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 June 30, 2011

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.)**

One Lagoon Drive, Fourth Floor, Redwood City, California 94065
(Address of principal executive offices, including ZIP code)

(650) 598-6000
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 June 30, 2011 was 47,035,026.

Table of Contents

EQUINIX, INC.

INDEX

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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

	June 30, 2011	December 31, 2010
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 297,872	$ 442,841
Short-term investments	94,246	147,192
Accounts receivable, net	140,316	116,358
Other current assets	116,654	71,657
Total current assets	649,088	778,048
Long-term investments	30,960	2,806
Property, plant and equipment, net	3,085,202	2,650,953
Goodwill	897,461	774,365
Intangible assets, net	163,771	150,945
Other assets	142,709	90,892
Total assets	$4,969,191	$4,448,009
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 189,739	$ 145,854
Accrued property, plant and equipment	90,652	91,667
Current portion of capital lease and other financing obligations	9,461	7,988
Current portion of loans payable	31,459	19,978
Current portion of convertible debt	240,134	—
Other current liabilities	59,006	52,628
Total current liabilities	620,451	318,115
Capital lease and other financing obligations, less current portion	337,274	253,945
Loans payable, less current portion	201,233	100,337
Convertible debt, less current portion	688,300	916,337
Senior notes	750,000	750,000
Other liabilities	238,684	228,760
Total liabilities	2,835,942	2,567,494
Redeemable non-controlling interests (Note 2)	69,050	—
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock	47	46
Additional paid-in capital	2,399,055	2,341,586
Accumulated other comprehensive loss	(41,679)	(112,018)
Accumulated deficit	(293,224)	(349,099)
Total stockholders' equity	2,064,199	1,880,515
Total liabilities, redeemable non-controlling interests and stockholders' equity	$4,969,191	$4,448,009

See accompanying notes to condensed consolidated financial statements

Table of Contents

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

	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
	(unaudited)			
Revenues	$394,900	$296,094	$757,929	$544,743
Costs and operating expenses:				
Cost of revenues	215,572	162,582	410,148	295,632
Sales and marketing	37,063	28,913	70,699	48,381
General and administrative	65,681	54,166	128,282	97,321
Restructuring charges	103	4,357	599	4,357
Acquisition costs	1,615	5,849	2,030	10,843
Total costs and operating expenses	320,034	255,867	611,758	456,534
Income from operations	74,866	40,227	146,171	88,209
Interest income	632	491	847	997
Interest expense	(37,677)	(37,615)	(75,038)	(63,290)
Other-than-temporary impairment recovery on investments	—	—	—	3,420
Loss on debt extinguishment and interest rate swaps, net	—	(1,454)	—	(4,831)
Other income (expense)	1,021	(1,481)	3,132	(1,461)
Income before income taxes	38,842	168	75,112	23,044
Income tax expense	(8,109)	(2,442)	(19,234)	(11,119)
Net income (loss)	30,733	(2,274)	55,878	11,925
Net (income) loss attributable to redeemable non-controlling interests	(3)	—	(3)	—
Net income (loss) attributable to Equinix.	$ 30,730	$ (2,274)	$ 55,875	$ 11,925
Earnings (loss) per share attributable to Equinix:				
Basic earnings (loss) per share	$ 0.65	$ (0.05)	$ 1.20	$ 0.29
Weighted-average shares	46,924	43,507	46,688	41,546
Diluted earnings (loss) per share	$ 0.64	$ (0.05)	$ 1.18	$ 0.28
Weighted-average shares	50,664	43,507	50,454	42,694

See accompanying notes to condensed consolidated financial statements

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

	Six months ended June 30, 2011	Six months ended June 30, 2010
	(unaudited)	
Cash flows from operating activities:		
Net income	$ 55,878	$ 11,925
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	154,393	106,418
Stock-based compensation	33,853	33,070
Restructuring charges	599	4,357
Amortization of intangible assets	9,164	5,021
Amortization of debt issuance costs and debt discounts	15,609	12,243
Accretion of asset retirement obligation and accrued restructuring charges	2,264	1,379
Loss on debt extinguishment and interest rate swaps, net	—	4,831
Allowance for doubtful accounts	2,231	974
Other items	2,536	424
Changes in operating assets and liabilities:		
Accounts receivable	(16,310)	(31,757)
Other assets	(2,693)	7,957
Accounts payable and accrued expenses	(9,524)	19,060
Other liabilities	10,118	(19,184)
Net cash provided by operating activities	258,118	156,718
Cash flows from investing activities:		
Purchases of investments	(275,364)	(284,926)
Sales of investments	81,963	2,203
Maturities of investments	222,195	330,021
Purchase of Switch and Data, net of cash acquired	—	(113,289)
Purchase of ALOG, net of cash acquired	(41,954)	—
Purchase of Paris 4 IBX property	(14,951)	—
Purchase of Frankfurt IBX property	(9,042)	—
Purchases of property, plant and equipment	(363,990)	(292,105)
Increase in restricted cash	(95,932)	(1,160)
Release of restricted cash	944	244
Other investing activities	5	—
Net cash used in investing activities	(496,126)	(359,012)
Cash flows from financing activities:		
Proceeds from employee equity awards	24,597	22,153
Proceeds from senior notes	—	750,000
Proceeds from loans payable	77,917	98,958
Repayment of capital lease and other financing obligations	(4,323)	(12,401)
Repayment of mortgage and loans payable	(10,102)	(458,028)
Debt issuance costs	(125)	(23,119)
Net cash provided by financing activities	87,964	377,563
Effect of foreign currency exchange rates on cash and cash equivalents	5,075	(9,983)
Net increase (decrease) in cash and cash equivalents	(144,969)	165,286
Cash and cash equivalents at beginning of period	442,841	346,056
Cash and cash equivalents at end of period	$ 297,872	$ 511,342
Supplemental cash flow information:		
Cash paid for taxes	$ 6,825	$ 1,496
Cash paid for interest	$ 60,462	$ 33,067

See accompanying notes to condensed consolidated financial statements

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

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 condensed consolidated balance sheet data at December 31, 2010 has been derived from audited consolidated financial statements at that date. The consolidated 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 in the United States of America. 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 25, 2011. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Equinix and its subsidiaries, including the operations of ALOG Data Centers do Brasil S.A. and its subsidiaries ("ALOG") from April 25, 2011 (see Note 2) and Switch & Data Facilities Company, Inc. ("Switch and Data") from April 30, 2010. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts in the accompanying condensed consolidated financial statements have been reclassified to conform to the consolidated financial statement presentation as of and for the three and six months ended June 30, 2011.

Income Taxes

The Company's effective tax rates were 25.6% and 48.3% for the six months ended June 30, 2011 and 2010, respectively. The Company's unrecognized tax benefits increased by approximately $25,767,000 during the three months ended June 30, 2011 due to the ALOG Acquisition. A portion of these unrecognized tax benefits served to reduce the deferred tax assets acquired from the ALOG Acquisition.

Stock-Based Compensation

In February and March 2011, the Compensation Committee and the Stock Award Committee of the Board of Directors approved the issuance of an aggregate of 706,270 shares of restricted stock units to certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan as part of the Company's annual refresh program. These equity awards are subject to vesting provisions and had a total fair value as of the dates of grant of $60,485,000, which is expected to be amortized over a weighted-average period of 3.2 years.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Cost of revenues	$ 1,499	$ 1,744	$ 2,844	$ 3,338
Sales and marketing	3,610	3,758	6,476	6,689
General and administrative	13,209	12,594	24,533	23,043
Restructuring charges	—	1,491	—	1,491
	$18,318	$19,587	$33,853	$34,561

Recent Accounting Pronouncements

In June 2011, the FASB issued Accounting Standards Update ("ASU") 2011-05, Presentation of Comprehensive Income. This ASU is intended to increase the prominence of other comprehensive income in financial statements by presenting the components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in stockholders' equity. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance; therefore, adoption of the new guidance in the first quarter of fiscal 2012 will not have any impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRSs"), which amends ASC 820, Fair Value Measurement. ASU 2011-04 does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards within U.S. GAAP or IFRSs. ASU 2011-14 changes the wording used to describe many requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Additionally, ASU 2011-14 clarifies the FASB's intent about the application of existing fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011 and is applied prospectively; therefore, the Company will adopt ASU 2011-04 in its first quarter of fiscal 2012. The Company does not expect the adoption of ASU 2011-04 to have a material impact on its consolidated financial statements.

2. Business Combination

ALOG Acquisition

On April 25, 2011 (the "Acquisition Date"), Zion RJ Participações S.A. ("Zion"), a Brazilian joint-stock company controlled by a wholly-owned subsidiary of the Company and co-owned by RW Brasil Fundo de Investimento em Participações, a subsidiary of Riverwood Capital L.P. ("Riverwood"), completed the acquisition of approximately 90% of the outstanding capital stock of ALOG. As a result, the Company acquired an approximate 53% indirect, controlling equity interest in ALOG (the "ALOG Acquisition"). The Company paid a total of approximately 82,194,000 Brazilian reais in cash on the closing date, or approximately $51,723,000, to purchase the ALOG capital stock. An additional 36,000,000 Brazilian reais, or approximately $22,000,000, is payable by Zion in April 2013, subject to reduction for any post-closing balance sheet adjustments and any claims for indemnification (the "Contingent Consideration"). The Company's portion of the Contingent Consideration is 19,080,000 Brazilian reais, or approximately $12,000,000. ALOG operates three data centers in Brazil and is headquartered in Rio de Janeiro. ALOG will continue to operate under the ALOG trade name. There were no historical transactions between Equinix, Riverwood, Zion and ALOG.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Beginning in April 2014 and ending in May 2016, Equinix will have the right to purchase all of Riverwood's interest in Zion at a price equal to the greater of (i) its then current fair market value and (ii) a net purchase price that implies a compounded internal rate of return in U.S. dollars ("IRR") for Riverwood's investment of 12%. If Equinix exercises its right to purchase Riverwood's shares, Equinix also will have the right, and under certain circumstances may be required, to purchase the remaining approximate 10% of shares of ALOG that Zion does not own, which are held by ALOG management (collectively, the "Call Options").

Also beginning in April 2014 and ending in May 2016, Riverwood will have the right to require Equinix to purchase all of Riverwood's interests in Zion at a price equal to the greater of (i) its then current fair market value and (ii) a net purchase price that implies an IRR for Riverwood's investment of 8%, declining over time. If Riverwood exercises its right to require Equinix to purchase Riverwood's shares, Equinix will have the right, and under certain circumstances may be required, to purchase the remaining approximate 10% of shares of ALOG that Zion does not own, which are held by ALOG management (collectively, the "Put Options").

As the Company has an approximate 53% indirect controlling equity interest in ALOG, it began consolidating the results of ALOG's operations on the Acquisition Date. Upon consolidation, all amounts pertaining to the approximate 10% of ALOG that Zion does not own, as well as Riverwood's interest in ALOG and Zion are reported as redeemable non-controlling interests in the Company's consolidated financial statements. The Company incurred acquisition costs of $1,556,000 and $1,922,000, respectively, for the three and six months ended June 30, 2011 related to ALOG, which were included in the consolidated statements of operations.

Purchase Price Allocation

The ALOG Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to ALOG's net tangible and intangible assets based upon their fair value as of the Acquisition Date. Based upon the purchase price and the valuation of ALOG, the preliminary purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 9,769
Accounts receivable	6,756
Property, plant and equipment	52,542
Goodwill	104,799
Intangible assets	19,295
Other assets	7,562
Total assets acquired	200,723
Accounts payable and accrued expenses	(49,965)
Loans payable	(19,724)
Capital leases and other financing obligations	(5,945)
Other liabilities	(6,589)
Redeemable non-controlling interests	(66,777)
Net assets acquired	$ 51,723

The Company's preliminary purchase price includes the Company's current estimate of the fair value of the Contingent Consideration. The Company continues to evaluate certain assets and liabilities related to the ALOG Acquisition. Additional information, which existed as of the Acquisition Date but was unknown to the Company at that time, may become known to the Company during the remainder of the measurement period, a period not to exceed 12 months from the Acquisition Date. Changes to the assets and liabilities recorded may result in a corresponding adjustment to goodwill.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents certain information on the acquired identifiable intangible assets (dollars in thousands):

Intangible assets	Fair value	Estimated useful lives (years)	Weighted -average estimated useful lives (years)
Customer contracts	$ 17,093	5 – 7	5.9
Other	2,202	3 – 6	4.3

The fair value of customer contracts was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from exisiting customers less costs to realize the revenue. The Company applied a discount rate of approximately 15.6%, which reflects the nature of the asset as it relates to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair value of the other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the loans payable assumed in the ALOG Acquisition by estimating ALOG's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. The Company determined that the book value approximated the fair value as of the Acquisition Date.

The Company determined the fair value of the redeemable non-controlling interests assumed in the ALOG Acquisition based on the consideration transferred, which included the values ascribed to the Call Options and Put Options. The Company will record an adjustment each reporting period to these redeemable non-controlling interests such that the carrying value of the redeemable non-controlling interests equals the greater of fair value or a minimum IRR as outlined in the Put Options.

A total of $104,799,000 has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Goodwill is attributable to the workforce of ALOG and the significant synergies expected to arise after the ALOG Acquisition. A portion of the goodwill is expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the ALOG Acquisition is attributable to the Company's Americas reportable segment (see Note 12) and reporting unit (see Note 4).

The consolidated financial statements of the Company include the operations of ALOG from April 25, 2011 through June 30, 2011 for the three and six months ended June 30, 2011. For the three and six months ended June 30, 2011, ALOG recognized revenues of $11,724,000 and had an inconsequential amount of net income, which were included in the Company's condensed consolidated statements of operations.

The ALOG acquisition was not material to the Company's consolidated balance sheets and results of operations; therefore, the Company does not present unaudited pro forma combined consolidated financial information.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

3. Earnings Per Share

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net income (loss), basic	$30,733	$ (2,274)	$55,878	$11,925
Net (income) loss attributable to redeemable non-controlling interests	(3)	—	(3)	—
Net income (loss) attributable to Equinix, basic	30,730	(2,274)	55,875	11,925
Interest on convertible debt, net of tax	1,746	—	3,485	—
Net income (loss) attributable to Equinix, diluted	$32,476	$ (2,274)	$59,360	$11,925
Weighted-average shares used to compute basic earnings per share	46,924	43,507	46,688	41,546
Effect of dilutive securities:				
3.00% convertible subordinated notes	2,945	—	2,945	—
Employee equity awards	795	—	821	1,148
Weighted-average shares used to compute diluted earnings per share	50,664	43,507	50,454	42,694
Earnings (loss) per share attributable to Equinix:				
Basic	$ 0.65	$ (0.05)	$ 1.20	$ 0.29
Diluted	$ 0.64	$ (0.05)	$ 1.18	$ 0.28

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
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
Shares reserved for conversion of 4.75% convertible subordinated notes	4,433	4,433	4,433	4,433
Common stock related to employee equity awards	644	3,752	646	937
	7,309	13,362	7,311	10,547

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

4. Balance Sheet Components

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

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

	June 30, 2011	December 31, 2010
Cash and cash equivalents:		
Cash	$ 75,080	$ 85,297
Cash equivalents:		
Money markets	130,790	110,563
U.S. government and agency obligations	92,002	246,981
Total cash and cash equivalents	297,872	442,841
Marketable securities:		
U.S. government and agency obligations	93,699	144,976
Corporate bonds	16,673	2,645
Certificates of deposit	13,214	—
Asset-backed securities	1,620	2,377
Total marketable securities	125,206	149,998
Total cash, cash equivalents and short-term and long-term investments	$423,078	$ 592,839

The following table summarizes the fair value and gross unrealized gains and losses related to the Company's short-term and long-term investments in marketable securities designated as available-for-sale securities as of (in thousands):

	June 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agency obligations	$ 93,699	$ 9	$ (9)	$ 93,699
Corporate bonds	16,664	12	(3)	16,673
Certificates of deposit	13,214	—	—	13,214
Asset-backed securities	1,538	82	—	1,620
Total	$125,115	$ 103	$ (12)	$125,206

	December 31, 2010			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government and agency obligations	$144,972	$ 4	$ —	$144,976
Corporate bonds	2,632	13	—	2,645
Asset-backed securities	2,266	112	(1)	2,377
Total	$149,870	$ 129	$ (1)	$149,998

As of June 30, 2011 and December 31, 2010, cash equivalents included investments which were readily convertible to cash and had original maturity dates of 90 days or less. The maturities of securities classified as short-term investments were one year or less as of June 30, 2011 and December 31, 2010. The maturities of securities classified as long-term investments were greater than one year and less than three years as of June 30, 2011 and December 31, 2010.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

While certain marketable securities carry unrealized losses, the Company expects that it will receive both principal and interest according to the stated terms of each of the securities and that the decline in market value is primarily due to changes in the interest rate environment from the time the securities were purchased as compared to interest rates at June 30, 2011.

The following table summarizes the fair value and gross unrealized losses related to 19 available-for-sale securities with an aggregate cost basis of $75,969,000, aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position, as of June 30, 2011 (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 losses	Fair value	Gross unrealized losses
U.S. government and agency obligations	$66,991	$ (9)	$ —	$ —
Corporate bonds	8,978	(3)	—	—
	$75,969	$ (12)	$ —	$ —

While the Company does not believe it holds investments that are other-than-temporarily impaired and believes that the Company's investments will mature at par as of June 30, 2011, the Company's investments are subject to the currently adverse market conditions. If market conditions were to deteriorate, the Company could sustain other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded in interest income, net or securities markets could become inactive which could affect the liquidity of the Company's investments.

Accounts Receivable

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

	June 30, 2011	December 31, 2010
Accounts receivable	$243,249	$ 210,919
Unearned revenue	(98,640)	(90,753)
Allowance for doubtful accounts	(4,293)	(3,808)
	$140,316	$ 116,358

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

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Other Current Assets

Other current assets consisted of the following as of (in thousands):

	June 30, 2011	December 31, 2010
Restricted cash, current	$ 61,657	$ —
Deferred tax assets, net	22,093	38,696
Prepaid expenses	15,912	17,810
Taxes receivable	11,327	6,857
Other receivables	1,199	4,779
Other current assets	4,466	3,515
	$116,654	$ 71,657

Restricted cash, current has increased as a result of the Paris 4 IBX Financing (see Note 9).

Property, Plant and Equipment

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

	June 30, 2011	December 31, 2010
IBX plant and machinery	$ 1,772,176	$ 1,524,559
Leasehold improvements	965,980	826,540
Buildings	495,038	395,752
Site improvements	311,441	307,933
IBX equipment	336,419	263,995
Computer equipment and software	129,868	114,263
Land	96,206	89,312
Furniture and fixtures	18,112	15,602
Construction in progress	125,546	128,535
	4,250,786	3,666,491
Less accumulated depreciation	(1,165,584)	(1,015,538)
	$ 3,085,202	$ 2,650,953

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $129,445,000 and $117,289,000 at June 30, 2011 and December 31, 2010, respectively. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $29,287,000 and $29,235,000 as of June 30, 2011 and December 31, 2010, respectively.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Goodwill and Intangible Assets

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

	June 30, 2011	December 31, 2010
Goodwill:		
Americas	$515,456	$ 408,730
EMEA	360,867	345,486
Asia-Pacific	21,138	20,149
	$897,461	$ 774,365
Intangible assets:		
Intangible asset – customer contracts	$176,908	$ 156,621
Intangible asset – favorable leases	18,770	18,285
Intangible asset – others	5,619	3,483
	201,297	178,389
Accumulated amortization	(37,526)	(27,444)
	$163,771	$ 150,945

Changes in the carrying amount of goodwill by geographic regions are as follows (in thousands):

	Americas	EMEA	Asia-Pacific	Total
Balance at December 31, 2010	$408,730	$345,486	$ 20,149	$774,365
ALOG acquisition (see Note 2)	104,799	—	—	104,799
Impact of foreign currency exchange	1,927	15,381	989	18,297
Balance at June 30, 2011	$515,456	$360,867	$ 21,138	$897,461

The Company's goodwill and intangible assets in EMEA (see Note 12), denominated in British pounds and Euros, goodwill in Asia-Pacific, denominated in Singapore dollars, and certain goodwill and intangibles in Americas, denominated in Canadian dollars and Brazilian reais, are subject to foreign currency fluctuations. The Company's foreign currency translation gains and losses, including goodwill and intangibles, are a component of other comprehensive income and loss.

Changes in the gross book value of intangible assets by geographic regions are as follows (in thousands):

	Americas	EMEA	Total
Intangible assets, gross at December 31, 2010	$118,439	$59,950	$178,389
ALOG acquisition (see Note 2)	19,295	—	19,295
Impact of foreign currency exchange	786	2,827	3,613
Intangible assets, gross at June 30, 2011	$138,520	$62,777	$201,297

Table of Contents

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

For the three and six months ended June 30, 2011, the Company recorded amortization expense of $4,891,000 and $9,164,000, respectively, associated with its intangible assets. For the three and six months ended June 30, 2010, the Company recorded amortization expense of $3,633,000 and $5,021,000, respectively, associated with its intangible assets. The Company's estimated future amortization expense related to these intangibles is as follows (in thousands):

Year ending:	
2011 (six months remaining)	$ 10,157
2012	20,313
2013	20,264
2014	19,863
2015	19,378
Thereafter	73,796
Total	$163,771

Other Assets

Other assets consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
Restricted cash, non-current	$ 40,243	$ 4,309
Debt issuance costs, net	31,008	34,066
Deposits	22,925	24,604
Prepaid expenses, non-current	22,031	9,597
Deferred tax assets, net	21,200	16,955
Other assets, non-current	5,302	1,361
	$142,709	$ 90,892

Restricted cash, non-current has increased primarily as a result of the Paris 4 IBX Financing (see Note 9).

