.603
97-108	€ 343.611
109-120	€ 353.920
121-132	€ 364.537
133-144	€ 375.473

6.2 The Parties acknowledge that this index is directly linked to the purpose of this agreement and to the Landlord's business.

6.3 It is expressly agreed that the Rent shall not fall to below the Base Rent specified in Article 5.1 above as a result of such indexation.

6.4 Implementation of the indexation clause does not require the issuance of any notice, and the index shall apply by operation of law. In the event that the Base Rent is not immediately adjusted, it shall by no means constitute a forfeiture by the Landlord of its right to apply the index at any subsequent time with retroactive effect.

6.5 The present clause regarding the annual indexation of the Base Rent constitutes, in its entirety, a fundamental and determining clause without which the Landlord would not have entered into the Lease. In consequence, if this clause is not applied, whether in whole or in part, the Landlord alone, shall be entitled should it so wish, to terminate the Lease by operation of law by registered letter with advice of receipt (*lettre recommandée avec demande d'avis de réception*) or by means of a process served by a judicial officer (*acte extrajudiciaire*), without the need to petition a court.

6.6 This clause constitutes a contractual indexation clause and does not refer to the three-year statutory revision provided for in Articles L. 145-37 and L. 145-38 of the French Commercial Code.

7. PAYMENT OF CHARGES, SERVICE COSTS AND EXPENSES

7.1 The Tenant shall pay the Landlord or any person or entity responsible for the management of the Leased Premises on the Landlord's behalf (hereinafter the "**Property Manager**"), upon the latter's request, its portion of any and all charges and expenses incumbent on the Landlord as calculated on a pro rata basis of 53.18% (fifty-three and eighteen percent) of the surface areas of the warehouse as demarcated on the plan included in **Annex 4**, including but not limited to the following:

a) all levies, taxes, contributions and other amounts payable now or in the future with regard to the Leased Premises, regardless of the currency, base and legal debtor thereof, in particular, the property tax, the annual tax on office space, commercial premises and storage premises in the Ile-de-France region and the tax for sweeping the roads and removing household waste,

b) the insurance premiums referred to in Article 11.18.1 below,

c) the Property Manager's rental and technical management fees and expenses,

d) the individual service and supply costs including heating, air conditioning and electricity costs, all costs relating to the operation, cleaning, repair and maintenance of all the facilities in the Leased Premises and the Property,

e) the costs relating to the cleaning, maintenance and repair, compliance with current standards as referred to in Article 11.2.3, of the Leased Premises and the Building, including the repair costs referred to in Article 605 of the French Civil Code, with the sole exception of (i) major repairs as referred to in Article 606 of the French Civil Code, (ii) work carried to renovate and clean the exterior walls of the Building and (iii) work carried out to repair the common areas of the Building due to wear and tear, as referred to in Article 1755 of the French Civil Code, which shall be borne by the Landlord (it being specified that the cost of straightforward maintenance work on the exterior walls shall be borne by the Tenant and the other tenants of the Building),

f) the services provided by the Landlord to the Tenant in conformity with Article 11.4 hereinafter,

the Base Rent collected by the Landlord shall be net of all levies, taxes, contributions, charges and expenses of any kind other than income tax.

For informational purposes, the Landlord has provided the Tenant with a non-exhaustive list of charges relating to the Leased Premises and the Building, a copy of which appears in **Annex 4**.

In no event shall the Landlord cause the Tenant to bear the costs of specific service charges and services specifically pertaining other tenants or occupants of the Building and the Property from which it does not benefit.

7.2 All of the above-mentioned charges and expenses shall be paid as follows:

7.2.1 The Tenant shall pay a monthly advance on the first day of each calendar month by bank transfer, it being specified that these advances are subject to the value-added tax (VAT) at the legal rate in force on the due date of each Base Rent installment. The Tenant shall pay all duties, taxes and levies of any kind whatsoever (including any variation in the rate of VAT) that may be payable in respect of the said charges and other payments provided for by the Lease.

The Tenant undertakes to pay to the Landlord a sum of 42.269 EUR (forty-two-thousand-two-hundred-sixty-nine Euros), all taxes included as advance payment for the charges and expenses for the month of October 2008, at the latest, within ten (10) business days from the Entry Date on to the Premises.

7.2.2 This advance payment shall be payable each year on the first day of each calendar month. The amount of this advance payment shall be calculated by the Landlord or by the Property Manager by reference to the forecast budget. The Landlord or the Property Manager shall inform the Tenant of the amount payable each year.

7.2.3 The Tenant shall also pay the Landlord the levies and taxes referred to in Article 7.1 a), within twenty (20) business days of the Tenant's receiving the corresponding invoice from the Landlord.

7.2.4 It is hereby specified that if the forecast budget is insufficient, the Tenant shall pay the Landlord or the Property Manager all additional advance payments required to cover the Landlord's expenses for the Leased Premises at all times, within twenty (20) business days of the Tenant's receiving the corresponding invoice from the Landlord, accompanied by the related supporting documents.

7.2.5 An annual adjustment shall be carried out in accordance with the amount of expenses actually incurred, with the aid of various schedules.

7.3 The Tenant shall make arrangements with regard to its own telephone, fax, Internet and other telecommunications services. The Tenant shall pay the cost of its consumption of water, electricity and other utilities based on meter readings, as well as all telephone, fax, Internet and other telecommunications costs.

7.4 If individual meters are installed, the Tenant shall reimburse its share of the costs relating to its meter or sub-meter readings, as well the cost of installing, renting, maintaining and reading the said meters.

8. PAYMENTS

8.1 The Tenant shall pay all amounts owed hereunder to the Landlord or the Property Manager by bank transfer.

8.2 Any installment of Rent and/or charges which is not paid on the due date provided for under the Lease shall incur interest per day's delay at the legal interest rate applicable during the year in question, increased by two points, calculated *prorata temporis* as from the payment due date. Such interest shall be payable with the principal amount. The same shall apply to any other amount payable by the Tenant to the Landlord which is not actually paid on the due date.

8.3 Moreover, the Tenant shall pay all litigation costs arising as a result of the late payment of any amount payable hereunder or the breach of any of its obligations hereunder. Such costs shall be payable over and above any damages which the Landlord may claim from the Tenant.

8.4 If the Tenant fails to pay to the Landlord the totality of the Security Deposit referred to in Article 10.1 and the advance payment of charges referred to in Article 7.2.1 within ten (10) days, at the latest, as from the Entry Date on to the Premises, the Landlord may, in its sole discretion, declare this Lease null and void by operation of law, and without any indemnity being owed to the Tenant. The Landlord shall inform the Tenant of its decision to declare the lease null and void within two (2) business days. In the event that the Landlord does not so inform the Tenant, it will be deemed to have renounced this right.

In the event that the Landlord invokes the nullity clause hereinabove, the Tenant shall be liable to the Landlord for a fixed and definitive indemnity of 50.000 EUR (fifty-thousand Euros), to be paid by the Tenant to the Landlord within five (5) business days as of the date the Landlord informed the Tenant of its decision to declare the lease null and void.

In the event that the Landlord renounces its right to declare the Lease null and void, the Tenant shall be liable to the Landlord for interest accruing on the amount of the Security Deposit and the advanced payment of charges referred to in Articles 7.2.1 and 10.1 at an interest rate equal to the legal interest rate as from the expiration of the above mentioned ten (10) business day period until the Security Deposit and advance payment on charges are definitively paid in full as a fixed indemnity, which may not be lowered.

9. PENALTY CLAUSE

9.1 In the event of non-payment of any amount payable hereunder on the due date, a five percent (5%) penalty shall be applied by operation of law to the amount owed if a formal notice sent to the Tenant by registered letter with advice of receipt or served on the Tenant by a judicial officer has gone unheeded after fifteen (15) days, as compensation for the costs incurred by the management on account of such late payment. This penalty shall be increased to ten percent (10%) if a court is petitioned to collect the amount, even where an ordinary court order is issued.

9.2 This penalty shall apply over and above the late-payment interest referred to in Article 8.2 above, notwithstanding implementation of the termination clause provided for under Article 14 and the payment of any damages which the Landlord shall be entitled to claim.

10. GUARANTEES

10.1 Security Deposit

Tenant will provide to Landlord a security deposit equal to 12 months' Base Rent, including all taxes, for the first two years of the Lease, upon which this security deposit shall be equal to 6 months' Base, including all taxes for the remaining Lease period (the "**Security Deposit**").

10.2 Payment of the Security Deposit

The Tenant shall pay to the Landlord the amount of three-million-two-hundred-fifty-five-thousand Euros (3.255.000 EUR) as the Security Deposit referred to in Article 10.1 hereinabove within ten (10) business days as from the Entry Date on to the Premises.

The Landlord shall hold the Security Deposit as security for the performance by the

Tenant of the Tenant's covenants and obligations under this Lease, it being expressly understood and agreed that the Security Deposit shall not be considered an advance payment of Rent or a measure of the Landlord's damages in case of default by the Tenant.

The Security Deposit shall be held by the Landlord without liability to the Tenant for interest, and the Landlord may commingle such deposit with any other funds held by the Landlord. Upon the occurrence of any Event of Default, the Landlord may, from time to time, without prejudice to any other remedy, apply the Security Deposit to the extent necessary to make good any arrears of Base Rent, and any other due payment, damage or injury, the amount of which shall have been conclusively determined by the parties or by an enforceable judicial decision, expense or debt caused to, or incurred by the Landlord by such Event of Default. Following any application of the Security Deposit, the Tenant shall pay to the Landlord on demand the amount so applied in order to restore the Security Deposit to the amount immediately prior to such application. Subject to the requirements of, and conditions imposed by, governmental laws, rules and regulations applicable to security deposits under commercial leases (the "**Applicable Security Deposit Laws**"), the Landlord shall, within the time required by Applicable Security Deposit Laws, or if no such requirement, within sixty (60) days after the expiration of the Term of this Lease (or the earlier termination of this Lease), return to the Tenant the portion (if any) of the Security Deposit remaining after deducting all damages, charges and other amounts owing by the Tenant to the Landlord under this Lease. The Landlord and the Tenant agree that such deductions shall include, without limitation, all damages and losses that the Landlord has suffered or will suffer as a result of any default under this Lease by the Tenant, the amount of which has been conclusively determined by the parties or by an executory judicial decision. If the Landlord transfers the Landlord's interest in the Leased Premises during the Term of this Lease (including any extension thereof), the Landlord may assign the Security Deposit to the transferee, and upon such transfer and the delivery to the Tenant of an acknowledgement of the transferee's responsibility for the Security Deposit, the Landlord shall have no further liability for the return of the Security Deposit. In the event the provisions of any Applicable Security Deposit Laws, or and other laws, now or hereinafter in force, which restricts the amount or types of claims that a landlord may make upon a security deposit or imposes upon a landlord (or its successors) any obligation with respect to the handling or return of security deposits, conflict with the terms and conditions of this Article 10, the terms and conditions of this Section 10 shall govern.

10.3 The terms of Article 10, above, notwithstanding, the Landlord and the Tenant agree that, in the event that the sum of the Security Deposit exceeds the total of two (2) terms Base Rent, the amount by which such sum exceeds two (2) terms Base Rent will accrue interest in conformity with the provisions of Article L. 145-40 of the French Commercial Code to the benefit of the Tenant, from the date that such amount is submitted to the Landlord, until the date upon which the sum of the Security Deposit no longer exceeds a total of two (2) terms Base Rent. Any interest that accrues to the Tenant's benefit (a) shall not be considered to be part of the Security Deposit ; and (b) shall be forwarded to the Tenant each year within sixty (60) days after the anniversary date of the Lease.