Accounts Payable and Accrued Expenses

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

	June 30, 2011	December 31, 2010
Accounts payable	$ 21,202	$ 12,585
Accrued compensation and benefits	49,666	53,259
Accrued taxes	49,580	15,707
Accrued interest	26,488	25,456
Accrued utilities and security	20,466	18,346
Accrued professional fees	3,918	3,786
Accrued repairs and maintenance	3,638	2,894
Accrued other	14,781	13,821
	$189,739	$ 145,854

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Other Current Liabilities

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

	June 30, 2011	December 31, 2010
Deferred installation revenue	$34,229	$ 31,149
Customer deposits	11,949	12,624
Deferred recurring revenue	3,911	2,349
Accrued restructuring charges	2,572	3,089
Deferred rent	2,487	585
Foreign currency forward contract payable	1,291	58
Deferred tax liabilities	993	993
Asset retirement obligations	378	445
Other current liabilities	1,196	1,336
	$59,006	$ 52,628

Other Liabilities

Other liabilities consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
Deferred tax liabilities, net	$ 95,671	$ 103,717
Asset retirement obligations, non-current	53,739	46,322
Deferred rent, non-current	46,221	43,705
Deferred installation revenue, non-current	22,678	19,488
Customer deposits, non-current	6,408	4,206
Deferred recurring revenue, non-current	5,613	4,897
Accrued restructuring charges, non-current	3,277	3,952
Other liabilities	5,077	2,473
	$238,684	$ 228,760

The Company currently leases the majority of its IBX data centers and certain equipment under non-cancelable operating lease agreements expiring through 2035. The IBX data center 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 some rent expense abatement periods for certain leases 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.

5. Derivatives and Hedging Activities

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 the accounting standard for derivatives and hedging. Gains and losses on these contracts are included in other income (expense), net, along with those foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with these foreign currency forward contracts. The Company entered into various foreign currency forward contracts during the three and six months ended June 30, 2011 and 2010.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table sets forth the Company's net gain (loss), which is reflected in other income (expense) on the accompanying condensed consolidated statement of operations, in connection with its foreign currency forward contracts (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net gain (loss)	$ 2,032	$ 644	$1,234	$1,696

6. Fair Value Measurements

The Company's financial assets, liabilities and redeemable non-controlling interests measured at fair value on a recurring basis as of June 30, 2011 were as follows (in thousands):

	Fair value as of June 30, 2011	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
U.S. government and agency obligations	$ 185,701	$ —	$185,701	$ —
Cash and money markets	205,870	205,870	—	—
Corporate bonds	16,673	—	16,673	—
Certificate of deposits	13,214	13,214	—	—
Asset-backed securities	1,620	—	1,620	—
	$ 423,078	$219,084	$203,994	$ —
Liabilities:				
Foreign currency forward contracts (1)	$ 1,291	$ —	$ 1,291	$ —
Redeemable non-controlling interests :				
Redeemable non-controlling interests	$ 69,050	$ —	$ —	$69,050

(1) Amounts are included within other current liabilities in the Company's accompanying condensed consolidated balance sheets.

Cash, Cash Equivalents and Investments. 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 instruments 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. 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.

The Company considers each category of investments held to be an asset group. The asset groups held at June 30, 2011 were primarily U.S. government securities, cash and money market funds, corporate bonds, certificate of deposits and asset-backed securities. The Company's fair value assessment includes an evaluation by each of these securities held for sale, 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.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company uses the specific identification method in computing realized gains or losses. 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, net of any related tax effect. 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. For foreign currency derivatives, the Company uses forward contract and option valuation models employing market observable inputs, such as spot currency rates, time value and option volatilities with adjustments made to these values utilizing the credit default swap rates of our foreign exchange trading counterparties. 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 June 30, 2011, 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. Therefore, they are categorized as Level 2.

Redeemable Non-Controlling Interests. For redeemable non-controlling interests, fair value is measured using a discounted cash flow methodology. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and terminal value of cash flows.

The following table provides a summary of the activities of the Company's Level 3 fair value measurements for its redeemable non-controlling interests during the six months ended June 30, 2011 (in thousands):

Balance at December 31, 2010	$ —
ALOG Acquisition (see Note 2)	66,777
Net income attributable to redeemable non-controlling interests	3
Foreign currency gain attributable to redeemable non-controlling interests	1,067
Change in redemption value of non-controlling interests	935
Impact of foreign currency exchange	268
Balance at June 30, 2011	$69,050

During the three and six months ended June 30, 2011, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

7. Related Party Transactions

The Company has several significant stockholders and other related parties that are also customers and/or vendors. The Company's activity of related party transactions was as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues	$6,969	$ 5,642	$12,780	$11,034
Costs and services	1,406	416	1,794	809

	As of June 30,	
	2011	2010
Accounts receivable	$5,330	$3,937
Accounts payable	479	9

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In connection with the ALOG Acquisition, the Company acquired a lease for one of the Brazilian IBX data centers in which the lessor is a member of ALOG management. This lease contains an option to purchase the underlying property for fair market value on the date of purchase. The Company accounts for this lease as a financing obligation as a result of structural building work pursuant to the accounting standard for lessee's involvement in asset construction. As of June 30, 2011, the Company had a financing obligation liability totaling approximately $5,499,000 related to this lease on its balance sheet. This amount is considered a related party liability, which is not reflected in the related party data presented above.

8. Capital Lease and Other Financing Obligations

Hong Kong 2 IBX Lease

In August 2010, an indirect wholly-owned subsidiary of the Company entered into a lease agreement for rental of space which will be used for its second IBX data center in Hong Kong. Additionally, in December 2010, the Company entered into a license agreement with the same Landlord to obtain the right to make structural changes to the leased space (the "Hong Kong 2 IBX Lease"). The Hong Kong 2 IBX Lease has a term of 12 years and a total cumulative rent obligation of approximately $40,483,000 (using the exchange rate as of June 30, 2011). Pursuant to the accounting standards for lessee's involvement in asset construction, the Company is now considered the owner of the leased space during the construction phase due to the structural work that the Company is now undertaking, which commenced in January 2011. As a result, in January 2011, the Company recorded a building asset totaling approximately $37,924,000 (using the exchange rate as of June 30, 2011) and a related financing obligation liability totaling approximately $38,036,000 (using the exchange rate as of June 30, 2011).

New York 5 IBX Lease

In May 2011, the Company entered into a lease amendment for two buildings that the Company will develop and ultimately convert into its eighth IBX data center in the New York metro area (the "NY 5 IBX Expansion Project" and the "NY 5 Lease Amendment"). Under the NY 5 Lease Amendment, the Company exercised its first five year renewal option available in the original lease agreement, which was entered into in April 2010. The NY 5 Lease Amendment has a remaining term of 16.7 years and a total cumulative remaining rent obligation of approximately $41,168,000 commencing May 2011. The Company began the specified construction for one of the two buildings in June 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the building during the construction phase due to the structural building work that the Company is undertaking. As a result, the Company will be recording a building asset during the construction period and a related financing liability (the "NY 5 IBX Building Financing"), while the underlying land will be considered an operating lease. The building is expected to be completed during the second half of 2012. In connection with the NY 5 IBX Building Financing, the Company recorded a building asset and a corresponding financing obligation liability totaling approximately $12,126,000 as of June 30, 2011. The other building is being accounted for as a capital lease.

DC 10 Lease

In December 2010, the Company entered into a lease for a building that the Company and the landlord will jointly develop to meet the Company's needs and which the Company will ultimately convert into its tenth IBX data center in the Washington, D.C. metro area (the "DC 10 IBX Expansion Project" and the "DC 10 Lease"). The DC 10 Lease has a term of 12 years commencing from the date the landlord delivers the completed building to the Company, which is expected to occur by the end of 2011. Monthly payments under the DC 10 Lease are expected to commence six months after the date the landlord delivers the completed building to the Company and will be made through the end of the lease term at an effective interest rate of 11.1%. The DC 10 Lease has a total cumulative rent obligation of approximately $27,752,000. The landlord began construction of the building to the Company's specifications in May 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the building during the construction phase due to the building work that the

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

landlord and the Company is undertaking. As a result, the Company will be recording a building asset during the construction period and a related financing liability (the "DC 10 IBX Building Financing"), while the underlying land will be considered an operating lease. In connection with the DC 10 IBX Building Financing, the Company recorded a building asset and a corresponding financing obligation liability totaling approximately $4,542,000, representing the estimated percentage-of-completion of the building as of June 30, 2011.

Maturities of Capital Lease and Other Financing Obligations

The Company's capital lease and other financing obligations are summarized as follows (dollars in thousands):

	As of June 30, 2011		
	Capital lease obligations	Other financing obligations	Total
2011 (six months remaining)	$ 8,116	$ 9,280	$ 17,396
2012	15,992	20,976	36,968
2013	15,517	22,127	37,644
2014	16,067	23,159	39,226
2015	16,396	24,258	40,654
Thereafter	129,477	205,113	334,590
Total minimum lease payments	201,565	304,913	506,478
Plus amount representing residual property value	—	166,040	166,040
Less estimated building costs	—	(11,303)	(11,303)
Less amount representing interest	(78,349)	(236,131)	(314,480)
Present value of net minimum lease payments	123,216	223,519	346,735
Less current portion	(6,764)	(2,697)	(9,461)
	$116,452	$ 220,822	$ 337,274

9. Debt Facilities

Loans Payable

The Company's loans payable consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
New Asia-Pacific financing	$192,844	$ 120,315
Paris 4 IBX financing	20,594	—
ALOG debt	19,254	—
	232,692	120,315
Less current portion of principal	(31,459)	(19,978)
	$201,233	$ 100,337

New Asia-Pacific Financing

During the six months ended June 30, 2011, the Company received additional advances totaling approximately $77,917,000 under the New Asia-Pacific Financing leaving the amount available to borrow totaling approximately $17,679,000. The outstanding loans payable under the New Asia-Pacific Financing had a blended interest rate of 5.19% as of June 30, 2011. As of June 30, 2011, the Company was in compliance with all financial covenants associated with the New Asia-Pacific Financing.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Paris 4 IBX Financing

In March 2011, the Company entered into two agreements with two unrelated parties to purchase and develop a building that will ultimately become the Company's fourth IBX data center in the Paris metro area. The first agreement allowed the Company the right to purchase the property for a total fee of approximately $21,779,000 payable to a company that held exclusive rights (including power rights) to the property and was already in the process of developing the property into a data center and will now, instead, become the anchor tenant in the Paris 4 IBX data center once it is open for business. The second agreement was entered into with the developer of the property and allowed the Company to take immediate title to the building and associated land and also requires the developer to construct the data center to the Company's specifications and deliver the completed data center to the Company in July 2012 for a total fee of approximately $109,892,000. Both agreements include extended payment terms. The Company made payments under both agreements totaling approximately $35,687,000 in March 2011 and the remaining payments due totaling approximately $95,983,000 are payable on various dates through March 2013 (the "Paris 4 IBX Financing"). Of the amounts paid or payable under the Paris 4 IBX Financing, a total of $14,951,000 was allocated to land and building assets, $3,721,000 was allocated to a deferred charge, which will be netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $112,998,000 was or will be allocated to construction costs inclusive of interest charges. The Company has imputed an interest rate of 5.90% per annum on the Paris 4 IBX Financing as of June 30, 2011. The Company will record additional construction costs and increase the Paris 4 IBX Financing liability over the course of the construction period. The Paris 4 IBX Financing also required the Company to post approximately $96,876,000 of cash into a restricted cash account to ensure liquidity for the developer during the construction period. As a result, the Company's restricted cash balances (both current and non-current) have increased (refer to "Other Current Assets" and "Other Assets" in Note 4).

Convertible Debt

The Company's convertible debt consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
2.50% convertible subordinated notes due April 2012	$ 250,000	$ 250,000
3.00% convertible subordinated notes due October 2014	395,986	395,986
4.75% convertible subordinated notes due June 2016	373,750	373,750
	1,019,736	1,019,736
Less amount representing debt discount	(91,302)	(103,399)
	928,434	916,337
Less current portion	(240,134)	—
	$ 688,300	$ 916,337

Maturities of Debt Facilities

The following table sets forth maturities of the Company's debt, including loans payable, senior notes and convertible debt, as of June 30, 2011 (in thousands):

Year ending:	
2011 (six months remaining)	$ 13,788
2012	296,515
2013	64,943
2014	459,436
2015	33,970
Thereafter	1,042,474
	$1,911,126

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Fair Value of Debt Facilities

The following table sets forth the estimated fair values of the Company's loans payable, senior notes and convertible debt, including current maturities, as of (in thousands):

	June 30, 2011	December 31, 2010
Loans payable	$ 241,160	$ 126,958
Senior notes	829,740	816,270
Convertible debt	1,050,689	995,012

Interest Charges

The following table sets forth total interest costs incurred and total interest costs capitalized for the periods presented (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Interest expense	$37,677	$37,615	$75,038	$63,290
Interest capitalized	3,317	2,988	5,941	6,736
Interest charges incurred	$40,994	$40,603	$80,979	$70,026

10. Commitments and Contingencies

Legal Matters

IPO Litigation

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. These lawsuits have been coordinated before a single judge. 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.

The parties in the approximately 300 coordinated cases, including the parties in the Equinix case, reached a settlement. It provides for releases of existing claims and claims that could have been asserted relating to the conduct alleged to be wrongful from the class of investors participating in the settlement. The insurers for the issuer defendants in the coordinated cases will make the settlement payment on behalf of the issuers, including Equinix. On October 6, 2009, the Court granted final approval to the settlement. The settlement approval was appealed to the United States Court of Appeals for the Second Circuit. One appeal was dismissed and the second appeal was remanded to the district court to determine if the appellant is a class member with standing to appeal.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 intends to continue to defend the action vigorously if the settlement does not survive the remaining appeal.

The Company believes that while an unfavorable outcome to this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of June 30, 2011 as the Company concluded that an unfavorable outcome is not probable.

Pihana Litigation

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 $725,000,000 value of Equinix held by Defendants" (a group that includes more than 30 individuals and entities). An amended complaint, which adds new plaintiffs (other alleged holders of Pihana common stock) but is otherwise substantially similar to the original pleading, was filed on September 29, 2008 (the "Amended Complaint"). On October 13, 2008, a complaint was filed in a separate action by another purported holder of Pihana common stock, naming the same defendants and asserting substantially similar allegations as the August 22, 2008 and September 29, 2008 pleadings. On December 12, 2008, the court entered a stipulated order, which consolidated the two actions under one case number and set January 22, 2009 as the last day for Defendants to move to dismiss or otherwise respond to the Amended Complaint, the operative complaint in this case. On January 22, 2009, motions to dismiss the Amended Complaint were filed by Equinix and other Defendants. On April 24, 2009, plaintiffs filed a Second Amended Complaint ("SAC") to correct the naming of certain parties. The SAC is otherwise substantively identical to the Amended Complaint, and all motions to dismiss the Amended Complaint have been treated as responsive to the SAC. On September 1, 2009, the Court heard Defendants' motions to dismiss the SAC and ruled at the hearing that all claims against all Defendants are time-barred. The Court also considered whether there were further independent grounds for dismissing the claims, and supplemental briefing was submitted with respect to claims against one defendant and plaintiffs' renewed request for further leave to amend. On March 23, 2010, the Court entered final Orders granting the motions to dismiss as to all Defendants and issued a minute Order denying plaintiffs' renewed request for further leave to amend. On May 21, 2010, plaintiffs filed a Notice of Appeal, and plaintiffs' appeal is currently pending before the Hawaii Supreme Court. In January 2011, one group of co-defendants (Morgan Stanley and certain persons and entities affiliated with it) entered into a separate settlement with plaintiffs. The trial court determined that the settlement was made in "good faith" in accordance with Hawaii statutory law, and certain non-settling defendants (including the Company) filed an appeal from that order. That appeal is now pending before the Intermediate Court of Appeals. The Company believes that plaintiffs' claims and alleged damages are without merit and it intends to continue 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 this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of June 30, 2011 as the Company concluded that an unfavorable outcome is not probable.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Alleged Class Action and Shareholder Derivative Actions

On March 4, 2011, an alleged class action entitled Cement Masons & Plasterers Joint Pension Trust v. Equinix, Inc., et al., No. CV-11-1016-SC, was filed in the United States District Court for the Northern District of California, against Equinix and two of its officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding the Company's business and financial results. The suit is purportedly brought on behalf of purchasers of the Company's common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants have not yet responded to the claims in this action.

On March 8, 2011, an alleged shareholder derivative action entitled Rikos v. Equinix, Inc., et al., No. CGC-11-508940, was filed in California Superior Court, County of San Francisco, against Equinix (as a nominal defendant), the members of the Company's board of directors, and two of its officers. The suit is based on allegations similar to those in the federal securities class action and, allegedly on the Company's behalf, asserts purported state law causes of action against the individual defendants for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. The suit seeks, among other things, compensatory and treble damages, restitution and other equitable relief, and fees and costs. Defendants have not yet responded to the claims in this action.

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC was filed in the United States District Court for the Northern District of California, purportedly on behalf of the Company, against the members of the Company's board of directors. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action, and asserts causes of action against the individual defendants for breach of fiduciary duty for allegedly disseminating false and misleading information, breach of fiduciary duty for allegedly failing to maintain internal controls, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the court signed an order relating this case to the federal securities class action. Defendants have not yet responded to the claims in this action.

Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of these matters. 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 this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of June 30, 2011 as the Company concluded that an unfavorable outcome is not probable.

Other Purchase Commitments

Primarily as a result of the Company's various IBX expansion projects, as of June 30, 2011, the Company was contractually committed for $234,464,000 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 June 30, 2011, such as commitments to purchase power in select locations through the remainder of 2011 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2011 and thereafter. Such other miscellaneous purchase commitments totaled $118,799,000 as of June 30, 2011.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

11. Other Comprehensive Income and Loss

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Net income (loss)	$30,733	$ (2,274)	$ 55,878	$ 11,925
Unrealized gain (loss) on available for sale securities, net of tax of $4, $59, $18 and $65, respectively	(5)	(78)	(26)	(182)
Unrealized gain on interest rate swaps, net of tax of $0, $0, $0 and $3,469, respectively	—	—	—	4,933
Foreign currency translation gain (loss)	20,749	(32,034)	71,432	(72,123)
Comprehensive income (loss)	51,477	(34,386)	127,284	(55,447)
Comprehensive income attributable to redeemable non-controlling interests	(1,070)	—	(1,070)	—
Comprehensive income (loss) attributable to Equinix	$50,407	$(34,386)	$126,214	$(55,447)

Changes in foreign currencies, particularly the British pound and Euro, can have a significant impact to the Company's consolidated balance sheets (as evidenced above in the Company's foreign currency translation gain or loss), as well as its consolidated results of operations, as amounts in foreign currencies are generally translating into more U.S. dollars when the U.S. dollar weakens or less U.S. dollars when the U.S. dollar strengthens. During the six months ended June 30, 2011, the U.S. dollar weakened against certain of the currencies of the foreign countries in which the Company operates. This has significantly impacted the Company's condensed consolidated balance sheets (as evidenced in the Company's foreign currency translation gain in this period), as well as its condensed consolidated statements of operations as amounts denominated in foreign currencies are generally translating into more U.S. dollars. To the extent that the U.S. dollar weakens or strengthens in future periods, this will continue to impact the Company's consolidated financial statements including the amount of revenue that the Company reports in future periods.

12. Segment Information

During the six months ended June 30, 2011, the Company changed its reportable segments as a result of the incorporation of legal entities in South America and the Middle East. The Company's prior North America segment was re-designated as the Americas segment, which includes both North and South America, and the Europe segment was re-designated as the Europe, Middle East and Africa ("EMEA") segment. The change in reportable segments did not impact the Company's prior periods' segment disclosures. While the Company has a single line of business, which is the design, build-out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three geographic regions.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company provides the following segment disclosures as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Total revenues:				
Americas	$253,889	$191,646	$486,416	$340,202
EMEA	88,611	66,084	170,650	130,248
Asia-Pacific	52,400	38,364	100,863	74,293
	$394,900	$296,094	$757,929	$544,743
Total depreciation and amortization:				
Americas	$ 56,470	$ 42,542	$109,170	$ 70,408
EMEA	18,358	13,601	35,036	27,954
Asia-Pacific	10,394	6,607	19,351	13,077
	$ 85,222	$ 62,750	$163,557	$111,439
Income from operations:				
Americas	$ 49,072	$ 22,529	$ 96,391	$ 52,130
EMEA	14,178	7,672	25,649	15,993
Asia-Pacific	11,616	10,026	24,131	20,086
	$ 74,866	$ 40,227	$146,171	$ 88,209
Capital expenditures:				
Americas	$ 74,848(1)	$201,081(2)	$123,726(1)	$297,047(2)
EMEA	55,774	38,381	138,623	78,225
Asia-Pacific	109,249	22,532	167,588	30,122
	$239,871	$261,994	$429,937	$405,394

(1) Includes the purchase price for the ALOG Acquisition, net of cash acquired, which totaled $41,954,000.
(2) Includes the purchase price for the Switch and Data Acquisition, net of cash acquired, which totaled $113,289,000.

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

	June 30, 2011	December 31, 2010
Americas	$1,821,800	$1,764,630
EMEA	759,293	596,609
Asia-Pacific	504,109	289,714
	$3,085,202	$2,650,953

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Colocation	$301,586	$233,320	$582,321	$433,679
Interconnection	58,907	40,942	112,982	70,174
Managed infrastructure	15,369	7,295	23,846	14,595
Rental	666	560	1,288	905
Recurring revenues	376,528	282,117	720,437	519,353
Non-recurring revenues	18,372	13,977	37,492	25,390
	$394,900	$296,094	$757,929	$544,743

No single customer accounted for 10% or greater of the Company's revenues for the three and six months ended June 30, 2011 and 2010. No single customer accounted for 10% or greater of the Company's gross accounts receivable as of June 30, 2011 and December 31, 2010.

13. Restructuring Charges

Switch and Data Restructuring Charge

During the six months ended June 30, 2011, the Company recorded restructuring charges related to one-time termination benefits, primarily comprised of severance, attributed to certain Switch and Data employees as presented below (in thousands):

Accrued restructuring charge as of December 31, 2010 **(1)**	$ 1,035
Severance-related expenses **(2)**	599
Cash payments	(1,189)
Accrued restructuring charge as of June 30, 2011**(1)**	$ 445

(1) Included within other current liabilities.
(2) Included in the consolidated statements of operations as a restructuring charge.

2004 Restructuring Charge

A summary of the activity in the 2004 accrued restructuring charge associated with estimated lease exit costs from December 31, 2010 to June 30, 2011 is outlined as follows (in thousands):

Accrued restructuring charge as of December 31, 2010	$6,006
Accretion expense	185
Cash payments	(787)
Accrued restructuring charge as of June 30, 2011	5,404
Less current portion	2,127
	$3,277

As the Company currently has no plans to enter into a lease termination with the landlord associated with the excess space lease in the New York metro area, 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 other liabilities on the accompanying consolidated balance sheets as of June 30, 2011 and December 31, 2010. The Company is contractually committed to this excess space lease through 2015.

EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

14. Subsequent Events

On July 13, 2011, the Company issued $750,000,000 aggregate principal amount of 7.00% Senior Notes due July 15, 2021 (the “7.00% Senior Notes”). Interest is payable semi-annually on January 15 and July 15 of each year, commencing on January 15, 2012. The 7.00% Senior Notes are unsecured and rank equal in right of payment to the Company’s existing or future senior debt and senior in right of payment to the Company’s existing and future subordinated debt. The 7.00% Senior Notes contain covenants that have a number of qualifications and exceptions similar to the Company’s 8.125% Senior Notes that were issued in February 2010. The Company expects to incur approximately $53,900,000 of interest expense annually from the 7.00% Senior Notes.

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.

Our management's discussion and analysis of financial condition and results of operations is intended to assist readers in understanding our financial information from our management's perspective and is presented as follows:

- Overview
- Results of Operations
- Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Contractual Obligations and Off-Balance-Sheet Arrangements
- Critical Accounting Policies and Estimates
- Recent Accounting Pronouncements

On April 25, 2011, as more fully described in Note 2 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, Zion RJ Participações S.A., referred to as Zion, a Brazilian joint-stock company controlled by our wholly-owned subsidiary and co-owned by RW Brasil Fundo de Investimento em Participações, a subsidiary of Riverwood Capital L.P., referred to as Riverwood, completed the acquisition of approximately 90% of the outstanding capital stock of ALOG Data Centers do Brasil S.A. and its subsidiaries, referred to as ALOG, which resulted in Equinix acquiring an indirect, controlling interest in ALOG of approximately 53%. This transaction is referred to as the ALOG acquisition.

In July 2011, we issued $750.0 million aggregate principal amount of 7.00% senior notes due July 15, 2021, which is referred to as the 7.00% senior notes offering. We intend to use the net proceeds from the 7.00% senior notes offering for general corporate purposes, including the funding of our expansion activities, and the repayment of our 2.50% convertible subordinated notes due April 15, 2012.

Overview

Equinix provides global data center services that protect and connect the world's most valued information assets. Global enterprises, financial services companies, and content and network service providers rely upon Equinix's leading insight and data centers in 37 markets around the world for the safeguarding of their critical IT equipment and the ability to directly connect to the networks that enable today's information-driven economy. Equinix offers the following data center services: premium data center colocation, interconnection and exchange services, and outsourced IT infrastructure services. As of June 30, 2011, we operated or had partner IBX data centers in the Atlanta, Boston, Buffalo, Chicago, Cleveland, Dallas, Denver, Detroit, Indianapolis, Los Angeles, Miami, Nashville, New York, Philadelphia, Phoenix, Pittsburgh, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, St. Louis, Tampa, Toronto, Washington, D.C. metro areas in the Americas region; France, Germany, the Netherlands, Switzerland and the United Kingdom in the Europe, Middle East, Africa (EMEA) region; and Australia, Hong Kong, Japan, China and Singapore in the Asia-Pacific region.

We leverage our global data centers in 37 markets around the world as a global service delivery platform which serves more than 90% of the world's Internet routes and allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global delivery platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well in order to gain the full economic and performance benefits of our services. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global delivery platform enables scalable, reliable and cost-effective colocation, 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 "marketplace" effect. This global delivery platform, combined with our strong financial position, continues to drive new customer growth and bookings as we drive scale into our global business.

Historically, our market has been served by large telecommunications carriers who have bundled their telecommunications products and services with their colocation offerings. The data center services market landscape has evolved to include cloud computing/utility providers, application hosting providers and systems integrators, managed infrastructure hosting providers and colocation providers with over 350 companies providing data center services in the United States alone. Each of these data center services providers can bundle various colocation, interconnection and network services, and outsourced IT infrastructure services. We are able to offer our customers a global platform that supports global reach to 12 countries, proven operational reliability, improved application performance and network choice, and a highly scalable set of services.

Excluding the ALOG acquisition, our customer count increased to 4,135 as of June 30, 2011 versus 3,661 as of June 30, 2010, an increase of 13%. This increase was due to organic growth in our business. 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 ALOG acquisition, our utilization rate increased to 76% as of June 30, 2011 versus approximately 74% as of June 30, 2010; however, excluding the impact of our IBX data center expansion projects that have been open for less than four full quarters, our utilization rate would have increased to approximately 86% as of June 30, 2011. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. 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 power our customers draw 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 data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our centers even though we may have additional physical cabinet capacity available within a specific IBX data 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 the 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. Depending on the circumstances, these transactions may require additional capital expenditures funded by upfront cash payments or 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 have comprised more than 90% of our total revenues during the past three years. In addition, during the past three years, in any given quarter, greater than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth.

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 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. However, revenues from installation services are deferred and recognized ratably over the longer of the term of the related contract or expected life of the services. Additionally, 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. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our Americas revenues are derived primarily from colocation and interconnection services while our EMEA and Asia-Pacific revenues are derived primarily from colocation and managed infrastructure services.

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center 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 expand our existing IBX data centers or open or acquire new IBX data 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 in 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. To the extent we incur increased utility costs, such increased costs could materially impact our financial condition, results of operations and cash flows. Furthermore, to the extent we incur increased electricity costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

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 regional headquarters office leases 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 generally 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 with our growth. This is evident in the trends noted below in our discussion on our results of operations. However, for cost of revenues, this trend may periodically be impacted when a large expansion project opens or is acquired and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region compared to either EMEA or Asia-Pacific, as well as a higher cost structure outside of Americas, particularly in EMEA. While we expect all three regions to continue to see lower cost of revenues as a percentage of revenues in future periods, we expect the trend of Americas having the lowest cost of revenues as a percentage of revenue and EMEA having the highest to continue. As a result, to the extent that revenue growth outside Americas grows in greater proportion than revenue growth in Americas, our overall cost of revenues as a percentage of revenues may increase in future periods. Sales and marketing expenses and general and administrative expenses may also periodically increase as a percentage of revenue as we continue to scale our operations to support our growth.

Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian real, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities reporting in currencies other than the U.S. dollar are converted into U.S. dollars at constant exchange rates rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the three months ended June 30, 2010 are used as exchange rates for the three months ended June 30, 2011 when comparing the three months ended June 30, 2011 with the three months ended June 30, 2010 and average rates in effect for the six months ended June 30, 2010 are used as exchange rates for the six months ended June 30, 2011 when comparing the six months ended June 30, 2011 with the six months ended June 30, 2010).

Results of Operations

Our results of operations for the three months and six months ended June 30, 2011 include the operations of ALOG from April 25, 2011. Our results of operations for the three months and six months ended June 30, 2011 and 2010 include the operations of Switch & Data Facilities Company, Inc., which is referred to as Switch and Data, from May 1, 2010.

Table of Contents

Three Months Ended June 30, 2011 and 2010

Revenues. Our revenues were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas:						
Recurring revenues	$245,199	62%	$184,794	63%	33%	n/a
Non-recurring revenues	8,690	2%	6,852	2%	27%	n/a
	253,889	64%	191,646	65%	32%	n/a
EMEA:						
Recurring revenues	81,506	21%	60,664	20%	34%	20%
Non-recurring revenues	7,105	2%	5,420	2%	31%	16%
	88,611	23%	66,084	22%	34%	19%
Asia-Pacific:						
Recurring revenues	49,823	13%	36,659	12%	36%	21%
Non-recurring revenues	2,577	1%	1,705	1%	51%	40%
	52,400	14%	38,364	13%	37%	22%
Total:						
Recurring revenues	376,528	95%	282,118	95%	33%	28%
Non-recurring revenues	18,372	5%	13,976	5%	31%	24%
	$394,900	100%	$296,094	100%	33%	28%

Americas Revenues. The increase in our Americas revenues was primarily due to (i) $37.3 million of incremental revenues from the impact of the Switch and Data acquisition and the ALOG acquisition and (ii) an increase in orders from both our existing customers and new customers 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 data centers including $5.1 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Dallas, Silicon Valley and Washington, D.C. metro areas. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Chicago, New York and Washington, D.C. metro areas, which are expected to open during 2011 and 2012. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

Table of Contents

EMEA Revenues. Our revenues from Germany and the U.K., the largest revenue contributors in the EMEA region for the period, each represented approximately 34% of the regional revenues during the three months ended June 30, 2011. During the three months ended June 30, 2010, our revenues from Germany, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. Our EMEA revenue growth was due to an increase in orders from both our existing customers and new customers 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 data centers. During the three months ended June 30, 2011, we recorded approximately $2.2 million of revenue from our recently-opened IBX data center expansions in the London and Paris metro areas. During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the three months ended June 30, 2010, resulting in approximately $9.8 million of favorable foreign currency impact to our EMEA revenues during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Amsterdam, Frankfurt and Paris metro areas, which are expected to open during the remainder of 2011 and 2012. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 40% and 38%, respectively, of the regional revenues for the three months ended June 30, 2011 and 2010. Our Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers 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 data centers. During the three months ended June 30, 2011, we recorded approximately $1.1 million of revenue generated from our IBX data center expansions in the Singapore, Sydney and Tokyo metro areas. During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the three months ended June 30, 2010, resulting in approximately $5.6 million of favorable foreign currency impact to our Asia-Pacific revenues during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data center expansions and the additional IBX data center expansion currently taking place in the Hong Kong metro area which is expected to open during the remainder of 2011. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, or changes or amendments to customers' contracts.

Cost of Revenues. Our cost of revenues was split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% Change	
	2011	**%**	**2010**	**%**	**Actual**	**Constant currency**
Americas	$132,468	61%	$100,416	61%	32%	n/a
EMEA	53,173	25%	41,678	26%	28%	13%
Asia-Pacific	29,931	14%	20,488	13%	46%	31%
Total	$215,572	100%	$162,582	100%	33%	27%

	Three months ended June 30,	
	2011	2010
Cost of revenues as a percentage of revenues:		
Americas	52%	52%
EMEA	60%	63%
Asia-Pacific	57%	53%
Total	55%	55%

Americas Cost of Revenues. Our Americas cost of revenues for the three months ended June 30, 2011 and 2010 included $48.3 million and $37.0 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our Americas cost of revenues included $17.6 million of incremental cost of revenues resulting from the Switch and Data acquisition and the ALOG acquisition. In addition, excluding the impact from the Switch and Data acquisition and the ALOG acquisition, we incurred incremental costs associated with our organic expansion projects and revenue growth, such as $1.4 million of higher utility costs arising from increased customer installations and revenues attributed to customer growth. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. EMEA cost of revenues for the three months ended June 30, 2011 and 2010 included $16.5 million and $12.2 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in EMEA cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) an increase of $2.7 million in utility costs arising from increased customer installations and revenues attributed to customer growth and (ii) $1.6 million of higher compensation expense, including general salaries, bonuses and headcount growth (266 EMEA cost of revenues employees as of June 30, 2011 versus 219 as of June 30, 2010). During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the three months ended June 30, 2010, resulting in approximately $6.1 million of unfavorable foreign currency impact to our EMEA cost of revenues during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. We expect EMEA cost of revenues to increase as we continue to grow our business.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the three months ended June 30, 2011 and 2010 included $10.0 million and $6.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily 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 costs to support our revenue growth, such as (i) $2.1 million in higher utility costs and (ii) an increase of $2.1 million of rent and facility costs. During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the three months ended June 30, 2010, resulting in approximately $3.1 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business.

Sales and Marketing Expenses. Our sales and marketing expenses were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas	$23,683	64%	$19,506	67%	21%	n/a
EMEA	8,699	23%	5,915	21%	47%	31%
Asia-Pacific	4,681	13%	3,492	12%	34%	24%
Total	$37,063	100%	$28,913	100%	27%	24%

	Three months ended June 30,	
	2011	2010
Sales and marketing expenses as a percentage of revenues:		
Americas	9%	10%
EMEA	10%	9%
Asia-Pacific	9%	9%
Total	9%	10%

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses, inclusive of both acquisitions and organic growth, was primarily due to $2.2 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (264 Americas sales and marketing employees as of June 30, 2011 versus 187 as of June 30, 2010). We have been investing in our Americas sales and marketing initiatives to further increase our revenue and we anticipate this increased investment will continue over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, our Americas sales and marketing expenses as a percentage of revenues are expected to continue to increase. In the long-term, we generally expect Americas 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 generally expect them to decrease in the long-term.

EMEA Sales and Marketing Expenses. The increase in our EMEA sales and marketing expenses was primarily due to an increase of $1.9 million in compensation costs, including sales compensation, general salaries, bonuses and headcount growth (99 EMEA sales and marketing employees as of June 30, 2011 versus 67 as of June 30, 2010) and higher professional services from various consulting projects to support our growth. During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the three months ended June 30, 2010, resulting in approximately $900,000 of unfavorable foreign currency impact to our EMEA sales and marketing expenses during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. We intend to invest further in our EMEA sales and marketing initiatives over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, we expect our EMEA sales and marketing expenses as a percentage of revenues to increase accordingly. In the long-term, we generally expect EMEA 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 generally expect them to decrease in the long-term.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (63 Asia-Pacific sales and marketing employees as of June 30, 2011 versus 52 as of June 30, 2010). For the three months ended June 30, 2011, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the three months ended June 30, 2010. We intend to invest further in our Asia-Pacific sales and marketing initiatives over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, we expect our Asia-Pacific sales and marketing expenses as a percentage of revenues to increase accordingly. In the long-term, we generally expect Asia-Pacific 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 generally expect them to decrease in the long-term.

General and Administrative Expenses. Our general and administrative expenses were split among the following geographic regions (dollars in thousands):

	Three months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas	$47,007	72%	$38,989	72%	21%	n/a
EMEA	12,549	19%	10,819	20%	16%	4%
Asia-Pacific	6,125	9%	4,358	8%	41%	29%
Total	$65,681	100%	$54,166	100%	21%	18%

	Three months ended June 30,	
	2011	2010
General and administrative expenses as a percentage of revenues:		
Americas	19%	20%
EMEA	14%	16%
Asia-Pacific	12%	11%
Total	17%	18%

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses, inclusive of both acquisitions and organic growth, was primarily due to (i) $4.5 million of higher compensation costs, including general salaries, bonuses and headcount growth (671 Americas general and administrative employees as of June 30, 2011 versus 504 as of June 30, 2010), and (ii) $1.5 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investments in systems. Over the course of the past year, we have been investing in our Americas general and administrative functions, which has included taking on additional office space to accommodate the headcount growth, as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including further investment in our back office systems; however, as a percentage of revenues, we generally expect them to decrease.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to $1.2 million of higher professional services related to various consulting projects to support our growth. During the three months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the three months ended June 30, 2010, resulting in approximately $1.3 million of unfavorable foreign currency impact to our EMEA general and administrative expenses during the three months ended June 30, 2011 when compared to average exchange rates of the three months ended June 30, 2010. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to $1.2 million of higher compensation costs, including general salaries, bonuses and headcount growth (143 Asia-Pacific general and administrative employees as of June 30, 2011 versus 116 as of June 30, 2010). For the three months ended June 30, 2011, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the three months ended June 30, 2010. Going forward, although we are carefully monitoring our spending given the current economic environment, 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 generally expect them to decrease.

Restructuring Charges. During the three months ended June 30, 2011 and 2010, we recorded restructuring charges totaling $103,000 and $4.4 million, respectively, primarily related to one-time termination benefits attributed to certain Switch and Data employees.

Acquisition Costs. During the three months ended June 30, 2011, we recorded acquisition costs totaling $1.6 million primarily related to the ALOG acquisition. During the three months ended June 30, 2010, we recorded acquisition costs totaling $5.8 million related to the Switch and Data acquisition. We do not expect to incur significant additional acquisition costs related to the ALOG acquisition. Our acquisition costs primarily all relate to our Americas geographic region.

Interest Income. Interest income increased to $632,000 for the three months ended June 30, 2011 from $491,000 for the three months ended June 30, 2010. The increase was primarily due to higher yields for new investments in Brazil and France. The average yield for the three months ended June 30, 2011 was 0.55% versus 0.20% for the three months ended June 30, 2010. Although we expect our interest income to increase slightly on a prospective basis as a result of the proceeds from the 7.00% senior notes offering, we generally expect our interest income to remain at these low levels for the foreseeable future due to the impact of a lower interest rate environment, a portfolio more weighted towards short-term U.S. treasuries and from the utilization of cash to finance our expansion activities.

Interest Expense. Interest expense for the three months ended June 30, 2011 and 2010 was $37.7 million and $37.6 million, respectively. During the three months ended June 30, 2011 and 2010, we capitalized $3.3 million and $3.0 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur significantly higher interest expense as we recognize the full impact of the 7.00% senior notes offering beginning in July 2011, which is approximately $53.9 million annually.

Loss on debt extinguishment and interest rate swaps, net. During the three months ended June 30, 2011, no loss on debt extinguishment and interest rate swaps, net was recorded. During the three months ended June 30, 2010, we recorded a $1.5 million loss on debt extinguishment and interest rate swaps, net, primarily related to the write-off of debt issuance costs as a result of repaying and terminating the Asia-Pacific financing and Singapore financing.

Other Income (Expense). For the three months ended June 30, 2011, we recorded $1.0 million of other income, primarily due to foreign currency exchange gains during the period. For the three months ended June 30, 2010, we recorded $1.5 million of other expense, primarily due to foreign currency exchange losses during the period.

Income Taxes. For the three months ended June 30, 2011 and 2010, we recorded $8.1 million and $2.4 million of income tax expenses, respectively. Our effective tax rate was 20.9% for the three months ended June 30, 2011. During the three months ended June 30, 2010, our effective tax rate was not meaningful for comparison purposes because of an increase in the amount of foreign losses not benefited in our effective tax rate and an expected decline in our income before income taxes in the U.S. resulting from the effects of the Switch and Data acquisition. The cash taxes for 2011 and 2010 are primarily for state income taxes and foreign income taxes.

Six Months Ended June 30, 2011 and 2010

Revenues. Our revenues were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Six months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas:						
Recurring revenues	$468,588	62%	$328,211	60%	43%	n/a
Non-recurring revenues	17,828	2%	11,991	2%	49%	n/a
	486,416	64%	340,202	62%	43%	n/a
EMEA:						
Recurring revenues	155,834	21%	120,109	22%	30%	22%
Non-recurring revenues	14,816	2%	10,139	2%	46%	38%
	170,650	23%	130,248	24%	31%	23%
Asia-Pacific:						
Recurring revenues	96,015	13%	71,033	13%	35%	22%
Non-recurring revenues	4,848	1%	3,260	1%	49%	38%
	100,863	14%	74,293	14%	36%	23%
Total:						
Recurring revenues	720,437	95%	519,353	95%	39%	35%
Non-recurring revenues	37,492	5%	25,390	5%	48%	43%
	$757,929	100%	$544,743	100%	39%	36%

Americas Revenues. The increase in our Americas revenues was primarily due to (i) $97.6 million of incremental revenue from the impact of the Switch and Data acquisition and the ALOG acquisition and (ii) an increase in orders from both our existing customers and new customers 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 data centers including $8.0 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Dallas, Silicon Valley and Washington, D.C. metro areas. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Chicago, New York and Washington, D.C. metro areas, which are expected to open during 2011 and 2012. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

EMEA Revenues. Our revenues from Germany and the U.K., the largest revenue contributors in the EMEA region for the period, each represented approximately 34% of the regional revenues during the six months ended June 30, 2011. During the six months ended June 30, 2010, our revenues from Germany, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. Our EMEA revenue growth was due to an increase in orders from both our existing customers and new customers 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 data centers. During the six months ended June 30, 2011, we recorded approximately $4.5 million of revenue from our recently-opened IBX data center expansions in the London and Paris metro areas. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the six months ended June 30, 2010, resulting in approximately $10.3 million of favorable foreign currency impact to our EMEA revenues during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Amsterdam, Frankfurt and Paris metro areas, which are expected to open during 2011 and 2012. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 40% and 37%, respectively, of the regional revenues for the six months ended June 30, 2011 and 2010. Our Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers 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 data centers. During the six months ended June 30, 2011, we recorded approximately $1.2 million of revenue generated from our IBX data center expansions in the Singapore, Sydney and Tokyo metro areas. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the six months ended June 30, 2010, resulting in approximately $9.4 million of favorable foreign currency impact to our Asia-Pacific revenues during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data center expansions and the additional IBX data center expansion currently taking place in the Hong Kong metro area which is expected to open during the remainder of 2011. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, or changes or amendments to customers' contracts.

Cost of Revenues. Our cost of revenues was split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas	$250,054	61%	$172,489	58%	45%	n/a
EMEA	103,144	25%	83,510	28%	24%	16%
Asia-Pacific	56,950	14%	39,633	14%	44%	31%
Total	$410,148	100%	$295,632	100%	39%	35%

	Six months ended June 30,	
	2011	2010
Cost of revenues as a percentage of revenues:		
Americas	51%	51%
EMEA	60%	64%
Asia-Pacific	56%	53%
Total	54%	54%

Americas Cost of Revenues. Our Americas cost of revenues for the six months ended June 30, 2011 and 2010 included $93.5 million and $63.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in Americas cost of revenues included $43.6 million of incremental cost of revenues resulting from the Switch and Data acquisition and the ALOG acquisition. In addition, excluding the impact of the Switch and Data acquisition and the ALOG acquisition, we incurred incremental costs associated with our organic expansion projects and revenue growth, such as (i) $2.2 million of higher utility costs arising from increased customer installations and revenues attributed to customer growth and (ii) $1.2 million of higher rent and facility costs. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. EMEA cost of revenues for the six months ended June 30, 2011 and 2010 included $31.6 million and $25.0 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in EMEA cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) $3.1 million of higher compensation expense, including general salaries, bonuses and headcount growth (266 EMEA cost of revenues employees as of June 30, 2011 versus 219 as of June 30, 2010), (ii) an increase of $4.6 million in utility costs arising from increased customer installations and revenues attributed to customer growth and (iii) $1.6 million of higher professional costs related to various consulting projects to support our growth. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the six months ended June 30, 2010, resulting in approximately $6.6 million of unfavorable foreign currency impact to our EMEA cost of revenues during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. We expect EMEA cost of revenues to increase as we continue to grow our business.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the six months ended June 30, 2011 and 2010 included $18.6 million and $12.7 million, respectively, of depreciation expense. Growth in depreciation expense was primarily 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 costs to support our revenue growth, such as (i) an increase of $4.1 million of rent and facility costs and (ii) $4.0 million in higher utility costs. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the six months ended June 30, 2010, resulting in approximately $5.1 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business.