10.4 Joint guaranty from EQUINIX Inc.

10.4.1 The Tenant shall provide to the Landlord, within thirty (30) business days following the signature of the Lease, a joint guaranty by EQUINIX Inc., a company governed by the laws of the United States of America having its registered office at 3500 South Dupont Highway, Dover, Delaware, 19901, United States of America, registered on the companies register under number 06293383 (hereinafter the "**Guarantor**"), identical to the model of which is attached as **Annex 5** of this Lease, to guarantee the payment of any rent or charges which the Tenant may owe to the Landlord or for which the Landlord may be held liable on account of the Tenant hereunder, for any reason whatsoever (hereinafter the "**Guarantee**"). The Guarantee shall benefit the Landlord and any future owner of the Leased Premises.

10.4.2 The Guarantee shall be provided together with a legal opinion prepared by the American law firm of Gunderson-Dettmer-Stough-Villeneuve-Franklin & Hachigan LLP, confirming the corporate existence of Equinix Inc., its capacity to issue the Guarantee, and that it was executed by a duly authorised individual and that all the requisite authorizations have been granted in this respect.

10.4.3 The Tenant's failure to provide the Landlord with the original Guarantee referred to in Article 10.3, strictly identical to the model included in **Annex 5**, and the legal opinion regarding the Guarantee, within thirty (30) days, at the latest, will result in this Lease being declared null and void by operation of law, without any indemnity being owed to the Tenant, and without prejudice to any of the Landlords rights arising under the Lease following such nullity.

10.4.4 In the event the Tenant ceases to be a subsidiary of EQUINIX Inc., the Tenant shall provide the Landlord with a joint guaranty under the same terms and conditions issued by another company of its group whose financial position is satisfactory to the Landlord. The Tenant shall also provide the Landlord with a legal opinion prepared by a leading independent law firm under the conditions provided for in Article 10.3.2. Failing this, the Landlord may implement the termination clause referred to in Article 14. A copy of this legal opinion appears in **Annex 4** of this Lease. The Guarantee shall be renewed upon each renewal of this Lease, it being specified that, under the same conditions provided for in Article 10.3.2, the Tenant must show to the Landlord that the obligations under the Guarantee have been validly authorized by the Guarantor's management and submit a legal opinion prepared by a reputable independent law firm to this effect. Failing this, the Landlord may implement the termination clause referred to in Article 14.

10.4.5 In the event of the assignment or contribution of the Lease as a result of a merger, demerger, partial contribution of assets or other operation, the Guarantee shall remain in effect and be renewed throughout the term of the Lease and any renewals thereof.

10.4.6 If the Leased Premises are sold, the new owner shall benefit from the Guarantee simply by virtue of a notice given to the Tenant and the Guarantor by the new owner.

11. CHARGES AND GENERAL CONDITIONS

The Lease is granted and accepted under the following conditions that the Tenant undertakes to execute and accomplish.

The present Lease is governed by the provisions of Articles L. 145-1 to L. 145-60 of the French Commercial Code as well as by the provisions of Articles D. 145-12 to D. 145-19 and those of Articles R. 145-1 to R 145-33 of the French Commercial Code, and by the provisions of Article 33 of the French Decree no. 53-960 of 30 September 1953. The Lease is a "Powered Base Building™" lease.

The Tenant shall be solely responsible for the security, maintenance and insurance of the Leased Premises and shall reimburse the Landlord for all expenses, calculated pro rata in accordance with Article 7, that the Landlord may incur to secure, maintain, and insure the Property and common areas during the term of the Lease. The Tenant shall also be solely responsible for the upkeep and maintenance of all equipment installed in the Leased Premises by the Landlord or Tenant subsequent to the signing of this Lease, it being specified that, except in the case of force majeure, any subsequent installation of equipment by the Landlord shall remain subject to the Tenant's prior written consent. The Landlord reserves the right to conduct biannual audits of the Tenant's insurance certificates for the Leased Premises and the equipment. In the context of these biannual audits, the Tenant shall provide to the Landlord all maintenance records regarding the equipment installed by the Landlord in the Leased Premises. The Landlord shall also have the right to conduct physical inspections of the premises and infrastructure, provided that the Tenant has received ten (10) days prior notice, and that such visit does not disrupt the Tenant's normal business activities. These inspections shall be made by persons with sufficient technical and professional qualifications in that field.

As an essential and determinative condition, each Party hereby agrees that the information communicated or collected from the Tenant during the visits described hereinabove are confidential and constitute the exclusive information of the Parties.

If necessary, and upon at least five (5) days prior notice, the Tenant may postpone any such visit by forty-eight (48) hours.

These biannual audits and inspections shall be at the sole cost of the Landlord.

11.1 Furnishing and commercial exploitation

The installation and furnishing of the Leased Premises shall be the sole responsibility of the Tenant. The installation of any equipment shall be subject to Landlord's prior written consent, such consent shall not be withheld without a valid reason.

As exception to the Datacenter Rules and Regulations, a copy of which is attached hereto (**Annex 6**), the Landlord hereby agrees that the Tenant may install, within the Leased Premises, any signs, plates, and may apply any decorations it so chooses.

In addition, the Tenant shall have the right to install equipment on the portion of the roof of the Building corresponding to the Leased Premises. There is currently no infrastructural support on the roof. The installation of such equipment shall be carried out at the sole cost, responsibility, and risk of the Tenant subject to the Landlord's prior written consent, which may refused only if the Tenant fails to comply with the technical and safety rules applicable to the installation of such equipment.

The Tenant shall furnish the Leased Premises and keep them constantly furnished with furniture and equipment in a quantity and a value sufficient to meet the Base Rent payments and to perform its obligations under the Lease.

11.2 Maintenance – Work – Repairs

11.2.1 The Tenant shall refrain from making any alteration, changing the layout, installing partitions (subject to the reservations set out below), piercing the walls, carrying out any demolition work, installing any equipment on the roof, or building any structure of any kind whatsoever on the Leased Premises and in the Mezzanine without the prior written consent of the Landlord in accordance with the procedure set forth below or of the architect and/or inspection agency and/or other skilled individuals appointed by the Landlord (hereinafter collectively the "**Architect**"). In the event that the nature of the work to be carried out required that the Tenant consult an Architect, and/or technical consulting firm, and/or specialist, and the Tenant did not do so, the Architect's fees shall be borne by the Tenant.

Without prejudice to the foregoing paragraph, the Tenant shall be authorised to carry out all other work, in particular, on the surfaces (painting, wall and floor coverings).

With regard to work requiring the Landlord's approval, the Tenant shall submit a request to the Landlord, including a description of the work planned, accompanied by the related technical and architect's plans, a risk analysis, a provisional work timetable and a report issued by an approved inspection agency without any reservations. The Landlord shall not withhold its authorization of such work without valid reason.

With regard to all of the Tenant's initial fit-out work upon its entry on to the Leased Premises, the Landlord undertakes to reply within no more than fifteen (15) days of receipt of the complete file referred to above. In the absence of a reply within this time limit, the Landlord shall be deemed to have accepted the Tenant's work.

With regard to all subsequent work, this time limit of fifteen (15) days shall be increased to one (1) month.

The work must be carried out by duly qualified contractors.

Before any work is carried out, contractors working on the infrastructure on behalf of the Tenant must be approved by the Landlord, which shall not withhold its authorisation of such work without valid reason.

The Landlord shall be entitled to instruct the Architect to check that the work complies with trade standards and the permit granted. The Architect's fees and expenses shall be borne by the Tenant.

The Parties expressly agree that the Landlord shall not incur any liability under any circumstance vis-à-vis the Parties or third parties, due to the Landlord and/or the Architect having authorised the Tenant to carry out work, or due to the Architect's monitoring overseeing the performance there of or the Landlord having approved the contractors who perform such work.

The Tenant undertakes to bear all the consequences of any damage caused to the structure and solidity of the Leased Premises and on account of its work and to indemnify the Landlord and any third party for damage of any kind whatsoever caused by performance of the said work.

The Tenant shall be prohibited from installing any systems and facilities which may impede access to the fan coil units, air conditioning units, inspection trap doors, waste traps, stop taps and meters, pipes or any other systems and facilities which may be present in the Leased Premises.

The Tenant shall assume full responsibility for all of this work and shall insure or arrange insurance coverage for all of the risks incurred through insurance policies obtained from a reputable insurance company.

In this respect, the Tenant undertakes to provide the Landlord, upon its request with a copy of (i) the insurance policies referred to in Article L. 242-1 of the French Insurance Code (*dommages-ouvrages*; builder's liability insurance) and, where applicable, property developer's liability insurance in accordance with the provisions of Articles L. 241-1 and L. 242-2 of the French Insurance Code and (ii) the general professional liability insurance policy (*RC exploitation – RC maitre d'ouvrage*).

The Tenant shall also provide proof that all of these contractors and their subcontractors, if any, are, at the time they perform the work, covered by a ten-year professional liability insurance policy in accordance with the French Act of January 4, 1978 and its implementing decrees, as well as by a chief executive's liability insurance policy.

With regard to the performance of such work, the Tenant shall comply with trade standards and the provisions of French laws and regulations. Moreover, it shall be solely responsible for filing all declarations and/or obtaining all administrative permits required to perform this work and shall pay all taxes due in relation to such permits (in particular, the local facilities tax), such that the Landlord is held harmless in this respect at all times.

Upon completion of the work, the Tenant shall provide the Landlord with a report prepared by an inspection agency, which certifies that the work is in conformity with the French laws and regulations in force, particularly in regards to safety matters. The inspection agency's fees shall be borne by the Tenant. The Landlord may visit the site to ascertain that the work performed complies with the plans originally submitted for its approval.

In the event of non-conformity, the Tenant shall perform any additional work or alterations demanded by the Landlord in a registered letter with advice of receipt within three (3) months.

11.2.2 Notwithstanding any provision in this Lease to the contrary, the Tenant shall not make or cause to be made any alterations, additions, improvements or replacements to the Leased Premises, any other part of the Building, or the Property, the Datacenter, or any other portion of the Building or Property (collectively, "**Alterations**") without the Landlord's prior written consent, which consent shall not be withheld without a valid reason. provided, however, that Landlord's consent shall not be required for any usual and customary installations, repairs, maintenance, and removals of equipment and telecommunication cables within the Leased Premises, if and to the extent that such installations, repairs, maintenance, and removals, (i) are usual and customary within the Tenant's business activities, (ii) are of a type and extent customarily permitted to be made without consent by landlords acting consistently with Institutional Owner Practices (defined below) leasing similar space for similar uses to similar tenants, (iii) are in compliance with the Datacenter Rules and Regulations, and (iv) will not affect the Building's structure, the provision of services to other Building tenants, or the Building's electrical, plumbing, HVAC, life safety or mechanical systems. For example, Landlord's consent would be required for the installation of overhead ladder racks that are attached to the ceiling while Landlord's consent would not be required for the installation of equipment which does not involve drilling into the floor or ceiling. For purposes hereof, "**Institutional Owner Practices**" shall mean practices that are consistent with the practices of the majority of the institutional owners of institutional grade, first-class datacenter or telecommunications projects in France. In addition, the Landlord and Tenant agree that the Landlord must give his consent (or objection) to the Tenant's Alteration request within ten (10) calendar days following such request In the absence of a reply within this time limit, the Landlord shall be deemed to have consented to the Tenant's requests, which must, in all cases, be sent to the Landlord by registered letter with advice of receipt.

11.2.3 Throughout the term of the Lease and any renewals thereof, as from the date on which the Tenant occupies the Leased Premises, it shall maintain the whole of the Leased Premises, as well as all fit-out work, systems and facilities, improvements and embellishments it effectuates which constitute fixtures, particularly Infrastructural Equipment as defined in Article 11.6 hereinafter, in a good state of cleanliness, maintenance and repair, and make all necessary replacements to the foregoing, with the sole exception of (i) major repairs as referred to in Article 606 of the French Civil Code, (ii) work carried out to renovate and clean the exterior walls of the Property and (iii) work carried out to repair the common parts of the Property due to wear and tear, as referred to in Article 1755 of the French Civil Code, which shall be borne by the Landlord (it being specified that the cost of ordinary maintenance work on the exterior walls shall be borne by the Tenant and the other tenants within the Property). At the end of the Lease or when the Tenant vacates the Leased Premises, the Tenant shall surrender the Leased Premises and Infrastructural Equipment; as defined in Article 11.6 below, in a good state of cleanliness, maintenance and repair, consistent with the Leased Premises being used in a normal way during the term of the Lease, as determined by reference to the schedule of condition established by Parties in accordance with that specified in Article 1.3 hereinabove.