Sales and Marketing Expenses. Our sales and marketing expenses were split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas	$45,494	64%	$31,458	65%	45%	n/a
EMEA	17,137	24%	10,906	23%	57%	47%
Asia-Pacific	8,068	12%	6,017	12%	34%	26%
Total	$70,699	100%	$48,381	100%	46%	42%

	Six months ended June 30,	
	2011	2010
Sales and marketing expenses as a percentage of revenues:		
Americas	9%	9%
EMEA	10%	8%
Asia-Pacific	8%	8%
Total	9%	9%

Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses, inclusive of both acquisitions and organic growth, was primarily due to (i) $7.1 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (264 Americas sales and marketing employees as of June 30, 2011 versus 187 as of June 30, 2010), (ii) $1.9 million of higher bad debt expense, which is partially due to the revenue growth as discussed above and partially due to the growth of the Americas collection team that has initiated additional collection efforts and procedures, and (iii) $1.5 million of higher recruiting costs. We have been investing in our Americas sales and marketing initiatives to further increase our revenue and we anticipate this increased investment will continue over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, our Americas sales and marketing expenses as a percentage of revenues have increased and are expected to continue to increase. In the long-term, we generally expect Americas 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 generally expect them to decrease in the long-term.

EMEA Sales and Marketing Expenses. The increase in our EMEA sales and marketing expenses was primarily due to $4.4 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (99 EMEA sales and marketing employees as of June 30, 2011 versus 67 as of June 30, 2010) and higher professional fees to support our growth. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the six months ended June 30, 2010, resulting in approximately $1.1 million of unfavorable foreign currency impact to our EMEA sales and marketing expenses during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. We intend to invest further in our EMEA sales and marketing initiatives over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, we expect our EMEA sales and marketing expenses as a percentage of revenues to increase accordingly. In the long-term, we generally expect EMEA 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 generally expect them to decrease in the long-term.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (63 Asia-Pacific sales and marketing employees as of June 30, 2011 versus 52 as of June 30, 2010). For the six months ended June 30, 2011, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the six months ended June 30, 2010. We intend to invest further in our Asia-Pacific sales and marketing initiatives over the next several years, including anticipated headcount growth and new product innovation efforts and, as a result, we expect our Asia-Pacific sales and marketing expenses as a percentage of revenues to increase accordingly. In the long-term, we generally expect Asia-Pacific 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 generally expect them to decrease in the long-term.

General and Administrative Expenses. Our general and administrative expenses were split among the following geographic regions (dollars in thousands):

	Six months ended June 30,				% Change	
	2011	%	2010	%	Actual	Constant currency
Americas	$ 91,956	72%	$68,925	71%	33%	n/a
EMEA	24,706	19%	19,839	20%	25%	17%
Asia-Pacific	11,620	9%	8,557	9%	36%	25%
Total	$128,282	100%	$97,321	100%	32%	29%

	Six months ended June 30,	
	2011	2010
General and administrative expenses as a percentage of revenues:		
Americas	19%	20%
EMEA	14%	15%
Asia-Pacific	12%	12%
Total	17%	18%

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses, inclusive of both acquisitions and organic growth, was primarily due to (i) $13.6 million of higher compensation costs, including general salaries, bonuses and headcount growth (671 Americas general and administrative employees as of June 30, 2011 versus 504 as of June 30, 2010), and (ii) $4.7 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investments in systems. Over the course of the past year, we have been investing in our Americas general and administrative functions, which has included taking on additional office space to accommodate the headcount growth, as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including further investment in our back office systems; however, as a percentage of revenues, we generally expect them to decrease.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to (i) $2.3 million of higher compensation costs, including general salaries, bonuses and headcount growth (163 EMEA general and administrative employees as of June 30, 2011 versus 143 as of June 30, 2010) and (ii) $1.8 million of higher professional fees related to various consulting projects to support our growth. During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the six months ended June 30, 2010, resulting in approximately $1.6 million of unfavorable foreign currency impact to our EMEA general and administrative expenses during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to $1.9 million of higher compensation costs, including general salaries, bonuses and headcount growth (143 Asia-Pacific general and administrative employees as of June 30, 2011 versus 116 as of June 30, 2010). During the six months ended June 30, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the six months ended June 30, 2010, resulting in approximately $1.0 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the six months ended June 30, 2011 when compared to average exchange rates of the six months ended June 30, 2010. Going forward, although we are carefully monitoring our spending given the current economic environment, 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 generally expect them to decrease.

Restructuring Charges. During the six months ended June 30, 2011 and 2010, we recorded restructuring charges totaling $599,000 and $4.4 million, respectively, primarily related to one-time termination benefits attributed to certain Switch and Data employees.

Acquisition Costs. During the six months ended June 30, 2011, we recorded acquisition costs totaling $2.0 million primarily related to the ALOG acquisition. During the six months ended June 30, 2010, we recorded acquisition costs totaling $10.8 million related to the Switch and Data acquisition. We do not expect to incur significant additional acquisition costs related to the ALOG acquisition. Our acquisition costs primarily all relate to our Americas geographic region.

Interest Income. Interest income decreased to $847,000 for the six months ended June 30, 2011 from $997,000 for the six months ended June 30, 2010. Interest income decreased primarily due to lower invested balances. The average yield for the six months ended June 30, 2011 was 0.43% versus 0.19% for the six months ended June 30, 2010. Although we expect our interest income to increase slightly on a prospective basis as a result of the proceeds from the 7.00% senior notes offering, we generally expect our interest income to remain at these low levels for the foreseeable future due to the impact of a lower interest rate environment, a portfolio more weighted towards short-term U.S. treasuries, and from the utilization of cash to finance our expansion activities.

Interest Expense. Interest expense increased to $75.0 million for the six months ended June 30, 2011 from $63.3 million for the six months ended June 30, 2010. This increase in interest expense was primarily due to the full impact of our $750.0 million 8.125% senior notes, additional financings such as capital lease and other financing obligations to support our expansion projects and additional advances from our new Asia-Pacific financing. This increase was partially offset by repayments of the Chicago IBX financing in March 2010, the European financing in April 2010, the Netherlands financing in June 2010 and mortgage payable in December 2010. During the six months ended June 30, 2011 and 2010, we capitalized $5.9 million and $6.7 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur significantly higher interest expense as we recognize the full impact of the 7.00% senior notes offering beginning in July 2011, which is approximately $53.9 million annually.

Other-Than-Temporary Impairment Recovery On Investments. During the six months ended June 30, 2011, no other-than-temporary impairment loss or recovery on investments was recorded. During the six months ended June 30, 2010, we recorded a $3.4 million other-than-temporary impairment recovery on investments due to an additional distribution from one of our money market accounts we had previously written down during 2008 and 2009.

Loss on debt extinguishment and interest rate swaps, net. During the six months ended June 30, 2011, no loss on debt extinguishment and interest rate swaps, net was recorded. During the six months ended June 30, 2010, we recorded a $4.8 million loss on debt extinguishment and interest rate swaps, net, which is comprised of (i) a net gain of $2.7 million representing principal discount/premium and the write-off of related debt issuance costs and (ii) a loss of $7.5 million primarily resulted from the termination of an interest rate swap associated with the Chicago IBX financing as a result of repaying and terminating the Chicago IBX financing in March 2010 and the write-off of interest rate swaps associated with the European financing due to these interest rate swaps no longer being effective hedges as a result of repaying and terminating the European financing in April 2010.

Other Income (Expense). For the six months ended June 30, 2011, we recorded $3.1 million of other income, primarily due to foreign currency exchange gains during the period. For the six months ended June 30, 2010, we recorded $1.5 million of other expense, primarily due to foreign currency exchange losses during the period.

Income Taxes. For the six months ended June 30, 2011 and 2010, we recorded $19.2 million and $11.1 million of income tax expenses, respectively. Our effective tax rates were 25.6% and 48.3% for the six months ended June 30, 2011and 2010, respectively. Our effective tax rate in the six months ended June 30, 2011 was lower than the six months ended June 30, 2010 due to increased foreign losses benefited in 2011. The cash taxes for 2011 and 2010 are primarily for state income taxes and foreign income taxes.

Non-GAAP Financial Measures

We provide all information required in accordance with generally accepted accounting principles (GAAP), but we believe that evaluating our ongoing operating results may be difficult if limited to reviewing only GAAP financial measures. Accordingly, we use non-GAAP financial measures, primarily adjusted EBITDA, to evaluate our operations. We also use adjusted EBITDA as a metric in the determination of employees' annual bonuses and vesting of restricted stock units that have both a service and performance condition. In presenting adjusted EBITDA, we exclude certain items that we believe are not good indicators of our current or future operating performance. These items are depreciation, amortization, accretion of asset retirement obligations and accrued restructuring charges, stock-based compensation, restructuring charges and acquisition costs. Legislative and regulatory requirements encourage the use of and emphasis on GAAP financial metrics and require companies to explain why non-GAAP financial metrics are relevant to management and investors. We exclude these items in order for our lenders, investors, and industry analysts, who review and report on us, to better evaluate our operating performance and cash spending levels relative to our industry sector and competitors.

For example, we exclude depreciation expense as these charges primarily relate to the initial construction costs of our IBX data centers and do not reflect our current or future cash spending levels to support our business. Our IBX data centers are long-lived assets, and have an economic life greater than 10 years. The construction costs of our IBX data centers do not recur and future capital expenditures remain minor relative to our initial investment. This is a trend we expect to continue. In addition, depreciation is also based on the estimated useful lives of our IBX data centers. These estimates could vary from actual performance of the asset, are based on historical costs incurred to build out our IBX data centers, and are not indicative of current or expected future capital expenditures. Therefore, we exclude depreciation from our operating results when evaluating our operations.

In addition, in presenting the non-GAAP financial measures, we exclude amortization expense related to certain intangible assets, as it represents a cost that may not recur and is not a good indicator of our current or future operating performance. We exclude accretion expense, both as it relates to asset retirement obligations as well as accrued restructuring charge liabilities, as these expenses represent costs which we believe are not meaningful in evaluating our current operations. We exclude non-cash stock-based compensation expense as it represents expense attributed to equity awards that have no current or future cash obligations. As such, we, and many investors and analysts, exclude this stock-based compensation expense when assessing the cash generating performance of our operations. We also exclude restructuring charges from our non-GAAP financial measures. The restructuring charges relate to our decisions to exit leases for excess space adjacent to several of our IBX data centers, which we did not intend to build out or our decision to reverse such restructuring charges, or severance charges related to the Switch and Data acquisition. Finally, we also exclude acquisition costs from our non-GAAP financial measures. The acquisition costs relate to costs we incur in connection with business combinations. Management believes such items as restructuring charges and acquisition costs are non-core transactions; however, these types of costs will or may occur in future periods.

Our management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. However, we have presented such non-GAAP financial measures to provide investors with an additional tool to evaluate our operating results in a manner that focuses on what management believes to be our core, ongoing business operations. We believe that the inclusion of this non-GAAP financial measure provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and its ability to perform in subsequent periods. We believe that if we did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

Investors should note, however, that the non-GAAP financial measures used by us may not be the same non-GAAP financial measures, and may not be calculated in the same manner, as that of other companies. In addition, whenever we use non-GAAP financial measures, we provide a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges and acquisition costs as presented below (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Income from operations	$ 74,866	$ 40,227	$146,171	$ 88,209
Depreciation, amortization and accretion expense	86,426	63,626	165,951	112,948
Stock-based compensation expense	18,318	18,096	33,853	33,070
Restructuring charges	103	4,357	599	4,357
Acquisitions costs	1,615	5,849	2,030	10,843
Adjusted EBITDA	$181,328	$132,155	$348,604	$249,427

The geographic split of our adjusted EBITDA is presented below (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Americas:				
Income from operations	$ 49,072	$22,529	$ 96,391	$ 52,130
Depreciation, amortization and accretion expense	57,246	43,081	110,728	71,255
Stock-based compensation expense	14,527	13,650	26,369	24,663
Restructuring charges	103	4,357	599	4,357
Acquisitions costs	1,556	5,849	1,922	10,843
Adjusted EBITDA	$122,504	$89,466	$236,009	$163,248
EMEA:				
Income from operations	$ 14,178	$ 7,672	$ 25,649	$ 15,993
Depreciation, amortization and accretion expense	18,512	13,737	35,356	28,221
Stock-based compensation expense	2,147	2,531	4,442	4,681
Acquisitions costs	12	—	14	—
Adjusted EBITDA	$ 34,849	$23,940	$ 65,461	$ 48,895
Asia-Pacific:				
Income from operations	$ 11,616	$10,026	$ 24,131	$ 20,086
Depreciation, amortization and accretion expense	10,668	6,808	19,867	13,472
Stock-based compensation expense	1,644	1,915	3,042	3,726
Acquisitions costs	47	—	94	—
Adjusted EBITDA	$ 23,975	$18,749	$ 47,134	$ 37,284

Our adjusted EBITDA results have improved each year and in each region due to the improved operating results discussed earlier in “Results of Operations”, as well as the nature of our business model consisting of a recurring revenue stream and a cost structure which has a large base that is fixed in nature that is also discussed earlier in “Overview”. We believe that our adjusted EBITDA results will continue to improve in future periods as we continue to grow our business.

Liquidity and Capital Resources

As of June 30, 2011, our total indebtedness was comprised of (i) convertible debt principal totaling $1.0 billion from our 2.50% convertible subordinated notes (gross of discount), our 3.00% convertible subordinated notes, and our 4.75% convertible subordinated notes (gross of discount) and (ii) non-convertible debt and financing obligations totaling $1.3 billion consisting of (a) $750.0 million of principal from our 8.125% senior notes, (b) $232.7 million of principal from our loans payable and (c) $346.7 million from our capital lease and other financing obligations. However, in July 2011, our non-convertible debt and financing obligations increased to $2.1 billion as a result of the 7.00% senior notes offering.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of our current portion of debt due, and to complete our publicly-announced expansion projects. As of June 30, 2011, we had $423.1 million of cash, cash equivalents and short-term and long-term investments and in July 2011, we received net proceeds from the 7.00% senior notes offering of approximately $735.6 million. Besides our investment portfolio and any further financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a strong customer base and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity.

As of June 30, 2011, we had a total of approximately $23.8 million of additional liquidity available to us, consisting of (i) approximately $17.7 million under the new Asia-Pacific financing and (ii) $6.1 million under the $25.0 million Bank of America revolving credit line. 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 data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions. While we will be able to fund these expansion plans with our existing resources, additional financing, either debt or equity, may be required to pursue certain new or unannounced additional expansion plans. However, if current market conditions were to deteriorate, we may be unable to secure additional financing or any such additional financing may only 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

	Six Months Ended June 30,	
	2011	2010
	(in thousands)	
Net cash provided by operating activities	$ 258,118	$ 156,718
Net cash used in investing activities	(496,126)	(359,012)
Net cash provided by financing activities	87,964	377,563

Operating Activities. The increase in net cash provided by operating activities was primarily due to improved operating results and improved collections of accounts receivable and growth in customer installations, which increases deferred installation revenue. Although customer collections improved in the six months ended June 30, 2011 as compared to June 30, 2010, customer collections can vary widely from quarter to quarter. It is not uncommon for some large customer receivables that were anticipated to be collected in one quarter to slip to the next quarter. For example, some large customer receivables that were anticipated to be collected in June 2011 actually were collected in July 2011 instead, which negatively impacted cash flows from operating activities for the six months ended June 30, 2011. However, overall, customer collections remain relatively strong. We expect that we will continue to generate cash from our operating activities during the remainder of 2011 and beyond.

Investing Activities. The increase in net cash used in investing activities was primarily due to higher capital expenditures as a result of expansion activity and increase in restricted cash. During the six months ended June 30, 2011 and 2010, these capital expenditures were $364.0 million and $292.1 million, respectively. We expect that our IBX expansion construction activity will be at consistent levels. However, if the opportunity to expand is greater than planned and we have sufficient funding to increase the expansion opportunities available to us, we may increase the level of capital expenditures to support this growth.

Financing Activities. Higher net cash provided by financing activities for the six months ended June 30, 2010 was primarily due to our $750.0 million 8.125% senior notes offering in February 2010, partially offset by repayment of our debt facilities, including the Chicago IBX financing, the European financing, the Asia-Pacific financing, the Singapore financing and the Netherlands financing; however, the Asia-Pacific financing and the Singapore financing were replaced by the new Asia-Pacific financing. We expect that our financing activities will consist primarily of the proceeds from the 7.00% senior notes offering, partially offset by the repayment of our debt during the remainder of 2011.

Debt Obligations

New Asia-Pacific Financing. During the six months ended June 30, 2011, we received additional advances totaling approximately $77.9 million under the new Asia-Pacific financing, leaving the amount available to borrow totaling approximately $17.7 million. The outstanding loans payable under the new Asia-Pacific financing had a blended interest rate of 5.19% as of June 30, 2011. As of June 30, 2011, we were in compliance with all financial covenants associated with the new Asia-Pacific financing.

Paris 4 IBX Financing. In March 2011, we entered into two agreements with two unrelated parties to purchase and develop a building that will ultimately become our fourth IBX data center in the Paris metro area. The first agreement allowed us the right to purchase the property for a total fee of approximately $21.8 million payable to a company that held exclusive rights (including power rights) to the property and was already in the process of developing the property into a data center and will now, instead, become the anchor tenant in the Paris 4 IBX data center once it is open for business. The second agreement was entered into with the developer of the property and allowed us to take immediate title to the building and associated land and also requires the developer to construct the data center to our specifications and deliver the completed data center to us in July 2012 for a total fee of approximately $109.9 million. Both agreements include extended payment terms. We made payments under both agreements totaling approximately $35.7 million in March 2011 and the remaining payments due totaling approximately $96.0 million are payable on various dates through March 2013, which is referred to as Paris 4 IBX financing. Of the amounts paid or payable under the Paris 4 IBX financing, a total of $15.0 million was allocated to land and building assets, $3.7 million was allocated to a deferred charge, which will be netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $113.0 million was or will be allocated to construction costs inclusive of interest charges. We have imputed an interest rate of 5.90% per annum on the Paris 4 IBX financing as of June 30, 2011, a total of $20.6 million was outstanding under the Paris 4 IBX financing. We will record additional construction costs and increase the Paris 4 IBX financing liability over the course of the construction period. The Paris 4 IBX financing also required us to post approximately $96.9 million of cash into a restricted cash account to ensure liquidity for the developer during the construction period.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX centers and certain equipment under non-cancelable lease agreements expiring through 2035. The following represents our debt maturities, financings, leases and other contractual commitments as of June 30, 2011 (in thousands):

	2011 (6 months)	2012	2013	2014	2015	Thereafter	Total
Convertible debt **(1)**	$ —	$250,000	$ —	$395,986	$ —	$ 373,750	$1,019,736
Senior notes **(1)**	—	—	—	—	—	750,000	750,000
New Asia-Pacific financing **(1)**	10,353	35,150	55,012	59,860	32,469	—	192,844
Paris 4 IBX financing **(2)**	—	87,824	6,823	—	—	—	94,647
ALOG debt **(1)**	3,435	6,792	3,775	3,590	1,501	161	19,254
Interest **(3)**	54,487	104,042	97,670	91,678	79,031	161,391	588,299
Capital lease and other financing obligations **(4)**	17,396	36,968	37,644	39,226	40,654	334,590	506,478
Operating leases under accrued restructuring charges **(5)**	1,684	2,429	2,444	2,459	1,444	—	10,460
Operating leases **(6)**	58,029	115,797	116,736	110,954	92,975	507,168	1,001,659
Other contractual commitments **(7)**	265,863	82,456	3,244	1,700	—	—	353,263
Asset retirement obligations **(8)**	378	—	1,043	1,244	5,651	45,801	54,117
ALOG acquisition contingent consideration **(9)**	—	—	23,070	—	—	—	23,070
Redeemable non-controlling interests	—	—	—	69,050	—	—	69,050
	$411,625	$721,458	$347,461	$775,748	$253,725	$2,172,860	$4,682,877

(1) Represents principal only.
(2) Represents total payments to be made to complete the construction of the Paris 4 IBX center.
(3) Represents interest on convertible debt, 8.125% senior notes and new Asia-Pacific financing based on their approximate interest rates as of June 30, 2011.
(4) Represents principal and interest.
(5) Excludes any subrental income.
(6) Represents minimum operating lease payments, excluding potential lease renewals.
(7) Represents off-balance-sheet arrangements. Other contractual commitments are described below.
(8) Represents liability, net of future accretion expense.
(9) Represents an off-balance sheet arrangement for the ALOG acquisition contingent consideration and includes the portion of the contingent consideration that will be funded by Riverwood.

In connection with certain of our leases, we entered into 14 irrevocable letters of credit totaling $18.9 million with Bank of America. These letters of credit were provided in lieu of cash deposits under the $25.0 million Bank of America revolving credit line and automatically renew in successive one-year periods until the final lease expiration date. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the $25.0 million Bank of America revolving credit line. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately $17.5 million as of June 30, 2011. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities would be paid.

As a result of the 7.00% senior notes offering due 2021, our senior notes increased to $1.5 billion in July 2011 and we expect to incur additional interest expense of $53.9 million annually.

Primarily as a result of our various IBX expansion projects, as of June 30, 2011, we were contractually committed for $234.5 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 data centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2011 and 2012, is reflected in the table above as “Paris 4 IBX financing” and “other contractual commitments.”

We had other non-capital purchase commitments in place as of June 30, 2011, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during the remainder of 2011 and beyond. Such other purchase commitments as of June 30, 2011, which total $118.8 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 $300.0 million to $350.0 million, in addition to the $234.5 million in contractual commitments discussed above as of June 30, 2011, in our various IBX expansion projects during the remainder of 2011 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

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 income taxes, accounting for business combinations, accounting for impairment of goodwill and accounting for property, plant and equipment, which are discussed in more detail under the caption “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2010.

Recent Accounting Pronouncements

See Note 1 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

While there have been no significant changes in our market risk, investment portfolio risk, interest rate risk, foreign currency risk and commodity price risk exposures and procedures during the three and six months ended June 30, 2011 as compared to the respective risk exposures and procedures disclosed in Quantitative and Qualitative Disclosures About Market Risk, set forth in Part II Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2010, the U.S. dollar weakened relative to certain of the currencies of the foreign countries in which we operate during the six months ended June 30, 2011. This has significantly impacted our consolidated financial position and results of operations during this period including the amount of revenue that we reported. Continued strengthening or weakening of the U.S. dollar will continue to have a significant impact to us in future periods.

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 (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

(c) **Limitations on the Effectiveness of Controls.** Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed and operated to be effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

IPO Litigation

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. These lawsuits have been coordinated before a single judge. 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.

The parties in the approximately 300 coordinated cases, including the parties in the Equinix case, reached a settlement. It provides for releases of existing claims and claims that could have been asserted relating to the conduct alleged to be wrongful from the class of investors participating in the settlement. The insurers for the issuer defendants in the coordinated cases will make the settlement payment on behalf of the issuers, including Equinix. On October 6, 2009, the Court granted final approval to the settlement. The settlement approval was appealed to the United States Court of Appeals for the Second Circuit. One appeal was dismissed and the second appeal was remanded to the district court to determine if the appellant is a class member with standing to appeal.

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 its results of operations, financial condition or cash flows. We intend to continue to defend the action vigorously if the settlement does not survive the remaining appeal.

Pihana Litigation

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 $725.0 million value of Equinix held by Defendants” (a group that includes more than 30 individuals and entities). An amended complaint, which adds new plaintiffs (other alleged holders of Pihana common stock) but is otherwise substantially similar to the original pleading, was filed on September 29, 2008 (the “Amended Complaint”). On October 13, 2008, a complaint was filed in a separate action by another purported holder of Pihana common stock, naming the same defendants and asserting substantially similar allegations as the August 22, 2008 and September 29, 2008 pleadings. On December 12, 2008, the court entered a stipulated order, which consolidated the two actions under one case number and set January 22, 2009 as the last day for Defendants to move to dismiss or otherwise respond to the Amended Complaint, the operative complaint in this case. On January 22, 2009, motions to dismiss the Amended Complaint were filed by Equinix and other Defendants. On April 24, 2009, plaintiffs filed a Second Amended Complaint (“SAC”) to correct the naming of certain parties. The SAC is otherwise substantively identical to the Amended Complaint, and all motions to dismiss the Amended Complaint have been treated as responsive to the SAC. On September 1, 2009, the Court heard Defendants’ motions to dismiss the SAC and ruled at the hearing that all claims against all Defendants are time-barred. The Court also considered whether there were further independent grounds for dismissing the claims, and supplemental briefing was submitted with respect to claims against one defendant and plaintiffs’ renewed request for further leave to amend. On March 23, 2010, the Court entered final Orders granting the motions to dismiss as to all Defendants and issued a minute Order denying plaintiffs’ renewed request for further leave to amend. On May 21, 2010, plaintiffs filed a Notice of Appeal, and plaintiffs’ appeal is currently pending before the Hawaii Supreme Court. In January 2011, one group of co-defendants (Morgan Stanley and certain persons and entities affiliated with it) entered into a separate settlement with plaintiffs. The trial court determined that the settlement was made in “good faith” in accordance with Hawaii statutory law, and certain non-settling defendants (including Equinix) filed an appeal from that order. That appeal is now pending before the Intermediate Court of Appeals. We believe that plaintiffs’ claims and alleged damages are without merit and we intend to continue 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.

Alleged Class Action and Shareholder Derivative Actions

On March 4, 2011, an alleged class action entitled Cement Masons & Plasterers Joint Pension Trust v. Equinix, Inc., et al., No. CV-11-1016-SC, was filed in the United States District Court for the Northern District of California, against Equinix and two of our officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding our business and financial results. The suit is purportedly brought on behalf of purchasers of our common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants have not yet responded to the claims in this action.

On March 8, 2011, an alleged shareholder derivative action entitled Rikos v. Equinix, Inc., et al., No. CGC-11-508940, was filed in California Superior Court, County of San Francisco, against Equinix (as a nominal defendant), the members of our board of directors, and two of our officers. The suit is based on allegations similar to those in the federal securities class action and, allegedly on our behalf, asserts purported state law causes of action against the individual defendants for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. The suit seeks, among other things, compensatory and treble damages, restitution and other equitable relief, and fees and costs. Defendants have not yet responded to the claims in this action.

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC was filed in the United States District Court for the Northern District of California, purportedly on behalf of Equinix, against the members of our board of directors. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action, and asserts causes of action against the individual defendants for breach of fiduciary duty for allegedly disseminating false and misleading information, breach of fiduciary duty for allegedly failing to maintain internal controls, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the court signed an order relating this case to the federal securities class action. Defendants have not yet responded to the claims in this action.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of these matters, and 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:

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

Over the last several years, we have completed several acquisitions, including that of Switch and Data Facilities Company, Inc. in 2010. We also acquired, with RW Brasil Fundo de Investimento em Participações, approximately 90% of the outstanding capital stock of ALOG Data Centers do Brasil S.A. in 2011. We may make additional acquisitions in the future, which may include acquisitions of businesses, products, services or technologies that we believe to be complementary, acquisitions of new IBX data centers or real estate for development of new IBX data centers or through investments in local data center operators. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to several potential risks, including:

- the possible disruption of our ongoing business and diversion of management’s attention by acquisition, transition and integration activities;
- our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;
- the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;
- the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;

- the dilution of our existing stockholders as a result of our issuing stock in transactions, such as our acquisition of Switch and Data, where 80% of the consideration payable to Switch and Data's stockholders consisted of shares of our common stock;
- the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;
- the possibility that our customers may not accept either the existing equipment infrastructure or the "look-and-feel" of a new or different IBX data center;
- the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;
- the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;
- the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;
- the possible loss or reduction in value of acquired businesses;
- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX data center;
- the possibility of litigation or other claims in connection with or as a result of an acquisition, including claims from terminated employees, customers, former stockholders or other third parties; and
- the possibility of pre-existing undisclosed liabilities, including but not limited to lease or landlord related liability, environmental or asbestos liability, for which insurance coverage may be insufficient or unavailable.

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

We cannot assure you that the price of any future acquisitions of IBX data centers will be similar to prior IBX data center acquisitions. In fact, we expect costs required to build or render new IBX data 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 substantial debt could adversely affect our cash flows and limit our flexibility to raise additional capital.

We have a significant amount of debt and expect to incur additional debt to support our growth. As of June 30, 2011, our total indebtedness was approximately $2.3 billion, our stockholders' equity was $2.1 billion and our cash and investments totaled $423.1 million. In addition, in July 2011, we issued $750.0 million aggregate principal amount of 7.00% senior notes due July 15, 2021. We intend to use the net proceeds from the 7.00% senior notes offering for general corporate purposes, including the funding of our expansion activities, and the repayment of our 2.50% convertible subordinated notes due April 15, 2012.

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

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

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.

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

The uncertain economic environment may continue to have an impact on our business and financial condition.

The uncertain economic environment could have an adverse effect on our liquidity. Customer collections are our primary source of cash. While we believe we have a strong customer base and have continued to experience strong collections, if the current market conditions were to worsen, some of our customers may have difficulty paying us. As a result, we may experience increased churn in our customer base, including reductions in their commitments to us. We may also be required to further increase our allowance for doubtful accounts, which would negatively impact our results. Our sales cycle could also be further lengthened if customers slow spending, or delay decision-making, on our products and services, which could adversely affect our revenue growth. In addition, we could experience pricing pressure as a result of economic conditions if our competitors lower prices and attempt to lure away our customers with lower cost solutions.

The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates further or they 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.

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

Since January 1, 2010, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from $70.34 to $109.56 per share. The market price of the shares of our common stock has been and may continue to be highly volatile. General economic and market conditions, and market conditions for telecommunications stocks in general, may affect the market price of our common stock.

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

- our operating results or forecasts;
- new issuances of equity, debt or convertible debt by us;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- changes in regulatory policy or interpretation;
- governmental investigations;
- changes in the ratings of our debt or stock by rating agencies or securities analysts;
- our purchase or development of real estate and/or additional IBX data centers;
- our acquisitions of complementary businesses; or
- the operational performance of our IBX data 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. Furthermore, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and/or damages, and divert management's attention from other business concerns, which could seriously harm our business.

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

Our capital expenditures, together with ongoing operating expenses and obligations to service our debt, will be a substantial drain on our cash flow and may decrease our cash balances. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain additional 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.

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

Although we have in the past, and may decide in the future, to undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. For example, while we hedge certain of our foreign currency assets and liabilities on our consolidated balance sheet, we do not hedge revenue. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. 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.

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

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

A customer’s decision to license cabinet space in one of our IBX data 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 data centers until they are confident that the IBX data 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. We are also planning significant hiring in our sales force for 2011. It will take time for these new hires to become fully productive.

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

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

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 data centers. While we own certain of our IBX data centers, others are leased by us, and we rely on the landlord for basic maintenance of the property. If such landlord has not maintained a leased property sufficiently, we may be forced into an early exit from the center which could be disruptive to our business. Furthermore, we continue to acquire IBX data centers not built by us. If we discover that these IBX data 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 data centers are subject to failure resulting from numerous factors, including:

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

Problems at one or more of our IBX data 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 data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data 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 a result of a problem at one of our IBX data centers.

We may incur significant liabilities 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.

We may also incur significant liability in the event of an earthquake, particularly in one of the high hazard zones for earth movement which include, but are not limited to, California, Japan, the New Madrid Seismic Zone and the Pacific Northwest Seismic Zone, where insurance coverage for earthquakes can be extremely expensive. While we purchase minimal levels of earthquake coverage for certain of our IBX data centers in California, at other California IBX data centers and in other high hazard zones we have elected to self-insure. In the event of a large earthquake in any of these locations, we may find our insurance coverage to be inadequate to cover our damages, and our business, financial condition and results of operations could be materially and adversely impacted.

The shortage of electricity supply and other aftermath caused by the March 2011 Japanese earthquake and resulting tsunami may affect our business operations. We have two IBX centers close to Tokyo, Japan, one in Heiwajima and one in Shinagawa plus a third data center under construction in Tokyo. As of the date of this filing, all of our Japanese centers are operational. However, there can be no assurances that future operations and revenue may not be seriously affected by, among other things, the potential of the shortage of electricity power supply in Japan as well as the potential of a nuclear reactor disaster occurring at a power plant within one hundred and forty miles of our IBX centers. These events may seriously damage our ability to conduct business in Japan or, in the worst case, cause operations to completely cease with our Japanese revenue suffering a material downturn.

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

Our construction of additional new IBX data centers, or IBX data center expansions, could involve significant risks to our business.

In order to sustain our growth in certain of our existing and new markets, we must either expand an existing data center, lease a new facility or acquire suitable land with or without structures to build new IBX data centers from the ground up. Expansions or new builds are currently underway, or being contemplated, in many of our markets. Any related construction requires us to carefully select and rely on the experience of one or more general contractors, designers and associated subcontractors during the design and construction process. Should a general contractor, designer or significant subcontractor experience financial or other problems during the design or 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 data 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 data centers separate from our existing IBX data 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 and lower margins and could have a negative impact on customer retention over time.

[Table of Contents](#)

Environmental regulations may impose upon us new or unexpected costs.

We are subject to various federal, state, local and foreign 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. Furthermore, environmental laws and regulations change frequently and may require additional investment to maintain compliance. Noncompliance with existing, or adoption of more stringent, environmental or health and safety laws and regulations or the discovery of previously unknown contamination could require us to incur costs or become the basis of new or increased liabilities that could be material.

Fossil fuel combustion creates greenhouse gas emissions that are linked to global climate change. Regulations to limit greenhouse gas emissions are in force in the European Union in an effort to prevent or reduce climate change. In the United States, federal legislative proposals have been considered that would, if adopted, implement some form of regulation or taxation to reduce or mitigate greenhouse gas ("GHG") emissions. In addition, the U.S. Environmental Protection Agency ("EPA") is taking steps towards using its existing authority under the Clean Air Act to regulate GHG emissions. On June 3, 2010, EPA published a final rule, known as the Tailoring Rule, setting forth the permitting program for regulating GHG emissions from major stationary sources. These permitting requirements will include, but are not limited to, meeting the best available control technologies for GHG emissions, and monitoring, reporting and recordkeeping for GHG emissions. The first steps of the program became effective January 2, 2011, and apply to large sources of GHGs such as, for example, fossil-fueled electricity generating facilities, that are already subject to Clean Air Act major source permits for their emission of non-greenhouse gas air pollutants (such as sulfur dioxide or particulate matter). The second step of the permitting program became effective July 1, 2011, and applies to the construction a new facility that will emit 100,000 tons per year or more of carbon dioxide equivalent ("CO2e", a unit of measurement for GHGs) or to the modification of an existing facility that results in an increase of GHG emissions by 75,000 tons per year of CO2e. There is a small-source exception to the Tailoring Rule that we believe applies to our facilities. Under the exception, no source with emissions below 50,000 tons per year of CO2e or any modification resulting in an increase of less than 50,000 tons per year of CO2e will be subject to Prevention of Significant Deterioration ("PSD") or Title V permitting before at least April 30, 2016. EPA also announced plans in the final rule to develop permitting requirements for smaller sources of GHGs after the expiration of the small-source exception, which could potentially affect our facilities. We will continue to monitor the developments of this regulatory program to evaluate its impact on our facilities and business.

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. For example, California enacted AB-32, the Global Warming Solutions Act of 2006, prescribing a statewide cap on global warming pollution with a goal of reaching 1990 GHG emission levels by 2020 and 80% below 1990 levels by 2050 and establishing a mandatory emissions reporting program. On December 16, 2010, the California Air Resources Board adopted the initial elements of a cap-and-trade program to implement AB-32, which will establish an auction to allocate allowances for GHG emissions, and will establish a minimum price for such allowances. This cap-and-trade regulation is intended to take effect January 1, 2012, with official allowance trading starting in 2013. If the regulation takes effect as currently drafted, it will increase our electricity costs by an amount that cannot yet be determined, but could exceed 5% of our costs of electricity at our California locations.

Federal, regional, state and international regulatory programs to address climate change are still developing. In their final form, they may include a tax on carbon, a carbon “cap-and-trade” market, and/or other restrictions on carbon and GHG emissions. The area of GHG limitations and regulation is rapidly changing and will continue to change as additional legislation is considered and adopted, and regulations are finalized that implement existing law. For example, the United Kingdom is in the process of implementing the mandatory Carbon Reduction Commitment Energy Efficiency Scheme (“CRC”), which requires certain public and private sector organizations that are consumers of large amounts of electricity to register with the program, participate in energy-saving activities and reduce their GHG emissions. The CRC became effective April 1, 2010, and qualifying organizations were required to register by September 30, 2010, which we have done. The United Kingdom Government is in the process of reviewing the mechanics of the CRC, but the first relevant period for the operation of the CRC still began in April 2011 as originally scheduled. We are required to monitor power usage from April 2011 onwards. We are monitoring developments and continuing to evaluate the extent of our obligations and the implications for our business in the United Kingdom, and we are communicating with customers accordingly.

We do not anticipate that climate change-related laws and regulations would directly limit the emissions of GHG by our operations. We could, however, be directly subject to taxes, fees or costs, or could indirectly be required to reimburse electricity providers for such costs that would represent the amount of GHG we emit. The expected controls on GHG emissions are likely to increase the costs of electricity or fossil fuels, and these cost increases could materially increase our costs of operation or limit the availability of electricity or emergency generator fuels. The physical impacts of climate change, including extreme weather conditions such as heat waves, could materially increase our costs of operation due to, for example, an increase in our energy use in order to maintain the temperature and internal environment of our data centers necessary for our operations. To the extent any environmental laws enacted or regulations impose new or unexpected costs, our business, results of operations or financial condition may be adversely affected.

If we are unable to recruit or retain qualified personnel, our business could be harmed

We must continue to identify, hire, train and retain IT professionals, technical engineers, operations employees, and sales and senior management personnel who maintain relationships with our clients and who can provide the technical, strategic and marketing skills required for our company to grow. There is a shortage of qualified personnel in these fields, and we compete with other companies for the limited pool of these personnel. The failure to recruit and retain necessary technical, managerial, sales and marketing personnel, including but not limited to members of our executive team, could harm our business and our ability to grow our company.

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

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

Because of their greater financial resources, some of our competitors have the ability to adopt aggressive pricing policies, especially if they are not highly leveraged. 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 data 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 data centers. If these competitors were able to adopt aggressive pricing policies together with offering colocation space, our ability to generate revenues may be materially and adversely affected.

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

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 data 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, from the tornados on the U.S. east coast in 2004, and relating to the earthquake and tsunami in Japan in 2011, 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 data centers in 2005, London metro area IBX data centers in 2007 and Paris metro area IBX data centers in 2009.

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 data center designs.

We are exposed to potential risks from errors in our financial reporting systems and controls, including the potential for material misstatements in our consolidated financial statements.

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to evaluate their internal controls over financial reporting. Although we received an unqualified opinion regarding the effectiveness of our internal control over financial reporting as of December 31, 2010, in the course of our ongoing evaluation we have identified certain areas where we would like to improve and we are in the process of evaluating and designing enhanced processes and controls to address such areas, none of which we believe constitutes a material change. However, we cannot be certain that our efforts will be effective or sufficient for us, or our independent registered public accounting firm, to issue unqualified reports in the future, especially as our business continues to grow and evolve and as we acquire other businesses.

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 have in the past, and may in the future, discover deficiencies in existing systems and controls. In addition, internal reporting systems and controls are subject to human error. Any such deficiencies could result in material misstatements in our consolidated financial statements, which might involve restating previously issued financial statements. Additionally, as we expand, we will need to implement new systems to support our financial reporting systems and controls. We may not be able to implement these systems such that errors would be identified in a timely manner, which could result in material misstatements in our consolidated financial statements.

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

For the years ended December 31, 2010, 2009 and 2008, we recognized 38%, 39% and 37%, respectively, of our revenues outside the U.S. For the six months ended June 30, 2011, we recognized 37% of our revenues outside the U.S. We currently operate outside of the Americas in the EMEA and Asia-Pacific regions. In April 2011, we expanded into South America through an investment in ALOG Data Centers do Brasil S.A.

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

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

- the costs of customizing IBX data 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;
- difficulties in managing across cultures and in foreign languages;
- political and economic instability;
- fluctuations in currency exchange rates;
- difficulties in repatriating funds from certain countries;
- our ability to obtain, transfer, or maintain licenses required by governmental entities with respect to our business;
- unexpected changes in regulatory, tax and political environments;
- our ability to secure and maintain the necessary physical and telecommunications infrastructure;
- compliance with the Foreign Corrupt Practices Act; and
- compliance with evolving governmental regulation with which we have little experience.

In addition, compliance with international and U.S. laws and regulations that apply to our international operations increases our cost of doing business in foreign jurisdictions. These laws and regulations include data privacy requirements, labor relations laws, tax laws, anti-competition regulations, import and trade restrictions, export requirements, U.S. laws such as the Foreign Corrupt Practices Act, and local laws which also prohibit corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our services in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and address these risks and manage these difficulties.

Economic uncertainty in developing markets could adversely affect our revenue and earnings.

We conduct business and plan to expand in developing markets with economies that tend to be more volatile than those in the United States and Western Europe. The risk of doing business in developing markets such as China, Brazil, United Arab Emirates and other economically volatile areas could adversely affect our operations and earnings. Such risks include the financial instability among customers in these regions, political instability, fraud or corruption and other non-economic factors such as irregular trade flows that need to be managed successfully with the help of the local governments. In addition, commercial laws in some developing countries can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in developing countries where we conduct business, our prospects and business in those countries could be harmed, which could then have a material adverse impact on our results of operations and financial position. Our failure to successfully manage economic, political and other risks relating to doing business in developing countries and economically and politically volatile areas could adversely affect our business.

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

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

We expect our operating results to fluctuate.

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

- fluctuations of foreign currencies in the markets in which we operate;
- the timing and magnitude of depreciation and interest expense or other expenses related to the acquisition, purchase or construction of additional IBX data centers or the upgrade of existing IBX data centers;
- demand for space, power and services at our IBX data 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;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company's operations;
- the duration of the sales cycle for our services and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;
- restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and services and the gross margins associated with our products and services;
- the timing required for new and future centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX data centers;

- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening up new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease term expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;
- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- changes in income tax benefit or expense; and
- changes in or new generally accepted accounting principles (GAAP) in the U.S. as periodically released by the Financial Accounting Standards Board (FASB).

Any of the foregoing factors, or other factors discussed elsewhere in this report, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. Prior to 2008, we had generated net losses every fiscal year since inception. It is possible that we may not be able to generate 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.

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

As of June 30, 2011, our accumulated deficit was $293.2 million. Although we have generated net income for each fiscal year since 2008, which was our first full year of net income since our inception, we are also currently investing heavily in our future growth through the build-out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial crisis may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates ranging from 2011 to 2035. 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 data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for rent set at then-prevailing market rates. To the extent that then-prevailing market rates are higher than present rates, these higher costs may adversely impact our business and results of operations.

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

The presence of diverse telecommunications carriers' fiber networks in our IBX data 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 data centers. Carriers will likely evaluate the revenue opportunity of an IBX data center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX data centers or that once a carrier has decided to provide Internet connectivity to our IBX data centers that it will continue to do so for any period of time.

Our new IBX data centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX data centers is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX data center expansions. This could affect our ability to attract new customers to these IBX data centers or retain existing customers.

If the establishment of highly diverse Internet connectivity to our IBX data 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.

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

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

Global economic debt issues and uncertainty could adversely affect our revenues and earnings.

The varying pace of global economic recovery continues to create uncertainty and unpredictability and add risk to our future outlook. If an agreement expanding the U.S. national debt ceiling or budget is not reached in a timely manner, the U.S. could default on obligations which would impact the U.S. and other economies. In addition, sovereign debt issues and economic uncertainty in Greece, Portugal, Spain, Ireland and other countries in Europe and around the world raise concerns in markets important to our business. A global economic downturn could result in reductions in sales of our products, longer sales cycles, slower adoption of new technologies and increased price competition.

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

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

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

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

Because we depend on the development and growth of a balanced customer base, including key magnet customers, failure to attract, grow 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 enterprises, cloud, digital content and financial companies, and network service providers. We consider certain of these customers to be key magnets in that they draw in other customers. The more balanced the customer base within each IBX data 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 data 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 presence of key customers attracting business through vertical market ecosystems, the IBX data center's operating reliability and security and our ability to effectively market our services. However, some of our customers may face competitive pressures and may ultimately not be successful or may be consolidated through merger or acquisition. If these customers do not continue to use our IBX data centers it may be disruptive to our business. Finally, the uncertain economic climate may harm our ability to attract and retain customers if customers slow spending, or delay decision-making, on our products and services, or if customers begin to have difficulty paying us and we experience increased churn in our customer base. Any of these factors may hinder the development, growth and retention of a balanced customer base and adversely affect our business, financial condition and results of operations.