The Tenant shall enter into, at its own expense, contracts for all upkeep and maintenance of the air conditioning units, power distribution circuits, the low voltage main panels (TGBT) and uninterruptible power supplies (UPS) within the Leased Premises, providing these are required for operating purposes, without any right of recourse against the Landlord.

The Tenant shall have access to a gross electric output of 12 Mva for the Leased Premises, it being specified that the Landlord shall not disturb the Tenants use of such power. The Tenant shall be solely responsible for entering into all electricity supply contracts for the Leased Premises and shall bear all costs relating to the provision of this electricity supply to said premises.

11.2.4 Throughout the term of the Lease and any renewals hereof, the Tenant shall also pay the cost of any work required to make the Leased Premises and the Property secure and/or to bring them into conformity with any laws and/or regulations of any kind whatsoever, in particular, those applicable to security and the environment.

11.2.5 In derogation to Article 1755 of the French Civil Code, the Tenant undertakes to pay the cost of and to assume full responsibility for all repair work carried out on the Leased Premises and installations and equipment contained therein and, where applicable, replacement items, even if such repairs, work or replacements are the result of wear and tear or a force majeure event.

11.2.6 If it is established that the Tenant has failed to comply with its obligations under Articles 11.2.3 to 11.2.5 above or if any damage is caused to the Leased Premises by the Tenant, its staff, visitors, customers or subtenants, the Landlord shall issue a formal notice to the Tenant to cure such breach within fifteen (15) days.

11.2.7 If the Tenant fails to cure such breach within the time limit set in the aforementioned formal notice, the Tenant shall reimburse to the Landlord at the latter's first request, the cost of all repairs carried out by the Landlord because of the Tenant's failure to comply with its obligations under Articles 11.2.3 to 11.2.5 above or if any damage is caused to the Leased Premises by the Tenant, its staff or visitors.

11.2.8 The Tenant shall promptly dismantle and remove, at its expense, any and all formwork, fittings, decoration, windows, plates or other facilities of any kind whatsoever that need to be moved either to detect and repair leaks of any kind, cracks in the flue and ventilation pipes, in particular following a fire or infiltration or, in general, to perform maintenance work in the Building.

In the event of a Roof Water Leak, the Landlord agrees to use its best efforts to (a) commence its repair of such Roof Water Leak within twenty-four (24) hours following receipt of written notice from the Tenant of the need for such repair, and (b) diligently pursue such repair to completion thereafter. The foregoing notwithstanding, the Landlord and the Tenant agree that the Landlord's failure to commence such cure within the aforementioned twenty-four (24) hour period shall, in no event, be a default by the Landlord hereunder. However, if the Landlord fails to commence its repair of a Roof Water Leak within forty-eight (48) hours after the Landlord's receipt of notice thereof from the Tenant, the Tenant may (after notice by Tenant to Landlord), but shall not be obligated to, undertake to repair the Roof Water Leak. In such event, the reasonable amounts expended by the Tenant in connection therewith shall be reimbursed by the Landlord to the Tenant within twenty (20) days after Tenant's written demand therefor.

For the purposes of this Lease, the term "**Roof Water Leak**" shall mean and refer to a water leak in the Building's roof structure, but shall not include, for example, any leak from plumbing, chilled water pipes, otherwise in connection with any air conditioning systems within (or on the roof of) the Building, or otherwise in connection with any element of the Building for which Tenant has the maintenance and repair obligation hereunder.

11.2.9 The Tenant shall pay the cost of all repair work, improvements, modifications or even new structures which the Landlord reserves the right to carry out or erect, even if they are not to the Tenant's benefit, irrespective of the inconvenience caused and the duration thereof, even if the latter exceeds forty

(40) days – by way of exception to Article 1724 of the French Civil Code – without any indemnity being payable by the Landlord and without any reduction in Base Rent, providing that (i) the foregoing are carried out with due care, (ii) the necessary steps are taken in agreement with the Tenant to restrict the disturbance that may result thereof and to ensure that the Tenant has ongoing access to the Leased Premises and that it can perform its business therein and (iii) after the work has been carried out, the Tenant's enjoyment of the Premises is not diminished in any way. By way of exception to Article 1723 of the French Civil Code, the Tenant shall allow the Landlord to make any changes to the Property it considers necessary, to the exclusion of the interior of the Leased Premises, without any indemnity being owed by the Landlord, providing that that such alterations to not affect the Tenant's enjoyment of the Leased Premises. Any such changes shall be made with all due care and the necessary steps shall be taken in agreement with the Tenant, it being specified that such work, must not in any case disrupt the Tenant's normal business activities in the Leased Premises.

11.2.10 Providing that its business is not affected, the Tenant shall allow the installation of cables, piping and pipes which are connected to the common systems and facilities or other private areas if the common parts cannot be used, as well as the installation of the related drain cocks, sight holes, etc. Moreover, the Landlord shall be entitled to install, maintain, repair, replace and modify all cables, pipes and connections of any kind which may be connected to or cross through the Leased Premises, without any indemnity being owed to the Tenant. Providing that its business is not affected, the Tenant shall also pay the cost of any changes made to the supply, connection and replacement of meters and interior systems and facilities which may be imposed by utilities suppliers or companies responsible for maintaining the supply of water, electricity and telecommunications facilities, heating, air conditioning and other systems, facilities or services.

However, the Landlord undertakes to take all the necessary measures to restrict, where possible, the disturbance that may be caused by such work such that the Tenant can continue to perform its business in the Leased Premises.

The Landlord authorizes the Tenant, as of the execution date of this agreement, to install a maximum of twelve (12) technical ducts of a maximum of 80 mm each, grouped into routes, for the sole purpose of connecting the Leased Premises with the premises in the Building already occupied by the EQUINIX FRANCE SAS under the terms of the commercial lease dated July 21, 2006. An example of how the ducts may be routed appears in **Annex 11**.

Before any installation of one or more technical ducts, the Tenant must obtain the Landlord's prior written approval with regard to their exact placement and installation method, approval which the Landlord may refuse only in the event that the Tenant fails to conform to the technical and safety rules applicable to the installation of such equipment.

In the event that the above mentioned lease of July 21, 2006 terminates, for any reason whatsoever during the term of the present Lease, the Landlord hereby authorizes the Tenant to extend its fiber optical connections already in place between the Leased Premises and those previously leased under the abovementioned lease of July 21, 2006 to a technical area located in the basement of the Building, demarcated on the plan included in **Annex 7**. The Tenant may access this technical area only for the sole purpose of carrying out the abovementioned extensions. In particular the Tenant may not install any equipment or material other than that strictly necessary for the connections described hereinabove. The Tenant may effectuate maintenance operations on such equipment only with the Landlords express consent.

11.2.11 The Tenant shall refrain from installing any external roof, canopy, removable awning or exterior blind of any kind without the prior written consent of the Landlord and any administrative permits required. The Tenant shall pay any fees that may be owed to the authorities in this respect.

11.2.12 The Tenant shall pay the cost of any work which may be carried out on the public thoroughfare or in neighbouring properties, even if its use of the Leased Premises is disturbed, without any right of recourse against the Landlord. The Tenant shall exercise any right of recourse against the authorities, contractors or neighbours and shall hold the Landlord harmless in this respect.

11.2.13 The Tenant shall refrain from forcing the walls and floors to bear any loads which exceed the weight-bearing capacity of 1,200 kg per square meter, on penalty of being required to carry out the necessary repair work at its expense and to pay damages. Likewise, the Tenant shall ensure that the lifts and freight elevator are not overloaded and that the lift cabins are not damaged.

11.2.14 Mezzanine. Before installing any equipment on the mezzanine the Tenant shall carry out, at its sole expense, responsibility, and risk, all work necessary to render the mezzanine in compliance with the standards imposed by any applicable laws, in particular, fire safety matters, and the construction of an emergency exit. The Tenant shall obtain the Landlord's prior written approval under the conditions of Article 11.2.1 hereinabove, approval which shall not be withheld without a valid reason.

11.3 Electricity Consumption

The Tenant’s actual electricity consumption for the Leased Premises, as reasonably determined by the Landlord shall not, at any time, exceed 12 Mva for the Leased Premises (the “**Electricity Consumption Threshold**”). All equipment (belonging to the Tenant or otherwise) located within the Leased Premises shall be included in the calculation of the Tenant's actual electricity consumption for the Leased Premises. For the avoidance of doubt, the Landlord and the Tenant acknowledge that the Electricity Consumption Threshold exists so that Landlord is better able to (a) budget the amount of power available at the Building among the existing and future tenants of the Building, (b) enhance the safeguarding, in accordance with National Electrical Code Guidelines, of persons and property. As such, the Tenant agrees that it will actively monitor the electricity consumption for the Leased Premises to ensure that such consumption does not exceed the Electricity Consumption Threshold. Additionally, in the event that the electricity consumption in the Premises does exceed the Electricity Consumption Threshold (each such event, an "**Electricity Consumption Threshold Overage**"), the Tenant agrees to take immediate action (regardless of whether the Tenant has received notice of such Overage from Landlord) to power down items of equipment in the Leased Premises in order to cause power consumption in the Premises to be at or below the Electricity Consumption Threshold. Additionally, in the event that (i) the Tenant receives a notice from the Landlord related to any Electricity Consumption Threshold Overage, and (ii) the Tenant has not remedied such Overage within seventy-two (72) hours after its receipt of such notice from the Landlord, the Landlord must provide to the Tenant written notice of this default.

In the event that the Landlord receives notice from the Tenant's electrical supplier that the Tenant has exceeded the maximum electricity consumption provided for by the Tenant's electricity supply contract, the Tenant shall directly contact such supplier and undertake all measures required by that supplier, in particular to cause its electricity consumption to bebelow the Electricity Consumption Threshold.

11.4 Security – Surveillance

The Landlord agrees to provide to the Tenant, upon the Tenant's request and at the Tenant's expense, during the term of the Lease, in accordance with the principles set out in the Datacenter Rules and Regulations, the following services:

(i) Security: access control to the Building as the Landlord finds reasonable necessary; provided, however, that the Tenant shall compensate Landlord for all additional costs incurred in making all modifications necessary for this purpose, other than standard modifications; and

(ii) Surveillance: the Landlord agrees to make available to the Tenant one or more security guards to control movement on the Property and in the Building, twenty-four (24) hours a day, seven (7) days a week, three-hundred-sixty-five (365) days per year.

11.5 Additional charges

In addition to the payment of rent, upkeep and maintenance fees, and for the services hereinabove, the Tenant shall, under the terms of Article 7, reimburse the Landlord for all real property taxes, accounting fees, building management fees, and all other expenses incurred by the owner for the day to day management of the Building during the term of the Lease.

11.6 Right of first refusal

The Landlord and the Tenant are have agreed that during the term of the Lease, in regards to certain of the Landlord's potential tenants, a list of whom appear in**Annex 8** (hereinafter "**Potential Tenants**"), the Tenant shall have priority over the Potential Tenants to enter into a lease for the space offered by the Landlord to the Potential Tenants and under the same conditions as the Potential Tenants.

In the event where a Potential Tenant or a company of the same group as defined by the provisions of Article L. 233-3 of the French Commercial Code, may seek to enter into a lease for all or part of the vacant premises on the Property, the Landlord shall address to the Tenant, by registered letter with acknowledgement of receipt (hereinafter the "**Notice**") offering it a Lease for all or part of the such premises under the same terms and conditions as those offered by the Potential Tenant.

The Notice by the Landlord shall designate the surface area concerned by the Notice, the rental amount offered by the Potential Tenant, as well as all other charges and conditions offered by the Potential Tenants.