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

We are subject to various legal proceedings as described in Note 10 to Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q. 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. Litigation can be lengthy, expensive, and divert management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in litigation could result in monetary damages or injunctive relief that could seriously harm our business, results of operations, financial condition or cash flows.

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

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

Government regulation may adversely affect our business.

Various laws and governmental regulations, both in the U.S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, the Federal Communications Commission recently issued a Notice of Inquiry for comments on proposed Internet rules and regulation of broadband that may result in material changes in the regulations and contribution regime affecting us and our customers. Likewise, as part of a review of the current equity market structure, the Securities and Exchange Commission and the Commodity Futures Trading Commission have both sought comments regarding the regulation of independent data centers, such as Equinix, which provide colocation services for financial markets and exchanges. Such regulation may ultimately affect our provision of services.

It also 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 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 adoption, or modification of laws or regulations relating to the Internet and our business, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operations.

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 continued threat of terrorist activity and other acts of war or hostility contribute to a climate of political and economic uncertainty. Due to existing or developing circumstances, we may need to incur additional costs in the future to provide enhanced security, including cybersecurity, 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 data centers. We may not have adequate property and liability insurance to cover catastrophic events or attacks.

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

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

- authorization for the issuance of “blank check” preferred stock;
- the prohibition of cumulative voting in the election of directors;
- limits on the persons who may call special meetings of stockholders;
- the prohibition of stockholder action by written consent; and
- advance notice requirements for nominations to the Board or for proposing matters that can be acted on by stockholders at stockholder meetings.

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

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

[Table of Contents](#)

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		
2.2	Agreement and Plan of Merger dated October 21, 2009, by and among Equinix, Inc., Switch & Data Facilities Company, Inc. and Sundance Acquisition Corporation.	8-K	10/22/09	2.1	
2.3	First Amendment to the Agreement and Plan of Merger dated March 20, 2010, by and among Equinix, Inc., Switch & Data Facilities Company, Inc. and Sundance Acquisition Corporation.	8-K	3/22/10	2.1	
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 Amendment of the Restated Certificate of Incorporation	8-K	6/14/11	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	Amended and Restated Bylaws of the Registrant.	8-K	6/14/11	3.2	
4.1	Reference is made to Exhibits 3.1, 3.2 and 3.3.				
4.2	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	
4.3	Form of 2.50% Convertible Subordinated Note Due 2012 (see Exhibit 4.2).				
4.4	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	
4.5	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.4).				

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
4.6	Indenture dated June 12, 2009 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	6/12/09	4.1	
4.7	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.6).				
4.8	Indenture dated March 3, 2010 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	10-Q	3/31/10	4.8	
4.9	Form of 8.125% Senior Note Due 2018 (see Exhibit 4.8).				
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	2000 Equity Incentive Plan, as amended.	10-K	12/31/07	10.3	
10.3	2000 Director Option Plan, as amended.	10-K	12/31/07	10.4	
10.4	2001 Supplemental Stock Plan, as amended.	10-K	12/31/07	10.5	
10.5	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	S-8 (File No. 333-165033)	2/23/10	99.3	
10.6	Form of Restricted Stock Agreements for Stephen M. Smith under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/07	10.45	
10.7	Letter Agreement, dated April 22, 2008, by and between Eric Schwartz and Equinix Operating Co., Inc.	10-Q	6/30/08	10.34	
10.8	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/08	10.31	
10.9	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/08	10.32	
10.10	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.33	
10.11	Severance Agreement by and between Peter Ferris and Equinix, Inc. dated December 17, 2008.	10-K	12/31/08	10.34	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.12	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.35	
10.13	Change in Control Severance Agreement by and between Jarrett Appleby and Equinix, Inc. dated December 11, 2008.	10-K	12/31/08	10.36	
10.14	Offer Letter from Equinix, Inc. to Jarrett Appleby dated November 6, 2008.	10-K	12/31/08	10.37	
10.15	Restricted Stock Unit Agreement for Jarrett Appleby under the Equinix, Inc. 2000 Equity Incentive Plan.	10-K	12/31/08	10.38	
10.16	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.1	
10.17	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.2	
10.18	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.3	
10.19	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.4	
10.20	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.5	
10.21	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.6	
10.22	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.7	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.23	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.8	
10.24	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.9	
10.25	Addendum to international assignment letter agreement by and between Eric Schwartz and Equinix Operating Co., Inc., dated February 17, 2010.	10-Q	3/31/10	10.42	
10.26	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company, Inc.	2/5/07	10.9	
10.27	Amendment and Restatement of Facility Agreement, by and among Equinix Australia Pty Ltd., Equinix Hong Kong Limited, Equinix Singapore Pte. Ltd., Equinix Pacific Pte. Ltd and Equinix Japan K.K., as borrowers, the Joint Mandated Lead Arrangers, the Joint Mandated Bookrunners, the Lead Arrangers and the Closing Date Lenders, as defined therein, and The Royal Bank of Scotland N.V., as Facility Agent, dated May 10, 2010.	10-Q	6/30/10	10.39	
10.28	Offer Letter from Equinix, Inc. to Charles Meyers dated September 28, 2010.	10-Q	9/30/10	10.40	
10.29	Restricted Stock Unit Agreement for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/10	10.41	
10.30	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30. 2010.	10-Q	9/30/10	10.42	
10.31	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Appleby, Ferris, Meyers, Smith, Taylor and Van Camp.	10-K	12/31/10	10.33	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.32	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/10	10.34	
10.33	Equinix, Inc. 2011 Incentive Plan	10-Q	3/31/11	10.33	
10.34	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/11	10.34	
10.35	Form of Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/11	10.35	
10.36*	English Translation of Shareholders Agreement, dated as of April 25, 2011, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações and Zion RJ Participações S.A., and, for the limited purposes set forth therein, Sidney Victor da Costa Breyer, Antonio Eduardo Zago de Carvalho, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel – A) L.P.				X
18.1	Preferable Accounting Principles Letter from Pricewaterhouse Coopers LLP, Independent Registered Public Accounting Firm, dated July 26, 2010.	10-Q	6/30/10	18.1	
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

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	Incorporated by Reference: Filing Date/ Period End Date	Incorporated by Reference: Exhibit	Filed Herewith
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010, (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2011 and 2010, (iii) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010 and (iv) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.				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: July 29, 2011

By: /s/ KEITH D. TAYLOR

Chief Financial Officer

(Principal Financial and Accounting Officer)

Table of Contents

INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.36*	English Translation of Shareholders Agreement, dated as of April 25, 2011, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações and Zion RJ Participações S.A., and, for the limited purposes set forth therein, Sidney Victor da Costa Breyer, Antonio Eduardo Zago de Carvalho, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel – A) L.P.
21.1	Subsidiaries of Equinix.
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.
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* 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.

Exhibit 10.36

SHAREHOLDERS AGREEMENT

dated as of

April 25, 2011

Among

EQUINIX SOUTH AMERICA HOLDINGS, LLC,

and

RW BRASIL FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES

and as Intervening Party,

ZION RJ PARTICIPAÇÕES S.A.

and, for the limited purposes set forth herein,

SIDNEY VICTOR DA COSTA BREYER,

ANTONIO EDUARDO ZAGO DE CARVALHO,

EQUINIX, INC.,

RIVERWOOD CAPITAL L.P.,

RIVERWOOD CAPITAL PARTNERS L.P.

and

RIVERWOOD CAPITAL PARTNERS (PARALLEL – A) L.P.

SHAREHOLDERS AGREEMENT

AGREEMENT dated as of April 25, 2011 between (i) Equinix South America Holdings, LLC, a limited liability company duly organized under the laws of the State of Delaware, United States of America, with headquarters at One Lagoon Drive, 4th Floor, Redwood City, California, United States of America 94065 ("**Equinix**") , (ii) RW Brasil Fundo de Investimento em Participações, a *fundo de investimento em participações*, duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 13.417.743/0001-03,with headquarters at Avenida Presidente Juscelino Kubitschek No. 2041, E 2235, Bloco A (part), Vila Olímpia, City and State of São Paulo ("**RW FIP**"), as intervening party (iii) Zion RJ Participações S.A., a *sociedade anônima* duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 12.793.726/0001-08, with headquarters in the City and State of Rio de Janeiro, at Rua Martins Ferreira No. 91, Botafogo (the "**Company**"), and, for purposes of Sections 3.05, 5.06, 7.01 and 7.04, and Articles 4, 6 and 9, (iv) Sidney Victor da Costa Breyer, Brazilian, [****], bearer of the identity card No. [****], enrolled before the Taxpayer Registry (CPF/MF) under No. [****], resident and domiciled in the City and State of [****], at [****] ("**Sidney**") and (v) Antonio Eduardo Zago de Carvalho, Brazilian, [****], bearer of the identity card No. [****], enrolled before the Taxpayer Registry (CPF/MF) under No. [****], resident and domiciled in the City and State of [****], at [****] ("**Eduardo**" and jointly with Sidney, the "**Management ALOG Shareholders**"), and, for purposes of Articles 8 and 9, (vi) Equinix, Inc., a company duly organized under the laws of the State of Delaware, United States of America, with headquarters at One Lagoon Drive, 4th Floor, Redwood City, California, United States of America 94065 (the "**Parent**"), (vii) Riverwood Capital L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104, (viii) Riverwood Capital Partners L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104 and (ix) Riverwood Capital Partners (Parallel – A) L.P., an exempted limited partnership, duly organized under the laws of the Cayman Islands, with headquarters at P.O. Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104 (together with Riverwood Capital L.P. and Riverwood Capital Partners L.P., the "**Riverwood Sponsors**"). The terms "Equinix", "RW FIP" and "Management ALOG Shareholders" shall each also mean, if Equinix or RW FIP shall have Transferred any of its Company Securities to any of its Permitted Transferees (in each case, as such terms are defined below), or if any of the Management ALOG Shareholders shall have Transferred any of its ALOG Shares (as defined below) to any of its Permitted Transferees (as defined in the ALOG Shareholders Agreement), such Person and its Permitted Transferees, taken together, and shall include any right, obligation or action that may be exercised or taken at the election of such Person may be taken at the election of such Person and its

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Permitted Transferees. The Company, Equinix, RW FIP, the Management ALOG Shareholders, the Parent and the Riverwood Sponsors are sometimes collectively referred to herein as the "parties" and individually as a "party."

Equinix and RW FIP collectively referred to herein as the "**Shareholders**" and individually as a "**Shareholder**."

W I T N E S S E T H:

WHEREAS (i) Equinix holds 11,737,080 common shares representing 57% of the outstanding capital stock of the Company; and (ii) RW FIP holds 8,308,038 common shares representing 43% of the outstanding capital stock of the Company; holding, therefore, shares representing 100% of the outstanding capital stock of the Company;

WHEREAS the Company is used by the Shareholders for the specific purpose of holding equity interests in ALOG Data Centers do Brasil S.A., a *sociedade anônima* duly organized under the laws of the Federative Republic of Brazil, enrolled before the National Register of Legal Entities (CNPJ/MF) under No. 04.819.672/0001-84, with headquarters in the City and State of São Paulo, at Rua Doutor Miguel Couto No. 58, 5th floor ("**ALOG**");

WHEREAS the Company and the Management ALOG Shareholders, jointly, hold common shares representing 100% of the outstanding capital stock of ALOG, and have entered into a Shareholders' Agreement on the date hereof for purposes of (i) regulating their relationship as ALOG shareholders (the "**ALOG Shareholders Agreement**") and (ii) providing rights for the Management ALOG Shareholders to become shareholders of the Company upon the occurrence of certain events;

WHEREAS, the parties hereto desire to enter into this Agreement to govern certain of their rights, duties and obligations as shareholders of the Company and the Management ALOG Shareholders, Parent and the Riverwood Sponsors desire to become bound to certain rights, duties and obligations provided hereunder;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 *Definitions.* (a) As used in this Agreement, the following terms have the following meanings:

"**Majority Management Shareholder**" has the meaning given to such term in the ALOG Shareholders Agreement.

“**Shares**” means shares of Common Stock.

“**ALOG Shares**” means the common stock, with no par value per share, of ALOG and any other security into which such common stock may hereafter be converted or exchanged.

“**Common Stock**” means the common stock, with no par value, of the Company and any other security into which such Common Stock may hereafter be converted or changed.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person; *provided* that no security holder of the Company shall be deemed an Affiliate of the Company or any other security holder of the Company solely by reason of any investment in the Company or the existence or exercise of any rights or obligations under this Agreement or the Company Securities held by such security holder. For the purpose of this definition, the term “**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Common Equivalents**” means (i) with respect to Common Stock, the number of Shares, (ii) with respect to any Company Securities that are convertible into or exchangeable for Common Stock, the number of Shares issuable in respect of the conversion or exchange of such securities into Common Stock.

“**Fully-Diluted**” means all outstanding Shares, all Shares issuable in respect of all outstanding securities convertible into or exchangeable for Common Stock and all Shares issuable in respect of all outstanding options, warrants and other rights to acquire Common Stock; *provided* that, if any of the foregoing Company Securities are subject to vesting, such Company Securities subject to vesting shall be included in the definition of “Fully-Diluted” only upon and to the extent of such vesting; *provided further* that any Company Securities that would vest as a result of the consummation of a Tag-Along Sale shall be deemed to be vested solely for the purpose of any calculation of “Fully-Diluted” that is made immediately prior to such Tag-Along Sale.

“**ALOG Board**” means the *Conselho de Administração* (board of directors) of ALOG.

“**CVM**” means the *Comissão de Valores Mobiliários* (Brazilian Securities Commission).

“**Closing Date**” means the date of this Agreement.

"**20% Shareholder**" means a Shareholder whose Aggregate Ownership of Shares (as determined on a Common Equivalents basis) divided by the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders is 20% or more.

"**5% Shareholder**" means a Shareholder whose Aggregate Ownership of Shares (as determined on a Common Equivalents basis) divided by the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders is 5% or more.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York City, State of New York, United States or São Paulo, State of São Paulo, Brazil are authorized by law to close.

"**Charter**" means the *Estatuto Social* (or bylaws) of the Company, as the same may be amended from time to time.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Roll Up Trigger**" has the meaning given to such term in the ALOG Shareholders Agreement.

"**Instrument of Assignment**" means that certain instrument of assignment, dated as of April 25, 2011, among the Company, RW FIP and Equinix

"**IPO**" means the initial Public Offering.

"**Public Offering**" means an underwritten public offering of the Company or ALOG shares pursuant to a registration statement filed with and declared effective by the CVM under Brazilian law or the U.S. Securities and Exchange Commission (the "**SEC**") under U.S. law (other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form) or pursuant to the Applicable Law of the jurisdiction in which the offer is made, as the case may be.

"**Zion Roll Up Option**" has the meaning given to such term in the ALOG Shareholders Agreement.

"**Management Shareholders Roll Up Option**" has the meaning given to such term in the ALOG Shareholders Agreement.

"**RW FIP Additional and Conditional Payment**" means the amount paid in U.S. Dollars by RW FIP and/or its Affiliates in satisfaction of RW FIP's obligation to pay its portion of the Additional and Conditional Purchase Price pursuant to the Instrument of Assignment.

"**RW FIP Closing Payment**" means US$52,746,908.

"**Tag-Along Portion**" means, with respect to any other Shareholder and for any Tag-Along Sale, (i) the number of Shares (as determined on a Common Equivalents and Fully-Diluted basis) owned by such other Shareholder immediately prior to such Tag-Along Sale *multiplied by* (ii) the Tag-Along Percentage.

"**Permitted Transferee**" means, any Person that is an Affiliate of such Shareholder, and/or any fund managed by Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel A) L.P. or any of their Affiliates.

"**Aggregate Ownership**" means, with respect to any Shareholder or group of Shareholders, the total number of Shares (as determined on a Common Equivalents basis) directly or indirectly held by such Shareholder or group of Shareholders and its or their Permitted Transferees as of the date of such calculation, calculated on a Fully-Diluted basis.

"**Tag-Along Percentage**" means, for any Tag-Along Sale, a fraction the numerator of which is the number of Shares (as determined on a Common Equivalents basis) proposed to be sold by the Tag-Along Seller in such Tag-Along Sale and the denominator of which is the Aggregate Ownership of Shares (as determined on a Common Equivalents basis) by all Shareholders immediately prior to such Tag-Along Sale.

"**Person**" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Common Stock Purchase Price**" means (i) for Equinix and RW FIP, R$10/per share and (ii) for the Management ALOG Shareholders, the amount equal to R$10/share *divided by* the Roll Up Exchange Ratio.

"**Roll Up Exchange Ratio**" has the meaning given to such term in the ALOG Shareholders Agreement.

"**Roll Up**" has the meaning given to such term in the ALOG Shareholders Agreement.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests at the time directly or indirectly owned by such Person, having ordinary voting power to elect a majority of (i) the board of directors, (ii) the board of officers, in the event the relevant entity does not have a board of directors, or (iii) other Persons performing similar functions.

"**Internal Rate of Return**" means the annual rate of return determined using (i) for the RW

FIP Closing Payment and the RW FIP Additional and Conditional Payment, United States dollars and (ii) for shares owned by the Management ALOG shareholders, Brazilian reais, in each case based on a 365-day year with the value on the date hereof of the aggregate cash flows equal to zero.

“**Third Party**” means a prospective purchaser of Company Securities in an arm’s-length transaction from a Shareholder, other than a Permitted Transferee or other Affiliate of such Shareholder.

“**Transfer**” means, with respect to any Company Securities, (i) when used as a verb, to sell, assign, dispose of, exchange, pledge, encumber, hypothecate or otherwise transfer such Company Securities or any participation or interest therein, whether directly or indirectly (including pursuant to a derivative transaction), or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange, pledge, encumbrance, hypothecation, or other transfer of such Company Securities or any participation or interest therein or any agreement or commitment to do any of the foregoing.

“**Company Securities**” means (i) the Common Stock, (ii) securities convertible into or exchangeable for Common Stock and (iii) any options, warrants or other rights to acquire Common Stock.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Management ALOG Shareholders	Preamble
Share Price	8.03
Parent Shares	8.02
Management Call	
Shares	5.06
Call Shares	5.01
Management Put	
Shares	5.06
Put Shares	5.02
Default Put Shares	8.03
ALOG Shareholders Agreement	Preamble
ALOG	Preamble
Roll Up Capital Increase	6.01
Drag-Along Transferee	4.02
Replacement Nominee	2.08
Company	Preamble
Share Purchase Agreement	2.02
Derivative Company Securities	4.02

Section 1.02. Other Definitional and Interpretative Provisions. The words “hereof”, “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all such amendments, modifications or supplements must also be listed in the appropriate schedule. References to any law include all rules and regulations promulgated thereunder. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. References to "R$" and "reais" mean Brazilian reais, the lawful currency of Brazil. References to "US$" and "dollars" mean U.S. dollars, the lawful currency of the United States.

ARTICLE 2

CORPORATE GOVERNANCE

Section 2.01. *Meetings.* (a) The Shareholders shall hold a regularly scheduled shareholders' meeting of the Company at least once every calendar quarter, necessarily prior to any meetings of the shareholders or the Board of any Subsidiary and the Company shall pay all reasonable out-of-pocket expenses incurred by each Shareholder representative in connection therewith.

(b) Any Shareholder may give the other Shareholder (by email or otherwise) notice and the agenda for each shareholders' meeting of the Company at least 8 (eight) days prior to such meeting. Each shareholders' meeting shall take place (i) in person, at the Company's headquarters, or (ii) by telephonic or other electronic means specified in the notice of meeting and reasonably accessible to both Shareholders.

Section 2.02. *Shareholders' Meetings.* (a) The following matters shall be subject to deliberation at the shareholders' meeting of the Company and in order to be passed shall require the affirmative vote of Equinix (for so long as Equinix is a 20% Shareholder), and of RW FIP (for so long as RW FIP is a 20% Shareholder):

(i) any transaction between the Company or any of its Subsidiaries, on the one hand, and Equinix, RW FIP, or any of their Affiliates, on the other hand, except for the acts described in Section 2.03 below;

(ii) any liquidation, dissolution, commencement of bankruptcy, reorganization or similar proceedings with respect to the Company or any of its Subsidiaries;

(iii) approval of the annual budget of the Company and its Subsidiaries (the "**Annual Budget**");

(iv) capital expenditures in excess of the greater of (i) the amount set forth in the Annual Budget and (ii) [****];

(v) any creation, incurrence or assumption of indebtedness of the Company or any of its Subsidiaries (x) in excess of R$10,000,000 in any fiscal year, or (y) such that aggregate indebtedness of the Company and its Subsidiaries on a consolidated basis, at any time outstanding, exceeds R$30,000,000;

(vi) any issuance of capital stock of the Company or any of its Subsidiaries in excess of R$5,000,000 per annum excluding (i) the issuance of Shares upon the exercise of options issued pursuant to any plan or arrangement, (ii) the issuance of Company Securities, if any, to fund the Company's obligation to pay the "Additional and Conditional Purchase Price" pursuant to the Share Purchase Agreement and Other Covenants entered into on February 9, 2011 among Fundo Mútuo de Investimento em Empresas Emergentes – Stratus GC, the Management ALOG Shareholders, Alexandre Guy Haegler, Marcus Moraes de Oliveira, Erik da Costa Breyer, Sandra Haegler, Bettina Alessandra Haegler, Philip Eric Haegler, Bianca Haegler, Antonio Carlos dos Santos Pina, Tecinvest Ltd., Stratus Corp., Winterpark Intl. Corp, Emanuel Gonçalves Dutra, Cristian Gallegos and the Company (the "**Share Purchase Agreement**") and (iii) from and after May 1, 2016, in connection with the IPO;

(vii) the establishment of any option plan or arrangement of the Company or any of its Subsidiaries;

(viii) before May 1, 2016, the IPO;

(ix) the declaration of any dividend on or the making of any distribution with respect to, or the redemption, repurchase or other acquisition of, any securities of the Company or any of its Subsidiaries, by the Company or any of its Subsidiaries except as expressly permitted by this Agreement;

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(x) any amendment to the Charter or any adoption of or amendment to any similar organizational document of any of the Company's Subsidiaries; or

(xi) any acquisition or sale, transfer, lease, pledge or other disposition (whether by merger, consolidation or other business combination transaction, or other form of transaction) by the Company or any of its Subsidiaries of any assets, businesses, interests, properties or securities, in a single transaction or a series of related transactions, with a value in the aggregate in excess of R$5,000,000 (regardless of the form of such consideration), other than a Fundamental Transaction; *provided* that the parties hereto agree that any merger or consolidation of the Company into or with any of its Subsidiaries shall require the approval of the affirmative vote of Equinix (for so long as Equinix is a 20% Shareholder) and of RW FIP (for so long as RW FIP is a 20% Shareholder) regardless of the value of such transaction.

Section 2.03. *Actions by Equinix.* The exercise by the Company of the Zion Roll Up Option (as defined under the ALOG Shareholders Agreement) shall require Equinix's approval at a shareholders' meeting of the Company *provided* that, if the Roll Up Trigger is delivery by Equinix and RW FIP of a Drag-Along Sale Notice pursuant to Section 4.02(i), exercise of the Zion Roll Up Option (as defined under the ALOG Shareholders Agreement) shall be subject to the approval of both Equinix and RW FIP at a shareholders' meeting of the Company. Upon approval and exercise of the Zion Roll Up Option, the Shareholders shall promptly thereafter take all acts necessary to implement the Roll Up Capital Increase.

Section 2.04 *Charter Provisions.* Each Shareholder agrees to vote all of its Shares or execute proxies or written consents, as the case may be, and to take all other actions necessary, to ensure that the Charter (i) facilitates, and does not at any time conflict with, any provision of this Agreement and (ii) permits each Shareholder to receive the benefits to which each such Shareholder is entitled under this Agreement.

Section 2.05. *Subsidiary Governance.* The Shareholders agree to cause the Company to vote (or cause the voting of) the shares of the capital stock of its Subsidiaries, and each Shareholder agrees to cause its representatives on the boards of any Subsidiary of the Company, subject to their fiduciary duties, to vote and take other appropriate action, in each case, to give effect to the agreements in this Article 2 in respect of each Subsidiary of the Company. All restrictions that apply to the Company pursuant to this Agreement shall apply to the Company and its Subsidiaries as a consolidated group.

Section 2.06. C*omposition of the ALOG Board.* In respect of the ALOG Board, the Shareholders agree to cast their votes at any shareholders meeting of the Company and practice all acts necessary to: (i) for so long as Equinix is a 20% Shareholder, cause the Company to designate three of the members of the ALOG Board as directed by Equinix, including the Chairman of the ALOG Board and, (ii) for so long as RW FIP is a 20% Shareholder, cause the Company to designate two of the members of the ALOG Board as directed by RW FIP. Notwithstanding the foregoing, in the event that RW FIP's Aggregate Ownership of Shares (as determined on a Common Equivalents basis) exceeds Equinix's Aggregate Ownership of Shares (as determined on a Common Equivalents basis), the Shareholders agree to cast their votes at any shareholders meeting of the Company and practice all acts necessary to: (i) cause the Company to designate two of the members of the ALOG Board as directed by Equinix and (ii) cause the Company to designate three of the members of the ALOG Board as directed by RW FIP, including the Chairman of the Board. If either Equinix or RW FIP cease to be a 20% Shareholder, but remains a 5% Shareholder, the Shareholders agree to cast their votes at any shareholders meeting of the Company and practice all acts necessary to cause the Company to designate one of the members of the ALOG Board as directed by such Shareholder.

Section 2.07. *Removal of Members of the ALOG Board.* Each Shareholder agrees, if the Company is at any time entitled to vote for the removal of members from the ALOG Board, not to cast its votes at any shareholders meeting of the Company nor practice any acts for the removal of any member of the ALOG Board who shall have been designated pursuant to Section 2.06, unless the Person or Persons entitled to direct the designation such member pursuant to Section 2.06 shall have consented to such removal in writing; *provided* that, if the Person or Persons entitled to direct the designation of any member pursuant to Section 2.06 shall request in writing the removal of such member, each Shareholder shall cast its votes at any shareholders meeting of the Company and practice all acts necessary in favor of such removal.

Section 2.08. *Vacancies on the ALOG Board.* If, as a result of death, disability, retirement, resignation, removal or otherwise, there shall exist or occur any vacancy on the ALOG Board:

(a) the Person or Persons entitled under Section 2.06 to direct the designation of the member whose death, disability, retirement, resignation or removal resulted in such vacancy, subject to the provisions of Section 2.07, shall have the exclusive right to direct the designation of another individual (the "**Replacement Nominee**") to fill such vacancy and serve as a member of the ALOG Board; and

(b) subject to Section 2.07, each Shareholder agrees, if the Company is at any time entitled to vote for the election of members to the ALOG Board, to cast its votes at any shareholders meeting of the Company and practice all necessary acts to ensure that the Replacement Nominee be elected to the ALOG Board.

Section 2.09 *Action by the ALOG Board; Committee.* The Shareholders agree to instruct their respective designees at the ALOG Board to practice all necessary acts to ensure that:

(a) In the event a quorum of any ALOG Board's meeting does not consist of at least one designee member of Equinix (for so long as Equinix is a 20% Shareholder) and at least one designee member of RW FIP (for so long as RW FIP is a 20% Shareholder) the members of the ALOG Board appointed by the Company shall cause their respective votes in a manner to maintain the *status quo* in respect to any matters subject to deliberation.

(b) Upon creation by the ALOG Board of any executive, compensation, audit and such other committees, such committee shall include at least one member designated by Equinix (for so long as Equinix is a 20% Shareholder) and at least one member designated by RW FIP (for so long as RW FIP is a 20% Shareholder).

(c) The Shareholders' designees at the ALOG Board shall vote as a bloc on all matters, as directed by the Shareholders at a shareholders meeting of the Company.

ARTICLE 3

RESTRICTIONS ON TRANSFER

Section 3.01. *General Restrictions on Transfer*. (a) Each Shareholder agrees that it shall not Transfer any Company Securities (or solicit any offers in respect of any Transfer of any Company Securities), except in compliance with the terms and conditions of this Agreement.

(b) Any attempt to Transfer any Company Securities not in compliance with this Agreement shall be null and void, and the Company shall not, and shall cause any transfer agent not to, give any effect in the Company's stock records to such attempted Transfer.

Section 3.02. *Legends.* In addition to any other legend that may be required, the Company shall effect the registration of this Agreement in its*Livro de Registro de Ações Nominativas* (share registry book), in substantially the following form:

> "*THE SHARES HELD BY [NAME OF THE SHAREHOLDER] ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER, VOTING ARRANGEMENTS AND OTHER PROVISIONS SET FORTH IN THE SHAREHOLDERS AGREEMENT DATED APRIL 25, 2011. ALL TRANSFERS OF SUCH SHARES SHALL BE MADE IN ACCORDANCE WITH SUCH SHAREHOLDERS' AGREEMENT, OTHERWISE SHALL BE NULL AND VOID*".

Section 3.03. *Permitted Transferees.* (a) Notwithstanding anything in this Agreement to the contrary, any Shareholder may at any time Transfer any or all of its Company Securities to one or more of its Permitted Transferees without compliance with Sections 3.04 or Article 4; *provided* that such Permitted Transferee shall have agreed in writing to be bound by the terms of this Agreement in the form of Exhibit A attached hereto.

(b) If any Permitted Transferee of any Shareholder to which Company Securities have been transferred ceases to be a Permitted Transferee of such Shareholder, such Permitted Transferee shall, and such Shareholder shall cause such Permitted Transferee to, transfer back to such Shareholder (or to another Permitted Transferee of such Shareholder) any Company Securities it owns on or prior to the date that such Permitted Transferee ceases to be a Permitted Transferee of such Shareholder.

Section 3.04. *Restrictions on Transfers by the Shareholders*. (a) Prior to April 1, 2014, neither Shareholder shall Transfer any of its Company Securities, except (i) to one or more of its Permitted Transferees in accordance with Section 3.03, or (ii) in a Transfer to which Equinix (in the case of a Transfer by RW FIP) or RW FIP (in the case of a Transfer by Equinix) consents.

(b) From April 1, 2014 through April 30, 2016, neither Equinix nor RW FIP shall Transfer any of its Company Securities, except to one or more of its Permitted Transferees in accordance with Section 3.03 or as follows:

(i) in a Transfer made in compliance with Section 4.01, 4.02 or 4.05;

(ii) in a Transfer made in compliance with Section 5.01 or 5.02; or

(iii) in an IPO.

(c) The restrictions on Transfer set forth in Section 3.04(b) above shall terminate at 11:59 p.m. São Paulo time on April 30, 2016 and, from and after May 1, 2016, (i) Equinix and RW FIP may freely Transfer any of their Company Securities, subject to the Tag-Along Rights of the Management ALOG Shareholders pursuant to Section 4.01, and (ii) either Equinix, for so long as it is a 20% Shareholder, or RW FIP, for so long as it is a 20% Shareholder, may solely approve the IPO.

(d) If Equinix and RW FIP mutually approve the IPO or, from and after May 1, 2016, either RW FIP or Equinix approves the IPO pursuant to this Section 3.04, the Shareholders shall cause the Company to make its officers available to prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, and take other actions to obtain ratings for the Company Securities to be offered and the Shareholders and the Management ALOG Shareholders shall use their reasonable best efforts to cooperate as reasonably requested by the underwriters in the offering, marketing or selling of the relevant Company Securities.

Section 3.05. *Restrictions on Transfers by the Management ALOG Shareholders*. From and after the Roll Up, none of the Management ALOG Shareholders shall Transfer any of its Company Securities other than in a Transfer made in compliance with Section 6.01(c).

ARTICLE 4

TAG-ALONG RIGHTS; DRAG-ALONG RIGHTS;

RIGHT OF FIRST REFUSAL

Section 4.01. *Tag-Along Rights*. (a) Subject to Sections 0, 4.01(i) and 4.03, if either Equinix or RW FIP (the "**Tag-Along Seller**") proposes to Transfer any Company Securities to a Third Party (a "**Tag-Along Sale**"), the Tag-Along Seller shall provide the other Shareholder, the Management ALOG Shareholders and ALOG written notice of the terms and conditions of such proposed Transfer (the "**Tag-Along Notice**") and offer such other Shareholder and the Management ALOG Shareholders the opportunity to participate in such Transfer in accordance with this Section 4.01 (the "**Tag-Along Offer**").

(b) The Tag-Along Notice shall identify the number and class of Company Securities proposed to be sold by the Tag-Along Seller (the "**Tag-Along Offer**"), the consideration for which the Transfer is proposed to be made (as determined on a Common Equivalents basis), and all other material terms and conditions of the Tag-Along Offer, including the form of the proposed agreement, if any.

(c) The other Shareholder and the Management ALOG Shareholders shall have the right (in the latter case upon exercise of the Management Shareholders Roll Up Option) (a "**Tag-Along Right**"), exercisable by written notice (a "**Tag-Along Response Notice**") given to the Tag-Along Seller within five Business Days after its receipt of the Tag-Along Notice (the "**Tag-Along Notice Period**"), to request that the Tag-Along Seller include in the proposed Transfer up to a number of Company Securities (as determined on a Common Equivalents basis) representing such Shareholder's Tag-Along Portion or Management ALOG Shareholder's Tag-Along Portion to be held after the Roll Up (each such exercising shareholder or Management ALOG Shareholder, a "**Tagging Person**"); *provided* that each Tagging Person shall be entitled to include in the Tag-Along Sale no more than its Tag-Along Portion of Company Securities (as determined on a Common Equivalents basis) and the Tag-Along Seller shall be entitled to include the number of Company Securities (as determined on a Common Equivalents basis) proposed to be Transferred by the Tag-Along Seller as set forth in the Tag-Along Notice (reduced, to the extent necessary, so that each Tagging Person shall be able to include its Tag-Along Portion) and such additional Company Securities as permitted by 0. The Tag-Along Response Notice shall include wire transfer or other instructions for payment of any consideration for the Company Securities being transferred in such Tag-Along Sale. Each Tagging Person shall also deliver to the Tag-Along Seller, together with its Tag-Along Response Notice, a notarized, limited power-of-attorney authorizing the Tag-Along Seller or its representative to Transfer such Company Securities on the terms set forth in the Tag-Along Notice. Delivery of the Tag-Along Response Notice with such limited power-of-attorney shall constitute an irrevocable acceptance of the Tag-Along Offer by such Tagging Person, subject to the provisions of this Section 4.01 and Section 4.03. If at the termination of the Tag-Along Notice Period the other Shareholder or any Management ALOG Shareholder shall not have elected to participate in the Tag-Along Sale, such Shareholder or Management ALOG Shareholder shall be deemed to have waived its rights under Section 4.01(a) with respect to the Transfer of its Company Securities pursuant to such Tag-Along Sale.

(d) If at the end of a 60-day period after delivery of such Tag-Along Notice (which 60-day period shall be extended (i) if any of the transactions contemplated by the Tag-Along Offer are subject to regulatory approval until the expiration of five Business Days after all such approvals have been received, or (ii) if the Management Roll Up Option has been exercised but the Roll Up has not been consummated, until immediately after the consummation of the Roll Up, but in neither case shall such period extend more than 90 days following receipt of the Tag-Along Notice by the Tag-Along Seller), the Tag-Along Seller has not completed the Transfer of all Company Securities proposed to be sold by the Tag-Along Seller and all Tagging Persons on substantially the same terms and conditions set forth in the Tag-Along Notice, the Tag-Along Seller shall (i) return to each Tagging Person the limited power-of-attorney that such Tagging Person delivered for Transfer pursuant to Section 4.01(a) and any other documents in the possession of the Tag-Along Seller executed by the Tagging Person in connection with the proposed Tag-Along Sale, and (ii) all the restrictions on Transfer contained in this Agreement or otherwise applicable at such time with respect to such Company Securities shall continue in effect.

(e) Promptly after the consummation of the Tag-Along Sale, the Tag-Along Seller shall (i) notify the Tagging Person thereof, (ii) remit to the Tagging Person the total consideration for the Company Securities of the Tagging Person Transferred pursuant thereto *less* the Tagging Person' *pro rata* share of any escrows, holdbacks or adjustments in purchase price and any transaction expenses as determined in accordance with Section 4.03, with the cash portion of the purchase price paid by wire transfer of immediately available funds in accordance with the wire transfer instructions in the applicable Tag-Along Response Notice and (iii) furnish such other evidence of the completion and the date of completion of such transfer and the terms thereof as may be reasonably requested by the Tagging Person. The Tag-Along Seller shall promptly remit to the Tagging Person any additional consideration payable upon the release of any escrows, holdbacks or adjustments in purchase price.

(f) If (i) any Shareholder or Management ALOG Shareholder declines to exercise its Tag-Along Rights or (ii) the Tagging Person elects to exercise its Tag-Along Rights with respect to less than such Tagging Person's Tag-Along Portion, the Tag-Along Seller shall be entitled to Transfer, pursuant to the Tag-Along Offer, a number of Company Securities held by it equal to the number of Company Securities (as determined on a Common Equivalents basis) constituting, as the case may be, the Tag-Along Portion of such Shareholder or Management ALOG Shareholder, or the portion of such Tagging Person's Tag-Along Portion with respect to which Tag-Along Rights were not exercised.

(g) Notwithstanding anything contained in this Section 4.01, there shall be no liability on the part of the Tag-Along Seller to the Tagging Person (other than the obligation to return any limited powers-of-attorney received by the Tag-Along Seller) or any other Person if the Transfer of Company Securities pursuant to Section 4.01 is not consummated for whatever reason. Whether to effect a

Transfer of Company Securities pursuant to this Section 4.01 by the Tag-Along Seller is in the sole and absolute discretion of the Tag-Along Seller. If the Tag-Along Sale is not consummated, all the restrictions on Transfer set forth in this Agreement or otherwise applicable at such time with respect to such Company Securities shall again be in full force and effect, and the parties shall take the actions contemplated by Section 6.01(c)(ii) with respect to any Company Securities owned by the Management ALOG Shareholders.

(h) The provisions of this Section 4.01 shall not apply to any proposed Transfer of Company Securities by the Tag-Along Seller (A) in a Public Offering, (B) pursuant to Section 4.02, 4.05, 5.01 or 5.02 or (C) to a Permitted Transferee.

(i) The Tag-Along Rights of the Shareholders pursuant to this Section 4.01 shall terminate upon the earlier of (x) the IPO, (y) the consummation of a Fundamental Transaction and (z) May 1, 2016. The Tag-Along Rights of the Management ALOG Shareholders pursuant to this Section 4.01 shall terminate upon the earlier of (x) the IPO and (y) the consummation of a Fundamental Transaction.

Section 4.02. *Drag-Along Rights*. (a) Subject to Sections 4.02(g), 4.02(h), 4.02(i) and 4.03, if Equinix (the"**Drag-Along Seller**") proposes to Transfer, in a single transaction or a series of transactions, all of its Shares to a Third Party (the "**Drag-Along Sale**"), the Drag-Along Seller may at its option (the "**Drag-Along Rights**") require RW FIP, and RW FIP shall: (i) Transfer all, but not less than all, of its Company Securities to such Third Party (the "**Drag-Along Transferee**") (and not exercise any dissenters' or appraisal rights that otherwise may be available to any such Shareholder under applicable law) and (ii) if applicable, provide written notice to the Company and to the Drag-Along Seller (the "**Derivative Company Securities Exercise Notice**"), pursuant to which RW FIP shall irrevocably commit and agree (A) to pay any and all amounts necessary to exercise, convert or exchange any securities convertible into or exchangeable for Common Stock and any options, warrants or other rights to acquire Common Stock (the "**Derivative Company Securities**") into Shares and to deliver any notices or documents as are required to effect any such exercise, conversion or exchange, (B) to surrender any such Derivative Company Securities for termination without any consideration for such termination or (C) to irrevocably cancel and terminate any right to acquire Common Stock or to convert any security into Common Stock (including, without limitation, the termination of any right applicable to any debt security to convert such security in whole or in part into Common Stock), in each case in order to effect the action set forth in clauses (A)-(C), as applicable, concurrently with the Drag-Along Sale (a "**Derivative Company Securities Exercise**"). If such Shareholder holds any Derivative Company Security and fails to deliver a Derivative Company Securities Exercise Notice no later than the fifth Business Day prior to the proposed Drag-Along Sale, then, subject to the last sentence of this Section 4.02, (x) such Shareholder shall be deemed to have elected to irrevocably terminate and cancel its right to acquire Shares or to convert any security into Common Stock and shall cease to have any right to effect a Derivative Company Securities Exercise with respect to any of its Derivative Company Securities, (y) the Third Party purchaser shall not be required to purchase any Shares issuable upon any

Derivative Company Securities Exercise by such Shareholder, and (z) upon the consummation of the Drag-Along Sale, all such Derivative Company Securities (or, if applicable, the right applicable to any debt security to convert such security in whole or part into Common Stock) shall terminate automatically and without any further action by any Person. If the Drag-Along Sale is not consummated with respect to any Shares acquired upon the Derivative Company Securities Exercise, then (I) any Derivative Company Securities Exercise Notice delivered pursuant to the first sentence of this Section 4.02(a) shall be deemed to be rescinded and shall have no force and effect, and (II) the right of such Shareholder to effect Derivative Company Securities Exercises in accordance with the terms of its Derivative Company Securities and the terms hereof shall be automatically restored without any further action by any Person.

(b) If the Drag-Along Seller elects to exercise its Drag-Along Rights, the Drag-Along Seller shall provide notice of such Drag-Along Sale to RW FIP, the Management ALOG Shareholders and ALOG (a "**Drag-Along Sale Notice**") not later than 15 Business Days prior to the proposed Drag-Along Sale; *provided* that, if either the Management Roll Up Option or the Zion Roll Up Option is exercised and the Roll Up is not consummated prior to the proposed Drag-Along Sale, the Drag-Along Seller shall, at its option, either (i) delay the closing of such Drag-Along Sale until the Roll Up has been consummated, or (ii) otherwise provide that the Management ALOG Shareholders shall Transfer their Company Securities as provided by this Section 4.02 at a subsequent closing. The Drag-Along Sale Notice shall identify the purchaser in the Drag-Along Sale, the consideration for which a Transfer is proposed to be made (as determined on a Common Equivalents basis) (the "**Drag-Along Sale Price**") and all other material terms and conditions of the Drag-Along Sale. RW FIP and, from and after the Roll Up, each Management ALOG Shareholder, shall be required to participate in the Drag-Along Sale on the terms and conditions set forth in the Drag-Along Sale Notice and to tender its Company Securities as set forth below; *provided,* that, in any Drag Along Sale, the price per Share for the Shares Transferred by any Management ALOG Shareholder shall be equal to the greater of (i) the Drag Along Sale Price and (ii) 50% of the Common Stock Purchase Price (the "**Management Minimum Price**").

(c) RW FIP and the Management ALOG Shareholders hereby grant to the Drag-Along Seller any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Company Securities subject to the Drag-Along Sale on the terms set forth in the Drag-Along Sale Notice. RW FIP and each Management ALOG Shareholder, if requested by the Drag-Along Seller, not later than five Business Days prior to the proposed Drag-Along Sale, shall deliver to a representative of the Drag-Along Seller designated in the Drag-Along Sale Notice wire transfer or other instructions for payment of the consideration for the Company Securities being Transferred in such Drag-Along Sale.

(d) The Drag-Along Seller shall have a period of 120 days from the date of delivery of the Drag-Along Sale Notice to consummate the Drag-Along Sale on the terms and conditions set forth in such Drag-Along Sale Notice; *provided* that, (i) if such Drag-Along Sale is subject to regulatory approval, such 120-day period shall be extended until the expiration of five Business Days after all such approvals have been received, and (ii) if the Zion Roll Up Option has been exercised but the Roll Up has not been consummated, until immediately after the consummation of the Roll Up, but in neither case shall such period extend more than 180 days following the date of delivery of the Drag-Along Sale Notice. If the Drag-Along Sale shall not have been consummated during such period, the Drag-Along Seller shall return to RW FIP and the Management ALOG Shareholders the limited power-of-attorney that such Shareholder or Management ALOG Shareholder delivered for Transfer pursuant hereto, together with any other documents in the possession of the Drag-Along Seller executed by such Shareholder or Management ALOG Shareholder in connection with the proposed Drag-Along Sale, all the restrictions on Transfer contained in this Agreement or otherwise applicable at such time with respect to such Company Securities owned by such Shareholder or Management ALOG Shareholder shall again be in full force and effect and the parties shall take the actions contemplated by Section 6.01(c)(ii) with respect to any Company Securities owned by the Management ALOG Shareholders.