The Tenant may notify the Landlord of his intention to exercise his right of first refusal, as to the entirety of the such premises under the same terms and conditions as described in the Notice, by registered letter with advice of receipt within twenty (20) days following its receipt of the Notice.

In the event that the Tenant does not notify the Landlord of his intent to exercise this right under the conditions hereinabove, it shall be considered to have definitively and irrevocably waived its right of first refusal for the lease of such premises. The Landlord shall be free to lease them to any Potential Tenant it may choose.

11.7 Ownership of fittings etc. at the end of the Lease

All of the fittings, systems and facilities, improvements and embellishments, in particular, all Infrastructural Equipment as defined hereinafter, made or installed by the Tenant or by the Landlord upon the Tenants request, shall become the property of the Landlord upon termination of possession, without any indemnity being payable to the Tenant and without prejudice to the Landlord’s right to require that the Leased Premises be returned to their original condition, in whole or in part, at the Tenant’s expense, and with in sixty (60) days following the Tenant's receipt of written notice by the Landlord.

In particular, the Landlord may require that, the Tenant remove, at its expense:

(i) all of the equipment that it may have installed in the unloading bay under the roof at the rear of the Property along the eastern wall of the Building, which is outlined on the plan appearing in **Annex 2**, and

(ii) all Other Equipment, as defined below, independent of any removal of any Infrastructural Equipment.

In the event that the Tenant has not removed such items within this period, the items referred to in the notice shall be considered to be abandoned by Tenant and the Landlord may freely use or dispose of them without giving rise to an indemnification obligation towards the Tenant. In addition, without prejudice to the foregoing, in the event that the Tenant has not removed such items with in the abovementioned period, the Landlord may undertake to remove such items and demand compensation for the expenses incurred in such removal; in this case, the Tenant shall reimburse the Landlord within forty-five (45) days following the Landlord's request, all fees incurred in removing such items and restoring the premises to their original condition, as well as an amount equal to ten percent (10%) of such costs corresponding to the administrative expenses of such operations. It is specified that this disposition shall remain effective for as long as necessary following the expiration of the term of this Lease.

"**Infrastructural Equipment**" shall mean and include all electrical and power equipment (particularly, the PDU, UPS, batteries, generators, strong current cables, and all other electrical/power transmission cords and cables), all equipment relating to the air conditioning system (particularly, the CRAC units, the CRAH units and/or all water cooling systems) and all Building security and system monitoring equipment installed or placed in any location of the Building or Property.

"**Other Equipment**" shall mean and include all fittings, furnishings, and other property of the Tenant (including computer systems and equipment, shelves and cabinets) and all communication cables, connection lines (other than Infrastructural Equipment) installed or placed by or for the Tenant in the Building.

"**Termination of Possession**" for the interpretation of this Article 11.7, shall mean the date on which the Lease actually ends, even if this falls before the contractual date of expiry hereof.

11.8 Disturbances

11.8.1 The Tenant shall refrain from using any slow combustion appliances or appliances which produce harmful gases. The Landlord shall under no circumstances be liable for any damage to property or bodily injury caused by such appliances; the Tenant shall refrain from using any appliance which generates noise in excess of the noise regulations in force and from using any electrical appliance or any other device that causes disturbance to telecommunications apparatus unless such appliances and devices are equipped with devices which prevent annoyance to others.

11.8.2 If the Tenant uses any radio, television, or other appliances, it shall take the necessary measures, to eliminate noise or interference affecting its reception of the signal, without any right of recourse against the Landlord.

11.8.3 As the Tenant must refrain from disturbing the neighbours, it shall handle any claims made by neighbors or third parties at its own risk and expense, in particular due to noise, odours, heat, vibration or radiation caused by the Tenant or the equipment and machinery it owns (or which is in its custody for any reason whatsoever), without any right of recourse against the Landlord, even if the Landlord authorized the installation of such equipment and machinery.

11.9 Plates and signs – Antennae – Roof

11.9.1 The Tenant shall refrain from displaying any items on the windows, walls or sills. It is also prohibited from affixing plates, signs, boards, notices and paintings on the doors, windows, exterior walls, sills, string courses or piers outside or at the entrance to the Leased Premises. Reciprocally, the Landlord expressly undertakes that other tenants and occupants of the Building will not place any plates, signs, boards, notices, and paintings on the doors, windows, exterior walls, sills, string courses or piers outside or at the entrance to the Building.

11.9.2 However, the Tenant shall be authorised to affix a plate at the entrance to the Leased Premises bearing all useful information on its name and business, provided that it complies with a standard-form plate and the dimensions previously approved by the Landlord and, where applicable, the competent authorities.

11.9.3 The Tenant shall also have the right to install construction material on the portion of the roof corresponding to the Leased Premises. There is currently no infrastructural support on the roof. The installation of such equipment shall be carried out at the sole cost, responsibility, and risk of the Tenant subject to the Landlord's prior written consent, which the Landlord may refuse only in the event that the Tenant fails to conform to the technical and safety rules applicable to the installation of such equipment.

11.9.4 The installation of any antenna and/or air conditioning unit shall be subject to the Landlord's prior written approval of the aforementioned works file under the conditions set forth in Article 11.2.1. The relevant request must include a description of the antennae and/or air conditioning unit which the Tenant wishes to install.

The Tenant shall be solely responsible for filing all declarations and/or for obtaining all the administrative permits required to install such antennae and the related equipment as well as for the payment of all taxes arising in connection with such permits.

The Tenant shall service and maintain, solely at its expense, all antennae and the related equipment such that they remain in a perfect state of repair at all times throughout the term of the Lease and any renewals thereof.

The Tenant shall be solely responsible for any claim or request for indemnification, on any ground whatsoever, made by any third party or other tenant who complains of a disturbance or interference caused to the analog signal on account of the Tenant's systems and facilities, such that the Landlord shall be held harmless in that respect.

The Tenant shall repair, at its own expense and at the Landlord's first request, any damage to the roof of the Property caused by the installation, maintenance, repair, operation, dismantling or removal of antennae and the related equipment and return such damaged areas to the condition in which they were found prior to installation.

11.10 Inspection of the premises – Vacation – Final schedule of condition

11.10.1 The Tenant shall give the Landlord, its agents, contractors and workers and the Architect access to the Leased Premises at all times, subject to at least seventy-two (72) hours' notice, except in case of an emergency, in order to inspect and check the condition of the Leased Premises and the Building, as well as to repair and maintain them at the Tenant's risk and expense should the Tenant have failed to fulfill its obligations arising in connection with Article 11.2 above fifteen (15) days after the dispatch of a formal notice which remains unheeded, except in the case of an emergency. The Tenant may, if it so wishes, instruct its staff responsible for security in the Leased Premises to accompany these individuals at no expense to the Landlord. If immediate access to the Leased Premises is required on account of an event that is liable to lead to harmful consequences and it is not possible to contact any of the Tenant's representatives, the Landlord shall be expressly authorised to cause the doors to be opened by a locksmith whose fee shall be reimbursed by the Tenant.

11.10.2 If the Leased Premises are sold or notice of termination of the Lease has been given, the Tenant shall, at least during the last six (6) months of the Lease, allow the Landlord's representative(s) to visit the premises on any business day between 9 a.m. and 12 noon and 2 p.m. and 4 p.m. and at any other time with the Tenant's consent (which may only be refused for a legitimate reason), subject to at least seventy-two (72) hours' notice. The Tenant must also allow a board to be affixed at any place which the Landlord deems appropriate, provided that it does not disrupt the Tenant's business.

11.10.3 Within the last six (6) months prior to the Tenant's vacating the Leased Premises, the Tenant shall allow the Architect or any other representative of the Landlord to draw up a preliminary final schedule of condition in the presence of both Parties which indicates any repairs, cleaning, major repairs and replacements required for which the Tenant is responsible under the Lease. The Tenant undertakes to carry out the foregoing tasks, where applicable, before vacating the Leased Premises, at its expense and in accordance with Article 11.2 above.

Moreover, the Landlord shall inform the Tenant of the items it wishes to retain and those it wishes to be disposed of at least three (3) months before expiry of the Lease. Failing this, the Landlord shall be deemed to have elected to retain the Tenant's amenities.

In the event that work has not been carried out on the date on which the Tenant hands over the keys, the Landlord may arrange for such work to be executed by the contractors of its choice and claim the cost thereof from the Tenant in addition to the penalties provided for in Article 11.9 below.

11.10.4 A final schedule of condition shall be drawn up in the presence of both Parties, the Tenant having been duly called to attend, no later than on the date of expiry of the Lease, once the Tenant has fully vacated the Leased Premises and before the keys are handed over. If the Tenant fails to attend the meeting, the schedule of condition shall be drawn up by a judicial officer whose fees and expenses shall be paid in equal amounts by the Parties. Such schedule of condition shall include a list of the repair work incumbent on the Tenant hereunder and, in particular, the repair work mentioned in the preliminary schedule of condition which has not been carried out upon that date, as well as any work required but that did not appear necessary during preparation of the preliminary schedule of condition on account of the fact premises had not been entirely removed of all furniture, systems, facilities and equipment.

11.10.5 If the Tenant fails to carry out the requisite repairs, cleaning, major repairs and replacements required before vacating the Leased Premises in accordance with the terms of the Lease or if it fails to vacate the premises on the scheduled date, the Tenant shall owe the Landlord a daily indemnity as from the date of expiry of the Lease, payable one week in arrears, equal to one and a half times the daily Base Rent, plus charges, calculated on a daily basis for the period required to return the Leased Premises to their original condition.

The Tenant shall pay the sums due in this respect upon the first request from the Landlord or the Property Manager.

11.10.6 The Tenant shall give at least one (1) month's notice of the date on which it intends to vacate the premises in order to enable the Landlord to make the statutory declarations with the tax authorities.

11.11 Sundry requirements

11.11.1 The Tenant shall at all times strictly comply with the provisions of all laws, instructions, regulations and orders applicable to the Leased Premises throughout the term of the Lease (in particular, by arranging for approved bodies to carry out the regulatory verifications and inspections of all systems and facilities within the Leased Premises in accordance with the regulations laid down by the French Fire Insurance Companies Committee(*Association Plénière des Sociétés d'Assurance Incendie*)) by providing the Landlord with all supporting documents upon the latter's first request, in particular with regard to the execution, at its expense and under its responsibility, by contractors supervised by skilled individuals who meet the requirements referred to in Article 11.2 above, of all work imposed under the said provisions, as well as those applicable to roadways, cleanliness, the police, safety and the labor inspectorat, and to bear the related expenses, such that the Landlord is held harmless in respect of any failure by the Tenant to comply with the foregoing provisions.

In consequence, the Tenant shall comply, at its sole expense, with all obligations laid down by the authorities (with regard to health, the environment, safety, employment legislation, etc.) pursuant to regulations, orders and all other provisions in force now or in the future and with all instructions, claims or orders which may be issued by the said administrative authorities.

The Tenant shall arrange for its systems and facilities – in particular, its electrical and fire safety systems and facilities – to be inspected by an approved organisation whenever required to do so by an applicable regulation and it shall make any changes to such systems and facilities requested by the inspection organisation. Likewise, the Tenant shall arrange for safety inspections to be carried out periodically on all of its plant. The Tenant shall provide proof, at the Landlord's first request, that it has taken out all the contracts required or deemed advisable with regard to the technical management of the Leased Premises with qualified firms and that it has complied with all instructions given by inspection bodies.

The Tenant shall carry out all work to bring [the Leased Premises] into conformity under this Article 11.11.11 under the conditions provided for in Article 11.2.1.

11.11.2 The Tenant shall promptly inform the Landlord of any damage caused to the Leased Premises and the Building.

11.11.3 The Tenant and the Tenant's agents, employees and, and invitees shall comply fully with rules and regulations appearing in **Annex 6** (hereinafter the "**Datacenter Rules and Regulations**"). The Landlord shall at all times have the right to change such rules and regulations or to amend or supplement them in such manner as may be deemed by the Landlord in the exercise of its sole but good faith discretion, for the safety, care and cleanliness of the Leased Premises, the Building and the Property and for preservation of good order therein, all of which Datacenter Rules and Regulations, as changed, amended, and/or supplemented from time to time, shall be fully carried out and strictly observed by the Tenant, provided such change is notified to the Tenant, and that such change to the Datacenter Rules and Regulations may not increase the Tenant's monetary obligations under this Lease or unreasonably interfere with access to or the beneficial use of the Leased Premises for the permitted uses. In the event of a conflict between the Datacenter Rules and Regulations and the terms of this Lease, the terms of this Lease shall govern. Landlord shall apply the Datacenter Rules and Regulations uniformly to the tenants of the Property.

11.11.4 Subject to the terms of Article 11.2.9 above, the Landlord may, if it considers it appropriate, prohibit access to some or all of the common parts of the Building, place boundaries or take any measures to this end, or temporarily close all or part of the common parts or that it deems necessary to carry out repairs and work, provided that the Tenant retains possession of and/or full access to the Leased Premises.

The Landlord reserves the general right to make any changes or alterations to the common parts at its expense without seeking the Tenant's approval, provided that this does not affect the conditions of possession of the Leased Premises; the Landlord may also take all decisions regarding the use of the Leased Premises, provided that the Tenant retains possession of and normal access to the Leased Premises.

11.12 Levies and taxes

11.12.1 The Tenant shall pay all taxes and contributions, imposed now or in the future, and any increases thereto, in particular, business and real property taxes, city, police, and roadway taxes, and all other taxes, duties, and fees and all national, regional, departmental, municipal, or other taxes, of any kinds and regardless of whether they are attributable to the Tenant or the Landlord, such that the Landlord is held harmless in that respect, and shall provide the Landlord with proof of payment thereof, at the latter's request, before vacating the premises.

11.12.2 If, for any reason whatsoever, the Landlord is charged business tax with regard to the Leased Premises (in particular, if the Tenant is not liable for the said tax), the Tenant hereby undertakes to reimburse the amount of the said tax to the Landlord upon the latter's first request.

11.12.3 On the date on which the Tenant vacates the Leased Premises, it shall provide the Landlord with proof that it has taken all the necessary steps to inform the tax authorities that it is vacating the Leased Premises such that the Landlord is held harmless in respect of the levies and taxes for which the Tenant is liable.

11.13 Liability and claims

11.13.1 The Tenant shall protect and monitor the Leased Premises and its property, as it considers appropriate, to the extend that such services provided within the Leased Premises do not suffice. In particular, the Landlord shall not have any liability in the event of theft, attempted theft, any other tortious act or offence committed by a third party or any other illegal act (*voie de fait*) of which the Tenant may be a victim in the Leased Premises.

11.13.2 Moreover, the Tenant shall be responsible for any disturbance or damage caused in the Leased Premises by third parties on account of any illegal or other action, in particular, in the event of a disturbance, disruption, noise (including structure-borne noise) or acts for which its staff, suppliers, clients or subtenants are responsible, without any right of recourse against the Landlord. The Tenant expressly waives any right of recourse and legal action against the Landlord with regard to damage caused to the Leased Premises in the event of a disturbance, riot, strike or civil war and with regard to any disruption.

11.13.3 In the event of a compulsory purchase order in the public interest, the Tenant may only exercise its rights against the expropriating party and shall not make any claim against the Landlord.

11.13.4 The Tenant shall refrain from making any claim in the event of the interruption of or problem with the supply of utilities in the Leased Premises, in particular (where applicable), the supply of gas, water, electricity and drainage facilities, or in the event of the stoppage of the heating, lifts, air conditioning, ventilation, telephone or any other similar service on account of the relevant suppliers work or repairs, freezing temperatures, or any other cause beyond the Landlord's control. Moreover, the Landlord shall notify the Tenant of interruptions in these utility services even where it has received express advance notice thereof.

11.14 Health and safety

11.14.1 Fundamental and determining condition

The Landlord and its representative attach great importance to compliance with the Prevention, Health and Safety regulations. All the terms of this Article 11.14 constitute a fundamental and determining condition without which the Landlord would not have entered into this agreement.

11.14.2 Tenant's commitment

The Tenant undertakes to comply with all prevention, health, and safety regulations, including all written instructions from the Property Manager or the Landlord with regard to the technical management of the Property, and to ensure that its staff, clients and suppliers also comply therewith. In particular, the Tenant undertakes to comply with French Decree no. 92-158 of February 20, 1992 relating to the rules applicable to work carried out in an establishment by an outside contractor.

In the event the Landlord arranges for an outside contractor to work in the Leased Premises or in the common parts accessible to the Tenant, the Landlord shall provide the Tenant with the contact details of the contractor(s) before work commences to enable the Tenant to determine, in agreement with these contractors and the Landlord, any preventive measures and, if necessary, a prevention plan.

11.13.3 Tenant's work

In the event the Tenant carries out work in accordance with Article 11.2 above, it must be carried out in compliance with the Prevention, Health and Safety regulations. In its capacity as a chief executive, the Tenant shall be under an obligation to comply with the applicable regulations, in particular French Decree no. 92-158 of February 20, 1992 (Articles R.4511-1 to R.4514-4 of the French Employment Code) and Decree no. 94-1159 of December 26, 1994 (Articles R.4531-1 to R.4532-98 of the French Employment Code), such that the Landlord and its representative are held harmless in all of these respects.

Said work must not have any impact on the security of the Property or its common parts. If the work does have such an impact, the Tenant shall have sole criminal and civil liability therefore.

11.15 Specific Agreement Regarding Building Siding

Landlord and Tenant acknowledge and agree that, as of the signature of this Agreement, there are several holes in the façade of the Building as described in **Annex 9** (hereinafter, the "**Façade Holes**").

The Landlord and the Tenant further agree that it shall be the sole responsibility of the Landlord to perform the permanent repair of said Façade Holes, but that such permanent repair is not scheduled to occur in the near term.

Landlord agrees, as Landlord's sole obligation in regards to the Façade Holes and the repairing thereof, to create temporarily patch the Façade Holes in accordance with the working plan and schedule included in **Annex 9** (hereinafter, the "**Post-Commencement Date Building Modifications**"). The Landlord agrees to its best efforts to cause the Post-Commencement Date Building Modifications to be completed before December 31,

2008. The foregoing notwithstanding, the Landlord and the Tenant acknowledge and agree that the Landlord's completion of the Post-Commencement Date Building Modifications is not a condition precedent to any obligation of the Tenant to pay the Rent and any charges, nor is such completion a condition precedent to this Lease taking effect. Upon Landlord's completion of Landlord's Post-Commencement Date Building Modifications, Landlord shall provide written notice the to Tenant (hereinafter, the "**Post-Commencement Date Building Modifications Completion Notice**"). Provided that Landlord is working diligently using commercially reasonable efforts after the Commencement Date to complete Landlord's Post-Commencement Date Building Modifications, Landlord shall not be in default of its obligation to complete Landlord's Post-Commencement Date Building Modifications.

However, in the event that the Landlord fails to complete the Post-Commencement Date Building Modifications by December 31, 2008, unless such delay is due to force majeure or caused by the Tenant, the Tenant may (after notice by the Tenant to the Landlord) undertake to complete the Landlord's Post-Commencement Date Building Modifications. In such event, (i) the Tenant shall be exempted from making any rental charge payments until the completion of the Post-Commencement Date Building Modifications or March 31, 2009, at the latest, and (ii) the Tenant shall be reimbursed for any reasonable expenses incurred by the Tenant in connection with the completion of the Post-Commencement Date Building Modifications after December 31, 2008 within twenty (20) days after the Tenant's written demand therefor, which must be accompanied by all documents justifying the expenses incurred.

11.16 Compliance with Laws; Data Processing; Hazardous Materials; ICPE

11.16.1 Compliance with Laws

The Tenant, at the Tenant's sole cost and expense, shall timely take all action required to cause the Leased Premises to comply at all times during the term of this Lease in all respects with all laws, ordinances, building codes, rules, regulations, orders and directives of any governmental authority having jurisdiction (including without limitation any certificate of occupancy or other French equivalent and all regulations applicable to hygiene, safety and urban planning issues), including those regulations and decisions relative to the ICPE (as contemplated in Section 11.16.4, below) regulations and orders from the prefect issued to Landlord, and all covenants, conditions and restrictions affecting the Property now or in the future applicable to the Leased Premises and with all rules, orders, regulations and requirements of any applicable fire rating bureau or other organization performing a similar function (collectively, "**Applicable Laws**"). The Tenant shall not use the Leased Premises, or permit the Leased Premises to be used, in any manner, or do or suffer any act in or about the Leased Premises which: (i) violates or conflicts with any Applicable Law; (ii) causes or is reasonably likely to cause damage to the Property, the Building, the Tenant Space or the Building and/or Property systems and equipment, including, without limitation, all fire/life safety, electrical, HVAC, plumbing or sprinkler, access control (including, without limitation, Landlord's Access Control Systems including (i) a checkpoint at the level of the main entry to the Building which will be open twenty-four (24) hours a day, seven (7) days a week, (ii) an electronic "entry card" system to control access to the Building has been installed, and(iii) a video surveillance system has been installed), mechanical, telecommunications, elevator and escalator systems and equipment (collectively, the "**Building Systems**"); (iii) will invalidate or otherwise violates a requirement or condition of any fire, extended coverage or any other insurance policy covering the Property, the Building, and/or the Leased Premises, or the property located therein, or will increase the cost of any of the same (unless, at the Landlord's election, the Landlord permits an activity which will cause an increase in any such insurance rates on the condition that the Tenant shall agree in writing to pay any such increase to the Landlord immediately upon demand in addition to the Base Rent); (iv) constitutes or is reasonably likely to constitute a nuisance, annoyance or inconvenience to other tenants or occupants of the Building or the Property, or any equipment, facilities or systems of any such tenant; (v) interferes with, or is reasonably likely to interfere with, the transmission or reception of microwave, television, radio, telephone, or other communication signals by antennae or other facilities located on the Property; (vi) amounts to (or results in) the commission of waste in the Leased Premises, the Building or the Property; (vii) violates any of the rules and regulations promulgated from time to time by the Landlord applicable to the Leased Premises, the Building or the Property (including, without limitation, the Datacenter Rules and Regulations), provided that the Tenant was given prior notice of such rule or regulation and that it does not disrupt the normal activities of the Tenant in the Leased Premises; or (viii) is not a Permitted Use. The Tenant agrees that any incident or accident that has resulted (or may result) in non-compliance with Applicable Laws shall be immediately reported in writing to Landlord. Tenant shall be responsible for any losses, costs or damages in the event that unauthorized parties gain access to the Leased Premises, the Building or the Property through access cards, keys or other access devices provided to the Tenant by the Landlord. The tenant shall promptly upon demand reimburse the Landlord, in addition to the Base Rent, for any additional premium charged for any insurance policy by reason of the Tenant's failure to comply with the provisions of this Article 11.16. The Tenant agrees to indemnify the Landlord for any direct or indirect consequence of the Tenant's non-compliance with any of the above, whether such non-compliance is intentional or unintentional

11.16.2 Landlord's automatic personal data processing

The Landlord and the Tenant acknowledge that Landlord's Access Control System may, now or hereafter, incorporate certain security elements (e.g., biometric scanners) that collect and process personal data (e.g., fingerprints) ("**Personal Data**") of those individuals who access the Property, the Building, and/or the Leased Premises ("**Landlord's Automatic Personal Data**

Processing"). Pursuant to the Act n° 78-17 of January 6, 1978, on data processing, data files and individual liberties amended by Act n° 2004-801 of August 6, 2004, the Decree n° 2005-1309 of October 20, 2005 enacted for the application of the Act of January 6, 1978, and the standards established and published by the French National Data Protection Authority ("**Personal Data Processing Legislation**"), the Tenant agrees to obtain (and provide to the Landlord) from all members of its personnel, prior to their entrance on the Property, their written consent to the Landlord's collection and processing of their Personal Data. In order to comply with the Personal Data Processing Legislation, the Landlord agrees that, if the Landlord utilizes Landlord's Automatic Personal Data Processing, (i) the Landlord will use Landlord's Automatic Personal Data Processing only for the purposes of access control and security related to the Property, Building, and/or the POP room, and (ii) the Landlord will notify the French National Data Protection Authority, as and to the extent required by Applicable Law, of the manner in which Personal Data is intended to be used in connection with Landlord's Automatic Personal Data Processing, in order to obtain the French National Data Protection Authority's prior approval of Landlord's Automatic Personal Data Processing.

11.16.3 Hazardous Materials

No Hazardous Materials (as defined below) shall be Handled (as defined below) upon, about, in, at, above or beneath the Leased Premises or any portion of the Building or the Property by or on behalf of the Tenant, its transferees or partners, or their respective contractors, clients, officers, directors, partners, employees, servants, representatives, licensees, agents, or invitees (collectively, the "**Tenant Parties**"). Additionally, the Tenant shall not use the Leased Premises, or permit the Leased Premises to be used, in any manner which may directly or indirectly lead to any non-compliance with any Environmental Law. Notwithstanding the foregoing, normal quantities of those Hazardous Materials customarily used in the conduct of the Permitted Use may be used at the Leased Premise without the Landlord's prior written consent, but only in compliance with all applicable Environmental Laws (defined below) and only in a manner consistent with Institutional Owner Practices (as defined in below).

The Landlord nonetheless hereby authorizes the Tenant as of the execution date of the present agreement and for the purposes of its business activity in the Leased Premises to use, the following materials and products:

- Refrigerant gas (70m^3)
- Glycol water (650 m^3)
- Lead batteries (110 tons)
- Domestic fuel (300 m^3)
- Coolant from diesel generators (25 m^3)
- Mineral oil from diesel lubrification (12 m^3)

- Argo 55 (130 m³)
- FM200 (50 m³), to be fully eliminated in 2010

"**Environmental Laws**" shall mean and include all now and hereafter existing Applicable Laws regulating, relating to, or imposing liability or standards of conduct concerning public health and safety or the environment**,** including without limitation *Arrêté Préfectoral* Number 02-1736 of April 23, 2002, delivered pursuant to French environmental regulations on *Installations Classées pour la Protection de l'Environnement* ("**ICPE**") or any other *arrêté préfectoral* amending or replacing it.

"**Hazardous Materials**" shall mean and include: (1) any material or substance: (i) which is defined or becomes defined as a "hazardous substance," "hazardous waste," "infectious waste," "chemical mixture or substance," or "air pollutant" under Environmental Laws; (ii) containing petroleum, crude oil or any fraction thereof; (iii) containing polychlorinated biphenyls (PCB); (iv) a product or substance containing or presumed to contain asbestos, (v) which is radioactive; (vi) which is infectious; or (2) any other material or substance displaying toxic, reactive, ignitable or corrosive characteristics, and are defined, or become defined by any Environmental Law. "**Handle**," "**Handled**," or "**Handling**" shall mean any installation, handling, generation, storage, treatment, use, disposal, discharge, release, manufacture, refinement, presence, migration, emission, abatement, removal, transportation, or any other activity of any type in connection with or involving Hazardous Materials.

"Trade Practices" shall mean and include those practices generally employed by the majority of institutional owners of Datacenters or of first class and institutional telecommunication systems.

11.16.4 Installations Classées pour la Protection de l'Environnement (ICPE)

The Landlord hereby represents that for any ICPE operated in the Building or on the Property, the Landlord is the sole holder of the *Arrêté Préfectoral* Number 02-1736 of April 23, 2002, delivered pursuant to French environmental regulations relative to ICPE's (a copy of which appears in **Annex 10**) and that the Landlord will be the sole holder of any other *arrêté préfectoral* amending or replacing it. The Landlord shall inform the Tenant of any *arrêté préfectoral* amending or replacing the *Arrêté Préfectoral* Number 02-1736 of April 23, 2002, as well as any eventual change in the operator thereof.

The Landlord also hereby represents and guarantees that, for any ICPE operated in the Building or on the Property, Landlord is and will be the sole contact with the local environment agency (*STIIIC*). The Tenant shall not interfere in the relationships between the Landlord and the local environmental agency (*STIIIC*), including without limitation by directly contacting the local environmental agency (*STIIIC*) without the Landlord's prior written consent.

The Tenant shall immediately report to the Landlord any incident or accident which may directly or indirectly lead to any non-compliance with any Environmental Law, including without limitation *Arrêté Préfectoral* Number 02-1736 of April 23, 2002, delivered pursuant to French environmental regulations on ICPE or any other *arrêté préfectoral* amending or replacing it.

The Landlord, the Landlord's agents and employees shall have the right to enter upon any and all parts of the Leased Premises, the Building, or the Property, provided that the Tenant has five (5) business days' notice (except in the case of an emergency when no prior notice shall be required) and the visit is necessary to ensure the validity of *Arrêté Préfectoral* Number 02-1736 of April 23, 2002 delivered pursuant to French environmental regulations relative to ICPE's or any other *arrêté préfectoral* amending or replacing it, and more generally to comply with applicable Environmental Laws.

However, in the event where the request to enter the premises is issued by a competent administrative authority, the Tenant undertakes to allow access to all parts of the Leased Premises, the Building, or the Property upon presentation of the request permitting the Landlord and the administrative authorities in question, to conduct all necessary verifications and inspections. In the event where a representative of an administrative authority conducts an unexpected site visit, the Tenant shall allow such representative immediate access to all of the Leased Premises.

11.17 Destruction of the Leased Premises

11.17.1 Destruction of the Leased Premises in their entirety

If the Leased Premises are destroyed in their entirety due to a construction defect, flood, fire, strike, act of war, civil war, riot or any other cause beyond the Landlord's control, the Lease shall terminate by operation of law, without any indemnity being payable by either Party, but without prejudice to the rights that may be exercised by either of the Parties against the other Party if the destruction can be attributed to the latter.

11.17.2 Partial destruction of the Leased Premises

If the Leased Premises are destroyed in part due to wear and tear, a construction defect, flood, strike, act of war, civil war, riot or other cause beyond the Landlord's control, the Landlord may:

1) terminate the Lease by operation of law, without any indemnity being payable by either Party if, as a result of the partial destruction of the premises, (i) the Tenant is unable to carry on

a significant portion of its business in the Leased Premises and, (ii) if the Leased Premises cannot be rebuilt to their former state or used within six (6) months;

2) if this is not the case, the Landlord may apply a Base Rent reduction for the duration of the partial loss of possession as calculated by reference to the area destroyed, it being specified that in this latter case, the Lease shall continue to apply to all of the Leased Premises;

Reciprocally, if the Leased Premises are destroyed in part due to wear and tear, a construction defect, flood, strike, act of war, civil war, riot or other cause beyond the Landlord's control, the Tenant may terminate the Lease by operation of law, without any indemnity being payable by either Party if, as a result of the partial destruction of the premises, the Tenant is unable to carry on a significant portion of its business in the Leased Premises,

without prejudice to the Landlord’s rights against the Tenant and vice versa if the partial destruction of the premises can be attributed to either Party.

If the Parties fail to agree on whether or not the Tenant can continue to carry on its business in spite of the partial destruction of the Leased Premises, the Parties shall abide by the decision of an expert appointed either by mutual agreement or by the Presiding Judge of the Bobigny Regional Court ruling in urgent proceedings upon the application of the first Party to act. The costs and expenses arising in connection with the order and the fees of the expert thus chosen or appointed shall be paid by the Party which the expert finds to be at fault.

In the event of option (2) above, the calculation of the rent reduction shall be carried out by an expert chosen by the Landlord and the Tenant. In the event that the Parties fail to agree on an expert within forty-five (45) days following the partial destruction, such expert shall be appointed by the Presiding Judge of the Bobigny Regional Court ruling in urgent proceedings. The costs and expenses arising on connection with the order thus chosen or appointed shall be born equally between the Landlord and the Tenant.

In any event, the Tenant shall be responsible, together with its insurance company where applicable, for the consequences of any loss of possession on account of the partial destruction of the Leased Premises and any restoration work required.

11.18 Insurance

11.18.1 The Landlord undertakes to insure with a reputable insurance company:

– The Leased Premises, including all of the fixtures acquired or owned by the Landlord and all fit-out work and equipment against, in particular, the following risks:

Fire and lightning,
All explosions,
Electrical damage,
Falling aircraft and airborne objects,
Impact of a vehicle belonging to a third party,
Hurricanes, cyclones, tornadoes and storms,
Smoke damage,
Strikes, riots and uprisings,
Vandalism and malicious acts,
Water damage.

The insurance shall include ancillary covers, including, but not limited to expert's fees.

– The Landlord's civil liability for bodily injury and/or damage to property and/or consequential loss sustained by third parties on account of the buildings which form the Leased Premises.

The Landlord reserves the right to cover all other reasonable risks.

11.18.2 All of the related insurance covers shall be subject to the terms, conditions, limits and exclusions provided for in the policies taken out by the Landlord.

11.18.3 Insurance premiums shall be deemed to be rental charges. The Tenant undertakes to reimburse the premiums for the insurance taken out by the Landlord in respect of the Leased Premises which covers the risks listed above.

11.18.4 For its part, the Tenant shall take out insurance, at its expense, to cover the following throughout the term of the Lease with a solvent and reputable insurance company:

(a) the furniture, movables, materials, equipment, systems and facilities and all items belonging to it or held in its custody for any reason whatsoever, as well as all the systems and facilities installed by the Tenant in the Leased Premises against all risks, in particular, the risks of theft, fire, explosions and water damage, as well as claims brought by third parties and neighbors and glass breakage with respect to the Leased Premises; the Tenant also undertakes maintain insurance coverage throughout the term of the Lease to cover loss of possession of the Leased Premises and operating losses, even in the event of the loss of its ongoing business, in whole or in part, including on account of damage or losses sustained by the intangible elements attached to the said business, even if the damage or destruction results from a construction defect or was caused by a caretaker or any other individual for whom the Landlord is civilly liable;

(b) its civil liability, in particular, with regard to all bodily injury or damage to property caused directly or indirectly during the performance of the work for which the Tenant is responsible, as well as damage which may be caused either as a result of the occupancy of the Leased Premises as a result of its property, amenities, systems and facilities, or the use thereof, or by the Tenant's staff.

11.18.5 The Tenant hereby waives its rights against the Landlord Group with respect to any claims or damages or losses (including any claims for bodily injury to persons and/or damage to the Building) which are caused by or result from (i) any and all risks insured against under any insurance policy required to be obtained and maintained by the Tenant and/or any Third Party under this Lease and that is currently maintained by the Tenant and/or any such Third Party at the time of such claim, damage, loss or injury, or (ii) any and all risks which would have been covered under any insurance policy required to be obtained and maintained by Tenant under this Lease had such insurance been obtained and maintained as required. Additionally, the insurance policies subscribed by the Tenant and by all Third Parties, as defined below, shall specify that Tenant's and such Third Parties' respective insurers waive all rights of recourse against the Landlord Group for losses within the scope of the insurance and waivers provided for in this Article 11.18.

In return for the foregoing, the Landlord hereby waives its rights against the Tenant Group with respect to any claims or damages or losses (including any claims for bodily injury to persons and/or damage to property) which are caused by or result from (i) any and all risks insured against under any insurance policy required to be obtained and maintained by the Landlord under this Lease and that is currently maintained by the Landlord at the time of such claim, damage, loss or injury, or (ii) any and all risks which would have been covered under any insurance policy required to be obtained and maintained by the Landlord under this Lease had such insurance been obtained and maintained as required. Additionally, subject to the waiver of all rights of recourse by the Tenant and all Third Parties and their respective insurers, the insurance policies subscribed by the Landlord shall specify that the Landlord's insurers waive all rights of recourse against the Tenant Group, including Third Parties, for losses within the scope of the insurance and waivers provided for in this Article 11.18.

In regards of the present Article 11.18.5, "**Third Parties**" designates all occupants of the Leased Premises, the Building, and the Property because of, or for the benefit of the Tenant, all persons or entities having a right or interest (in particular, rights of priority and rights of retention) in the Infrastructural Equipment or any Other Equipment, and all persons or entities having had access to the Leased Premises because of, or for the benefit of the Tenant and thereupon suffered a prejudice or bodily harm while in the Leased Premises, the Building, or the Property.

11.18.6 The Tenant's insurance policies shall contain a clause which specifies that the said policies may only terminate fifteen (15) days after the Landlord has been informed of said termination.

11.18.7 In order to show compliance with the foregoing provisions, before taking possession of the Leased Premises, and at the beginning of each calendar year, the Tenant shall send to the Landlord a certified true copy of its insurance policies or a certificate from its insurers confirming that the Tenant is duly insured (and that all premiums due have duly been paid) under the conditions set forth in this Article 11.18.

11.18.8 The Tenant alone shall pay the cost of any insurance supplements imposed on the Landlord or neighbours on account of the business conducted by the Tenant.

11.18.9 The Tenant also undertakes to comply with any decision taken by the Landlord with regard to the carrying out of technical alterations required or recommended by the insurers.

11.18.10 Lastly, the Tenant undertakes to give the Landlord notice by registered letter with advice of receipt of any loss, damage to or deterioration of the Leased Premises within 48 hours of which it becomes aware, of such loss, damage, or deterioration, at the risk of being held liable for any damages, the amount of which cannot be claimed from the company insuring the Leased Premises on account of a failure or delay in filing the related declaration.

11.18.11 It is expressly agreed that the Landlord may take out any additional insurance it considers necessary at any time during the term of the Lease to supplement or complete the covers mentioned above if required to do so by law or if the nature of the business conducted by the Tenant or the way in which the Tenant uses the Leased Premises changes.

11.18.12 Provided that the Tenant's normal activities in the Leased Premises are not disturbed, The Tenant shall grant the Landlord's insurers, once yearly, unrestricted access to the Leased Premises to enable them to assess the risks to be covered.

11.19 Assignment - Subletting – Permitted Licensees

11.19.1 The Tenant shall be prohibited from granting to any third party the right to use the Leased Premises, in whole or in part, by any means whatsoever, even temporarily, free of charge or by an agreement determinable at will. In particular, the Tenant shall be prohibited from subletting the Leased Premises in whole or in part and from leasing its ongoing business.

11.19.2 In derogation to the foregoing, the Tenant shall be authorised to sublet surface areas not exceeding 680m² to any corporate client, subject to compliance with the following terms, which must be specified in all sublease agreements:

(a) the Tenant and the Landlord expressly agree that the Leased Premises form an indivisible whole; any subtenant may not claim any direct right of renewal of its lease from the Landlord;

(b) the Tenant shall remain solely liable vis-à-vis the Landlord for all obligations hereunder and the Landlord shall deal exclusively with the Tenant with regard to all the obligations arising under the Lease;

(c) no sublease shall be granted for a term longer than that remaining on the term of the Lease, nor for a rental amount (per square meter) less than the amount of Base Rent applicable during the course of the sublease;

(d) if, notwithstanding the prohibition referred to in Article 11.19.1 hereinabove, the Tenant subleases to one or more of its customers, a surface area equal to or greater than twenty-five (25%) of the Leased Premises in consideration of sum greater than (a) the pro-rata portion of Base Rent applicable to the portion of the Leased Premises that is the subject of the sublease(s), plus (b) the leasing costs (i.e., tenant improvement allowances and broker commissions) incurred by the Tenant in connection with such sublease(s), (collectively, the **"Excess Rent"**), then Tenant shall pay to the Landlord, as Additional Rent, fifty percent (50%) of any such Excess Rent immediately upon Tenant's receipt thereof.

It is specified all service contracts entered into by the Tenant necessary to its business activity are not within the scope of this clause.

(e) the Tenant shall be responsible for evicting its subtenant if the Lease ends for any reason whatsoever and shall pay any compensation due for the eviction or other amount which may be payable to the subtenant;

(f) the Tenant shall check that the subtenant takes out the insurance policies referred to in Article 11.18 and that such policies include a waiver of the right to take action against the Landlord and its insurers, as provided for in Article 11.18.5;

(g) if the Landlord grants any authorization to enter into a sublease during the term of the Lease, such authorization shall end if the Lease is assigned by the Tenant;

(h) the aggregate area sublet by the Tenant shall not exceed sixty percent (60%) of the total lettable area of the Leased Premises.

In accordance with the provisions of Article L. 145-31 of the French Commercial Code, the Landlord shall be asked to sign the sublease agreement, a draft of which shall have been sent to it at least fifteen (15) days in advance, by registered letter with advice of receipt.

In the event the Landlord does not sign the agreement, a copy of the sublease shall be sent to it within fifteen (15) days of the signature thereof.

11.19.3 The Tenant may also enter into service agreements with its customers occupying the Leased Premises for the purposes of datacenter activities, provided that such agreements are not construed as commercial leases and do not therefore benefit from the rules governing such leases. However, the Tenant may not enter into any service agreements that grant an occupancy right to a surface area of more then 680m² in the Leased Premises.

11.19.4 Permitted Licensees. Landlord acknowledges that the business to be conducted by the Tenant in the Premises may require the installation of certain computer, switch, and/or communications equipment owned by licensees that the Tenant may authorize for the sole purposes of the installation and operation of such equipment ("**Permitted Licensees**") to enter on to the Leased Premises (but not outside of the Leased Premises), and in order for the Permitted Licensees to place and maintain this equipment which may interconnect with the Tenant's facilities and/or the Permitted Licensees' facilities (the "**Permitted Interconnection**"). To activate the Permitted Licensees' access to the Premises for the Permitted Interconnection, the Landlord expressly agrees that the Tenant may, without the Landlord's further consent, authorize the use or occupancy of portions of the Premises to the Permitted Licensees for the sole purpose of the Permitted Interconnection pursuant to written agreements by and between the Tenant and the Permitted Licensees (collectively, "**Permitted Agreements**"). The Permitted Licensees shall comply with all Applicable Laws and the Building Rules and Regulations. The Permitted Agreements and the Permitted Licensees' rights thereunder shall be subject and subordinate at all times to the Lease and all of its provisions, covenants and conditions. Tenant hereby agrees to indemnify, defend, and hold harmless Landlord and the Landlord Group from and against (and to reimburse Landlord and the Landlord Group for) any and all Claims arising from or in any manner relating to (i) any Permitted Agreement, (ii) the access or occupancy of the Leased Premises or any other portion of the Building or the Property by any Permitted Licensee or any person claiming by, through or under any Permitted Licensee, its partners, and their respective officers, agents, servants or employees of Tenant or any such person (collectively, the "**Permitted Licensees Parties**"), (ii) the acts or omissions of any Permitted Licensee or any Permitted Licensees Parties. Anything to the contrary contained herein notwithstanding, Landlord and Tenant acknowledge and agree that Permitted Agreements shall not constitute, or be deemed to be, the grant of a leasehold interest or otherwise constitute, or be deemed to be, a real property interest.

11.19.5 The Lease shall not be assigned by any means whatsoever without the prior written consent of the Landlord.

In derogation to the foregoing, the Landlord hereby authorizes the Tenant to assign the present Lease rights to any company belonging to the Tenant's group as defined in the provisions of Article L. 233-3 of the Commercial Code. The Tenant undertakes to provide a copy of the assignment agreement within fifteen (15) days following the signing of such agreement.

No transfer will release the Tenant from Tenant's obligations under this lease or alter the primary liability of the Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The provisions herein must be reproduced in all subsequent transfers.

11.19.6 No sublease for a portion of the Leased Premises, or the accordance of an occupancy right on the Leased Premises by virtue of a service agreement, for a surface area exceeding 680m² may be granted without the prior written consent of the Landlord. Such consent may be further subject to a payment by the Tenant to the Landlord of an indemnity, the amount of which is to be determined by the mutual agreement of the Parties.

For each sublease contract or service agreement entered into by the Tenant in breach of the preceding provisions, the Tenant shall pay to the Landlord a fixed, inclusive and non-negotiable indemnity of eighty-five-thousand euros (85.000 €). In such a case, the Landlord may not invoke the termination clause.

11.20 Tenant's failure to comply with its obligations

If the Tenant fails to comply with the obligations incumbent upon it under the Lease, two (2) months after an ordinary notice has been sent by registered letter with advice of receipt, or served by a judicial officer, and has gone unheeded (except in the case of an emergency affecting the security of the Property), the Landlord may arrange for the breached obligation to be performed by any company of its choice at the Tenant's risk and expense, the costs of which shall be added by operation of law to the next installment of Base Rent, notwithstanding any damages that may be claimed or the implementation of the termination clause. The Landlord's contractors shall perform their tasks with care, taking all the requisite measures to avoid disrupting the Tenant's activities.

In case of an emergency or if the Tenant breaches its prevention, health and safety obligations, the Landlord may take action immediately without observing the aforementioned deadline of two (2) months.

12. Non-waiver

No tolerance regarding the conditions of the Lease, shall be deemed to constitute an amendment to or the elimination of such conditions, regardless of the frequency and duration thereof. The Landlord may cease to tolerate the breach at any time without formality or notice.

13. Changes to shareholders

The Tenant shall inform the Landlord by registered letter with advice of receipt of any change in the control of the Tenant company, that is to say, if more than 50% of its shares (capital or voting rights) or partnership shares (capital or voting rights) are sold or in the event of a change of control within the meaning of Article L. 233-3 of the French Commercial Code of any company which controls the Tenant directly or indirectly, within one (1) month of the date on which such change of control takes place.

14. Termination clause

14.1 In the absence of payment of (i) a single installment of Base Rent, (ii) the charges and various reimbursements which are payable with the Base Rent, (iii) any ancillary amounts, (iv) outstanding Base Rent, (v) penalties or late-payment interest, (vi) any indemnity due, payable for any reason whatsoever (in particular, after the effective date of a notice of termination where the Landlord refuses to renew the Lease), and (vii) more generally, any amounts payable by the Tenant to the Landlord, regardless of the reason therefor, or in the event of non-compliance with any of the clauses, charges and conditions of the Lease – which all have the same binding force – the Lease shall be terminated by operation of law at the Landlord's discretion, without any legal formality, if the Tenant fails to comply with a formal notice to pay an amount or perform an obligation, which refers to this termination clause, within one (1) month.

14.2 In the event that a formal notice or order to perform is issued under the foregoing terms, and is still unheeded at the time limit set, the Landlord may choose to implement the termination clause or require the agreement to be performed, or waive its rights to enforce the order in whole or in part, in which case it shall give express notice of such waiver.

14.3 The Landlord shall retain this option until such time as the Tenant voluntarily complies with a formal notice to vacate the Leased Premises or is forced to do so. Such formal notice may be in the form of an application to a court for an eviction order.

14.4 If the Tenant refuses to vacate the Leased Premises after the termination of the Lease under the conditions set forth in this Article 14, it may be forced to do so by an urgent order rendered by the Presiding Judge of the Bobigny Regional Court, which shall be immediately enforceable, without any guarantee and notwithstanding any appeal.

14.5 If the Lease is terminated by virtue of this termination clause:

14.5.1 The Landlord shall retain all Base Rent and charges paid in advance, without prejudice to any other rights and rights of recourse it may hold.

14.5.2 The Tenant shall owe a monthly indemnity for occupation equal to the amount provided for in Article 11.10.5 by operation of law from the termination of the Lease until such time as the Landlord recovers possession of the Leased Premises.

14.5.3 Notwithstanding such termination by operation of law, the Landlord may claim compensation from the Tenant for the loss it sustains as a result of such early termination.

14.6 In any event, all costs and expenses arising in connection with official procedures, orders, legal proceedings, protective measures and measures of execution, as well as those arising in connection with the discharge of registrations and notices which may be required pursuant to the French Act of 17 March 1909, shall be borne by the Tenant and invoiced during the following period.

15. WAIVER OF CLAIMS; INDEMNITY

The Parties' obligations under this Article 15 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to the Tenant's vacation of the Leased Premises and the Building. Nothing contained in this Article 15 shall be interpreted or used in any way to affect, limit, reduce or abrogate any insurance coverage provided by any insurer to either the Tenant or the Landlord in accordance with Articles 11.18 and 11.2.14, and as completed by this Article 15.

15.1 Waiver

To the fullest extent permitted by law, the Tenant, as a material part of the consideration to the Landlord, hereby assumes all risk of, and waives all claims it may have against the Landlord and its respective directors, officers, shareholders, members, employees, agents, constituent partners, affiliates, beneficiaries, *trustees* and representatives (the "**Landlord Group**") for damage to or loss of property (including, without limitation, consequential damages, loss of profits and intangible property) or personal injury or loss of life or other damages of any kind resulting from the Property, the Building, or the Leased Premises, or any part thereof becoming beyond repair, by reason of any repair or alteration thereof, or resulting from any accident within the Property, the Building, or the Leased Premises or on or about any space adjoining the same, or resulting directly or indirectly from any act or omission of any person, or due to any condition, design or defect of the Property, the

Building, or the Leased Premises, or any space adjoining the same, or the mechanical systems of the Building, which may exist or occur, whether such damage, loss or injury results from conditions arising upon the Leased Premises or upon other portions of the Building, or from other sources or places, and regardless of whether the cause of such damage, loss or injury or the means of repairing the same is accessible to the Tenant, provided, however, that such assumption and waiver shall not apply to the extent such claims are determined by a court of competent jurisdiction to have been proximately caused by the negligence or willful misconduct of the Landlord or any other member of the Landlord Group.

The Tenant agrees that the Landlord shall not bear any responsibility or liability for any damage to the Tenant's equipment or interruption of the Tenant's operations which is caused by any other tenant or occupant of the Building or the Property or the employees, agents, contractors, technicians, representatives, customers, co-locators or invitees of any such tenant or occupant, except to the extent that these damages are caused by the negligence or willful misconduct of the Landlord or any member of the Landlord Group, as determined by a court of competent jurisdiction.

15.2 Indemnification

15.2.1 Tenant's Indemnification. Without prejudice to the provisions of Article 11.18.5, and except to the extent caused by the negligence or willful misconduct of the Landlord or any other member of the Landlord Group, as determined by a court of competent jurisdiction, the Tenant shall indemnify, defend, and hold harmless the Landlord and the Landlord Group from and against any and all claims, actions, suits, proceedings, losses, damages, obligations, liabilities, penalties, fines, costs and expenses (including, without limitation, attorneys' fees, legal costs, and other costs and expenses of defending against any claims, actions, suits, or proceedings) (collectively, "**Claims**") caused by: (i) the use or occupancy of the Leased Premises by the Tenant and/or any of its directors, officers, shareholders, members, employees, agents, constituent partners, affiliates, beneficiaries, trustees and/or representatives (together with Tenant, collectively, the "**Tenant Group**"), or any person acting by, through or under the Tenant or any other member of the Tenant Group, or the use or occupancy of any portion of the Building or the Property by the Tenant or any member of the Tenant Group, or any person claiming by them, through them or under them or any member of the Tenant Group , or (ii) the negligence or willful omissions of the Tenant, or any other member of the Tenant Group with respect to the Leased Premises, the Building or the Property.

In the event that any action or proceeding is brought against the Landlord or any member of the Landlord Group by reason of any such Claim, the Tenant upon notice from the Landlord shall defend such action or proceeding at the Tenant's cost and expense by counsel reasonably approved by the Landlord, which may not be unreasonably withheld. Tenant's obligations under this Section 15.2.1 shall survive the expiration or termination of this Lease as to any matter arising prior to such expiration or termination or prior to Tenant's vacation of the Leased Premises and the Building. Nothing contained in this Section 15.2.1 shall be interpreted or used in any way affecting, limiting, reducing or abrogating any insurance coverage provided by any insurer to either Tenant or Landlord. This indemnity provision shall survive the termination or expiration of this Lease.

15.2.2 Landlord Indemnification, Without prejudice to the provisions of Articles 11.18.5 and 15.1, Landlord shall defend, indemnify, and hold harmless Tenant and the Tenant Group from and against all Claims caused by (i) the use or occupancy of the Buillding or the Property by the Landlord of the Landlord Group, or any person acting by, through, on its behalf or under the Landlord's authority or that of any other member of the Landlord Group, or the use or occupancy of any portion of the Building or the Property by the Landlord or any member of the Landlord or the Landlord Group, or any person acting through them, on their behalf or under their authority or any member of the Landlord Group, or (ii) the negligence or willful omission of Landlord or any member of the Landlord Group with respect to the Building or the Property. In the event that any action or proceeding is brought against Tenant or any member of the Tenant Group by reason of any such Claim, Landlord upon notice from Tenant shall defend such action or proceeding at Landlord's cost and expense by counsel reasonably approved by Tenant, which may not be unreasonably withheld. Landlord's obligations under this Section 15.2.2 shall survive the expiration or termination of this Lease as to any matters arising prior to such expiration or termination or prior to Tenant's vacation of the Leased Premises and the Building. Nothing contained in this Section 15.2.2 shall be interpreted or used in any way to affect, limit, reduce or abrogate any insurance coverage provided by any insurer to either Tenant or Landlord. This indemnity provision shall survive the termination or expiration of this Lease.

15.3 Consequential Damages

Under no circumstances whatsoever shall the Landlord or the Tenant ever be liable under this Lease for consequential damages, incidental damages, indirect damages, special damages or for loss of profit or loss of income.

The foregoing notwithstanding, with regard to any customer or other person or entity to which the Tenant, any of its affiliates, or transferees provides goods or services, which are in any way related to or associated with the use of the Leased Premises, including, but not limited to, those (now or hereafter) conducting transactions or other operations by or through or in connection with equipment and/or installations located within the Leased Premises, the Tenant hereby agrees to indemnify and hold the Landlord and the other members of the Landlord Group harmless with regard to (and to reimburse Landlord and any other members of the Landlord Group for) any and all claims by, through, under or related to any customer of the Leased Premises for, or with regard to, any type of consequential damages, incidental, indirect, or special damages, or for loss of profit or income.

16. Costs and address for service – Jurisdiction

All of the costs, expenses, levies, taxes and duties arising in connection with this Lease, as well as those arising in connection with all matters consequential hereto, shall be borne solely by the Tenant.

Each Party shall pay the fees of its respective legal advisers or lawyers incurred in connection with the drafting and negotiation of the Lease.

For the purposes hereof, in particular, the delivery of all instruments served by a judicial officer or procedural documents, the Tenant's address for service shall be at the Building and the Landlord's address for service shall be at its registered office.

For the purposes of the Lease and all subsequent matters, the Parties mutually agree to grant jurisdiction to the courts in the place where the Building is located.

Executed in Paris
On 30 Septembre, 2008
In two originals

[signature]	[signature]
The Landlord	The Tenant

Translation for information purpose only

GUARANTEE FOR RENT AND CHARGES PAYMENT

EQUINIX INC., a company incorporated under the Laws of Delaware, the registered office of which is situated 3500 South Dupont Highway, Dover, DE 19901, Delaware, USA, registered under number 29 11 438, represented by Mr. Stephen Smith, as Director, duly authorised for the purpose of this Guarantee

Hereafter "the Guarantor"

Declares that it guarantees the undertakings:

of **EQUINIX PARIS SAS**, a French *société par actions simplifiée,* with share capital of € 37,000, the registered office of which is situated 167, rue de la Belle Etoile Parc d'Activité Paris Nord II – 95700 Roissy-en-France, under process of registration at the French Trade and Companies Registry of Pontoise.

Hereafter "the Guaranteed Party"

In favour of:

DIGITAL REALTY (PARIS2) SCI, a French *société civile immobilière,* with share capital of € 866,000, the registered office of which is situated 40, avenue Jean Jaurès – 93170 Bagnolet, registered at the French Trade and Companies Registry under number 492 802 947 R.C.S. Bobigny

Hereafter "the Lessor"

In respect of the payment of rents and charges that the Guaranteed Party may owe to the Lessor under the terms of the attached lease agreement dated 30th September 2008 between the Lessor and the Guaranteed Party for premises located at 114 rue Ambroise Croizat, 93220 Saint-Denis, for a fixed term of 12 years, starting on 1st October 2008 and ending on 30th September 2020, such guarantee being maintained in the event of renewal (hereafter the "Lease Agreement").

To this end, the Guarantor waives its right to request that the Lessor (i) seeks prior enforcement against the Guaranteed Party (*bénéfice de discussion*) and (ii) apportions its claim against all debtors *pro rata* to their share of the debt (*bénéfice de division*).

This Guarantee can only be validly called by registered letter with acknowledgement of receipt sent by the Lessor to the Guarantor at its registered office during the time when it is valid and within 3 month after the tenant's failure to pay, and after unsuccessful formal notice to pay sent to the tenant in the terms and conditions of the Lease Agreement.

Such registered letter shall contain all the relevant documents evidencing the sums for which the Guarantee is called.

Payment must be made within eight (8) working days from the date of the receipt by the Guarantor of the registered letter with acknowledgement of receipt referred to above.

This undertaking shall be irrevocable and unconditional as from the Date of Entry into Possession and throughout the entire term of the Lease Agreement, including its further renewals.

All costs and duties resulting from this Guarantee shall be borne by the Guarantor.

Any and all disputes arising from the interpretation or performance of this Guarantee shall be subject to the exclusive jurisdiction of the Courts under the competence of the Paris Court of Appeal that shall apply French law.

Signature

Exhibit 21.1

List of Equinix's Subsidiaries

Name	Jurisdiction
Equinix Operating Co., Inc.	Delaware
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Pacific Pte Ltd	Singapore
Pihana Pacific SDN, BHD	Malaysia
Equinix Pacific, Inc.	Delaware
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
Equinix RP, Inc.	Delaware
Equinix RP II LLC	Delaware
CHI 3, LLC	Delaware
CHI 3 Procurement, LLC	Illinois
NY3, LLC	Delaware
SV1, LLC	Delaware
LA4, LLC	Delaware
Equinix Europe Ltd	United Kingdom
Equinix Group Ltd	United Kingdom
Equinix (UK) Ltd	United Kingdom
Equinix (Services) Ltd	United Kingdom
Equinix Corporation Ltd	United Kingdom
Equinix Investments Ltd	United Kingdom
Equinix (London) Ltd	United Kingdom
Equinix (Dusseldorf) GmbH	Germany
Equinix (Real Estate) GmbH	Germany
Equinix (Germany) GmbH	Germany
Equinix (France) SAS	France
Equinix (Paris) SAS	France
Interconnect Exchange Europe SL	Spain
Equinix (Switzerland) AG	Switzerland
Intelisite BV	The Netherlands
Equinix (Netherlands) BV	The Netherlands
Equinix (Netherlands) Holding Coöperatie U.A	The Netherlands
Virtu Secure Web Services BV	The Netherlands

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen M. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2008

/s/ Stephen M. Smith
Stephen M. Smith
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Keith D. Taylor, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equinix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: October 24, 2008

/s/ Keith D. Taylor
Keith D. Taylor
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen M. Smith
Stephen M. Smith
President and Chief Executive Officer

October 24, 2008

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Equinix, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Keith D. Taylor, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Keith D. Taylor
Keith D. Taylor
Chief Financial Officer

October 24, 2008