(e) Promptly after the consummation of the Drag-Along Sale pursuant to this Section 4.02, the Drag-Along Seller shall (i) notify RW FIP and the Management ALOG Shareholders thereof, (ii) remit to each such of RW FIP and the Management ALOG Shareholders the total consideration for the Company Securities of such Shareholder or Management ALOG Shareholder Transferred pursuant thereto *less* such Shareholder's or Management ALOG Shareholder's *pro rata* share of any escrows, holdbacks or adjustments in purchase price and any transaction expenses as determined in accordance with Section 4.03, with the cash portion of the purchase price paid by wire transfer of immediately available funds in accordance with the wire transfer instructions in the applicable Drag-Along Response Notices and (iii) furnish such other evidence of the completion and the date of completion of such transfer and the terms thereof as may be reasonably requested by the Shareholder or Management ALOG Shareholder. The Drag-Along Seller shall promptly remit to RW FIP and the Management ALOG Shareholders any additional consideration payable upon the release of any escrows, holdbacks or adjustments in purchase price.

(f) Notwithstanding anything contained in this Section 4.02, there shall be no liability on the part of the Drag-Along Seller to RW FIP or any Management ALOG Shareholder (other than the obligation to return any documents received by the Drag-Along Seller) or any other Person if the Transfer of Company Securities pursuant to this Section 4.02 is not consummated for whatever reason, regardless of whether the Drag-Along Seller has delivered a Drag-Along Sale Notice. Whether to effect a Transfer of Company Securities pursuant to this Section 4.02 by the Drag-Along Seller is in the sole and absolute discretion of the Drag-Along Seller.

(g) The provisions of this Section 4.02 shall not apply to any proposed Transfer of Company Securities by the Drag-Along Seller in a Public Offering.

(h) Equinix's Drag-Along Rights with respect to RW FIP pursuant to this Section 4.02 shall terminate upon the earlier of (i) the IPO, (ii) the consummation of a Fundamental Transaction and (iii) May 1, 2016.

(i) From and after May 1, 2016, if Equinix and RW FIP propose to Transfer, in a single transaction or series of transactions, any or all of their Shares to a Third Party, by mutual agreement, they may cause the Company to exercise the Zion Roll Up Option and may exercise the Drag-Along Rights set forth in this Section 4.02 with respect to any or all of the Company Securities owned by the Management ALOG Shareholders. The Drag-Along Rights of Equinix and RW FIP with respect to the Management ALOG Shareholders shall terminate upon the earlier of (i) the IPO and (ii) the consummation of a Fundamental Transaction.

Section 4.03. *Additional Conditions to Tag-Along Sales and Drag-Along Sales*. Notwithstanding anything contained in Section 4.01 or 4.02, the rights and obligations of the Shareholders and the Management ALOG Shareholders to participate in a Tag-Along Sale under Section 4.01 or a Drag-Along Sale under Section 4.02 are subject to the following conditions:

(a) upon the consummation of such Tag-Along Sale or Drag-Along Sale, (i) each Shareholder participating therein will receive the same form and amount of consideration as determined on a Common Equivalents basis; *provided* that any consideration for any services, such as placement or transaction fees, investment banking or investment advisory fees payable to the Tag-Along Seller or Drag-Along Seller, as the case may be, or any related Person in connection with such transaction, or any consideration for any additional agreements entered into in connection with such transaction, such as non-competition agreements, shall be included in the amount of consideration, and (ii) if any Shareholder is given an option as to the form and amount of consideration to be received, each Shareholder participating therein will be given the same option;

(b) each Shareholder shall be obligated to pay only its*pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred) of expenses incurred in connection with a consummated Tag-Along Sale or Drag-Along Sale to the extent such expenses are incurred for the benefit of all Shareholders and are not otherwise paid by the Company or another Person;

(c) each Shareholder (i) shall make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements as are customary for transactions of the nature of the proposed Transfer; *provided* that if the Shareholders are required to provide any representations or indemnities in connection with such Transfer (other than representations and indemnities concerning each Shareholder's title to the Company Securities and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement), liability for misrepresentation or indemnity shall (as to such Shareholders) be expressly stated to be several but not joint and each Shareholder shall not be liable for more than its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred) of any liability for misrepresentation or indemnity, (ii) shall benefit from all of the same provisions of the definitive agreements as the Tag-Along Seller or Drag-Along Seller, as the case may be, and (iii) shall be required to bear its proportionate share of any escrows, holdbacks or adjustments in purchase price; and

(d) from and after the Roll Up, each Management ALOG Shareholder shall be a "Shareholder" for purposes of this Section 4.03.

Section 4.04. *Fundamental Transactions.* In the event that the Company proposes to effect (i) a sale, lease, transfer, conveyance or other disposition, in a single transaction or a series of transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole or (ii) a merger, consolidation or other business combination transaction or series of transactions (other than a Drag-Along Sale) the result of which is that any Person or group of Persons, other than Equinix or any of its Affiliates (or a group containing any of them), becomes the owner, directly or indirectly, of more than 50% of the voting power of the outstanding voting stock of the Company (each transaction described in clauses (i) and (ii), a "**Fundamental Transaction**"), each Shareholder agrees it will take all actions requested by the Company or Equinix that may be necessary or desirable to consummate such Fundamental Transaction, including, if applicable, to vote in favor of such Fundamental Transaction, to waive any dissenters' or appraisal rights in connection therewith and, if such Fundamental Transaction is structured as a transaction the approval of which requires a vote of stockholders, to deliver an executed proxy, which shall be coupled with an interest and shall be irrevocable, authorizing Equinix to vote such Shareholder's Company Securities in favor of such Fundamental Transaction. Each Shareholder shall also, to the extent applicable, (A) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements as are customary for transactions of the nature of the Fundamental Transaction; *provided* that if such Shareholders are required to provide any representations or indemnities in connection with such Fundamental Transaction (other than representations and indemnities concerning each other Shareholder's title to the Company Securities and authority, power and right to enter into and consummate the Fundamental Transaction without contravention of any law or agreement), liability for misrepresentation or indemnity shall (as to such Shareholders) be expressly stated to be several but not joint and each Shareholder shall not be liable for more than its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred pursuant to such Fundamental Transaction) of any liability for misrepresentation or indemnity, (B) benefit from all of the same provisions of the definitive agreements as Equinix and (C) be required to bear its *pro rata* share (based on the number of Company Securities (as determined on a Common Equivalents basis) Transferred pursuant to such Fundamental Transaction) of any escrows, holdbacks or adjustments in purchase price. The Company shall provide prompt written notice of any proposed Fundamental Transaction to the

Management ALOG Shareholders and ALOG, identifying the material terms and conditions of the Fundamental Transaction (the "**Fundamental Transaction Notice**"). From and after the Roll Up, each Management ALOG Shareholder shall be a "Shareholder" for purposes of this Section 4.04.

Section 4.05. *Right of First Refusal*. (a) If, at any time from and after April 1, 2014, either Equinix or RW FIP receives from or otherwise negotiates with a Third Party an offer to purchase any or all of such Shareholder's Company Securities (an "**Offer**") and such Shareholder (the "**Investor Seller**") intends to pursue the Transfer of such Company Securities to such Third Party, subject to Equinix's Drag-Along Rights pursuant to Section 4.02, such Investor Seller shall give notice (an "**Offer Notice**") to Equinix or RW FIP, as the case may be (the "**Investor Offeree**"), that such Investor Seller desires to accept the Offer and that sets forth the number and kind of Company Securities (the "**Offered Securities**"), the price per share that such Shareholder proposes to be paid for such Offered Securities (the "**Offer Price**") and all other material terms and conditions of the Offer.

(b) The giving of an Offer Notice to the Investor Offeree shall constitute an offer by the Investor Seller to Transfer all or any of the Offered Securities, in whole or in part, to the Investor Offeree at the Offer Price and on the other terms set forth in the Offer Notice. Such offer shall be irrevocable for 20 Business Days after receipt of such Offer Notice by the Investor Offeree. The offer may be accepted by giving an irrevocable notice of acceptance to the Investor Seller prior to the expiration of such 20 Business Day period. If the Offer Notice specifies (i) a form of consideration other than cash, a cash equivalent or a promissory note, the Offer may be accepted by the Investor Offeree for a payment, in lieu of such form of consideration, of cash in an amount equal to the fair market value of such consideration and (ii) a form of consideration consisting of a promissory note, the promissory note of the Investor Offeree shall be deemed the equivalent of the promissory note specified in the Offer Notice.

(c) If the Investor Offeree fails to notify the Investor Seller prior to the expiration of the 20 Business Day period, it shall be deemed to have declined the offer.

(d) If the Investor Offeree elects to purchase any or all the Offered Securities, the Investor Offeree shall purchase and pay, by wire transfer of immediately available funds to an account designated by the Investor Seller, for such Offered Securities within 20 Business Days after the date on which all such Offered Securities have been accepted; provided that, if the Transfer of such Offered Securities is subject to any prior regulatory approval, subject to clause (iii) of the immediately succeeding paragraph, the time period during which such Transfer may be consummated shall be extended until the expiration of five Business Days after all such approvals shall have been received.

(e) Upon the earlier to occur of (i) rejection of the offer by the Investor Offeree, (ii) the expiration of the 20 Business Day period without Equinix electing to purchase all of the Offered Securities and (iii) the failure to obtain any required consent or regulatory approval for the purchase of all the Offered Securities by the Investor Offeree within 180 days of full acceptance of the offer, the Investor Seller shall have a 90-day period during which to effect a Transfer to the Third Party making the Offer of any or all of the Offered Securities on substantially the same or more favorable (as to the Investor Seller) terms and conditions as were set forth in the Offer Notice at a price not less than the Offer Price; provided that (i) such Third Party shall have agreed in writing to be bound by the terms of this Agreement and (ii) the Transfer to such Third Party is not in violation of applicable federal, state or foreign securities laws; provided, further, that, if the Transfer is subject to regulatory approval, such 90-day period shall be extended until the expiration of five Business Days after all such approvals shall have been received, but in no event shall such period be extended for more than an additional 90 days without the consent of the Company. If the Investor Seller does not consummate the Transfer of the Offered Securities in accordance with the foregoing time limitations, then its right to Transfer such Offered Securities shall terminate and the Investor Seller shall again comply with the procedures set forth in Section 4.05(a) with respect to any proposed Transfer of Company Securities to a Third Party.

ARTICLE 5

CALL OPTION; PUT OPTION

Section 5.01. *Equinix Call Option.* (a) RW FIP hereby grants to Equinix an irrevocable option (the "**Call Option**") to purchase all, but not less than all, of the Shares now owned or hereafter acquired by RW FIP (the "**Call Shares**") at the Call Price (as defined below), and otherwise upon the terms and conditions set forth in this Section 5.01. Equinix may exercise the Call Option at any time (i) during the period beginning on April 1 and ending on April 30 of each of 2014, 2015 and 2016 (each, an "**Option Exercise Period**") and (ii) during the 10 Business Day period following (A) delivery by RW FIP of a Tag-Along Notice or (B) delivery by RW FIP of an Offer Notice (each, a "**Call Option Exercise Period**"), by delivering written notice to RW FIP during a Call Option Exercise Period (such notice, a "**Call Option Exercise Notice**").

(b) Promptly after delivery of the Call Option Exercise Notice, the Shareholders shall cause Fair Market Value to be determined pursuant to Section 5.03.

(c) The closing (the "**Call Option Closing**") of the purchase and sale of the Call Shares shall occur no later than the 15th Business Day after determination of Fair Market Value. At the Call Option Closing, which shall be at a place and time reasonably selected by Equinix, (i) RW FIP shall (A) if applicable, effect the Derivative Company Securities Exercise pursuant to Section 5.05, (B) Transfer the Call Shares to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement or securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix and (C) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements with respect to RW FIP as are customary for such a Transfer (including representations with respect to RW FIP's title to the Call Shares and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement) and (ii) Equinix shall purchase the Call Shares for the Call Price, payable in cash, minus any applicable tax withholdings. RW FIP hereby grants to Equinix any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Call Shares, after payment of the Call Price, minus any applicable tax withholdings, for each Call Share.

(d) The "**Call Price**" for the Call Shares to be purchased pursuant to the Call Option shall be equal to:

(i) for all Shares purchased by RW FIP on the Closing Date, the greater of (x) the aggregate Fair Market Value of such Shares and (y) the Minimum Call Price. The "**Minimum Call Price**" means the sum of (x) the amount that yields an Internal Rate of Return of 12% to the RW FIP Closing Payment from the Closing Date to the date of the Call Option Exercise Notice and (y) the amount that yields an Internal Rate of Return of 12% to the RW FIP Additional and Conditional Payment from the date of such payment to the date of the Call Option Exercise Notice (as adjusted in each case for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations; and

(ii) for all Shares purchased by RW FIP other than as provided in Section 5.01(d)(i), the aggregate Fair Market Value of such Shares.

Section 5.02. *RW FIP Put Option.* (a) Equinix hereby grants to RW FIP an irrevocable option (the "**Put Option**") to require Equinix to purchase all, but not less than all, of the Shares now owned or hereafter acquired by RW FIP (the "**Put Shares**") at the Put Price (as defined below), and otherwise upon the terms and conditions set forth in this Section 5.02. RW FIP may exercise the Put Option at any time (i) during an Option Exercise Period and (ii) during the 10 Business Day period following (A) delivery by Equinix of a Tag-Along Notice indicating that Equinix proposes to sell all of its Company Securities, (B) delivery by Equinix of a Drag-Along Sale Notice or (C) the decision by the Company or ALOG to effect a Fundamental Transaction (each, a "**Put Option Exercise Period**"), by delivering written notice to Equinix during a Put Option Exercise Period (such notice, a "**Put Option Exercise Notice**").

(b) Promptly after delivery of the Put Option Exercise Notice, the Shareholders shall cause Fair Market Value to be determined pursuant to Section 5.03.

(c) Subject to Section 5.02(e), the closing (the "**Put Option Closing**") of the purchase and sale of the Put Shares shall occur no later than the 30th calendar day after determination of Fair Market Value (or, if such day is not a Business Day, the next succeeding Business Day); provided, that if the aggregate amount payable by Equinix in settlement of the Put Option or, if the Management Put Option is exercised, the aggregate amount payable by Equinix in settlement of both the Put Option and the Management Put Option is greater than the amount in Brazilian Reais equivalent to US$250,000,000, Equinix may, at its option, extend such 30 calendar day period by up to an additional 90 calendar days. At the Put Option Closing, which shall be at a place and time reasonably selected by Equinix, (i) RW FIP shall (A) if applicable, effect the Derivative Company Securities Exercise pursuant to Section 5.05 and (B) Transfer the Put Shares to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement or applicable securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix and (C) make such representations, warranties and covenants, provide such indemnities and enter into such definitive agreements with respect to RW FIP as are customary for such a Transfer (including representations with respect to RW FIP's title to the Put Shares and authority, power and right to enter into and consummate the Transfer without contravention of any law or agreement) and (ii) Equinix shall purchase the Put Shares for the Put Price, payable in cash, minus any applicable tax withholdings.

(d) The "**Put Price**" for the Put Shares to be purchased pursuant to the Put Option shall be equal to:

(i) for all Shares purchased by RW FIPon the Closing Date, the greater of (i) the aggregate Fair Market Value of such Shares and (ii) the Minimum Put Price. The "**Minimum Put Price**" means (a) in 2014, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 8% to theRW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice and (y) the amount that yields an Internal Rate of Return of 8% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice, (b) in 2015, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 4% to the RW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice and (y) the amount that yields an Internal Rate of Return of 4% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice and (c) in 2016, the amount equal to the sum of (x) the amount that yields an Internal Rate of Return of 0% to the RW FIP Closing Payment from the Closing Date to the date of the Put Option Exercise Notice and (y) the amount that yields an Internal Rate of Return of 0% to the RW Additional and Conditional Payment from the date of such payment to the date of the Put Option Exercise Notice (as adjusted in each case for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations), (each, the "**Applicable IRR**"); *provided* that, if Equinix delivers a Put Objection Notice pursuant to Section 5.02(e), the Minimum Put Price for the Option Exercise Period of the calendar year immediately succeeding the delivery of such Put Objection Notice shall be the amount that yields the Applicable IRR for the immediately preceding Option Exercise Period. For example, if Equinix delivers a Put Objection Notice in response to RW FIP's delivery of a Put Option Exercise Notice during the Option Exercise Period in April 2014, the Minimum Put Price for the Option Exercise Period in April 2015 will be the amount that yields an Applicable IRR of 8%, and the Minimum Put Price for the Option Exercise Period in April 2016 will be the amount that yields an Applicable IRR of 0%. If Equinix delivers a Put Objection Notice in response to RW FIP's delivery of a Put Option Exercise Notice during the Option Exercise Period in April 2015, the Minimum Put Price for the Option Exercise Period in April 2016 will be the amount that yields an Applicable IRR of 4%.

(ii) for all Shares purchased by RW FIP other than as provided in Section 5.02(d)(i), the aggregate Fair Market Value of such Shares.

(e) Notwithstanding anything to the contrary in this Section 5.02, in no event shall Equinix be required to purchase the Put Shares upon RW FIP's exercise of the Put Option if (I) RW FIP exercises the Put Option at any time during the period beginning on April 1 and ending on April 30 of each of 2014 and 2015 and (II) Equinix determines that its payment of the aggregate amount payable by Equinix in settlement of the Put Option or, if the Management Put Option is exercised, its payment of the aggregate amount payable by Equinix in settlement of both the Put Option and the Management Put Option (the "**Put Settlement**"), would cause Equinix to default in the performance of or to breach any covenant set forth on Schedule 5.02(e) or (y) (I) RW FIP exercises the Put Option at any time and (II) Equinix determines that the Put Settlement would cause a violation of applicable law, as determined by Equinix based upon the advice of counsel from a nationally recognized law firm, and in each case Equinix delivers a written objection notice (the "**Put Objection Notice**") to RW FIP within 15 Business Days of such determination. If Equinix determines that Put Settlement would cause Equinix to default in the performance of or to breach any covenant or agreement set forth on Schedule 5.02(e) and delivers the Put Objection Notice, the right of Equinix to postpone the Put Settlement on such grounds pursuant to this Section 5.02(e) shall terminate at 11:59 p.m. São Paulo Time on March 31 of the calendar year immediately succeeding Equinix's delivery of the Put Objection Notice and, from and after April 1 of such calendar year, Equinix shall be required to purchase the Put Shares upon RW FIP's exercise of the Put Option, as provided in Section 5.02(a) through (d). For the avoidance of doubt, Equinix shall not be required to purchase the Put Shares at any time if counsel from a nationally recognized law firm advises Equinix that the Put Settlement would cause a violation of applicable law. Equinix represents and warrants that (i) as of the date of this Agreement, the execution, delivery and performance of this Agreement will not cause Parent to default in the performance of or to breach any covenant set forth on Schedule 5.02(e) and (ii) if RW FIP were to exercise its Put Option on the date of this Agreement, Parent would not be in default in the performance of, and would not be in breach of, any covenant set forth on Schedule 5.02(e).

Section 5.03. *Determination of Fair Market Value.* (a) Promptly after delivery of a Call Option Exercise Notice or a Put Option Exercise Notice, as applicable, representatives of Equinix and RW FIP shall meet in good faith to agree on Fair Market Value.

(b) As used in Article 5 and Article 8, "**Fair Market Value**" means, with respect to any Call Share or Put Share, as applicable, the price at the date of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, at which such Call Share or Put Share, as applicable, could be sold in an arm's-length transaction between a willing and able buyer and a willing and able seller, neither of which is an Affiliate of the other and neither of which is under any compulsion to buy or to sell, with the expectation of concluding the purchase and sale within a reasonable time, which price shall be based on what comparable, publicly-listed and widely-held companies are trading at in the Brazilian and U. S. financial markets at that time, assuming that (A) there is a public market for the Shares in which there is a fully distributed volume of securities freely available for trading and (B) there is no minority or illiquidity discount attributable to the Shares.

(c) Subject to the foregoing definition, if Equinix and RW FIP are not able to agree on Fair Market Value within 10 Business Days of delivery of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, the following procedures shall apply:

(i) Each of Equinix and RW FIP will, within 15 Business Days of delivery of the Call Option Exercise Notice or the Put Option Exercise Notice, as applicable, appoint an internationally recognized investment bank to determine Fair Market Value. The fees and expenses of each investment bank will be borne by the Company.

(ii) Each investment bank will, within 10 Business Days of the appointment of the second investment bank to be appointed notify both Equinix and RW FIP in writing of its determination of Fair Market Value, setting forth, in reasonable detail, the basis for such determination. If the difference between the two determinations of Fair Market Value is less than 10% of the lower value, Fair Market Value will be deemed to be the average of the two values. In all other cases, within five Business Days, the parties' two investment banks will jointly select a third internationally recognized investment bank and will notify the third investment bank in writing of their respective determinations of Fair Market Value.

(iii) The third investment bank will, within 10 Business Days of its appointment, determine which of the parties' estimation of Fair Market Value is closest to the actual Fair Market Value of the Call Securities or the Put Securities, as applicable, and such party's estimation shall be deemed to be Fair Market Value for all purposes under this Agreement. The fees and expenses of the third investment bank will be borne by the party whose estimation of Fair Market Value was not determined to be closest to the actual Fair Market Value of the Call Securities or the Put Securities.

(iv) The determination of Fair Market Value in accordance with this Section 5.03 shall be final, binding and conclusive upon each Shareholder. Each Shareholder will share with the other Shareholder any information it or its Affiliates provide to any of the investment banks and will not communicate, and will prevent its Affiliates from communicating, with the third investment bank without giving the other Shareholder a reasonable opportunity to be present or otherwise participate in such communication.

(v) All the investment banks involved in determining Fair Market Value shall be compensated by way of a fixed fee. Under no circumstances shall any participant in the determination of Fair Market Value be permitted to receive any form of incentive-based compensation for its services hereunder.

Section 5.04. *Pledge of Shares.* Equinix pledges its Shares in favor of RW FIP, for purposes of guaranteeing the full payment of the Put Price pursuant, and subject to the terms and conditions of Section 5.02, by executing the share pledge agreement attached hereto as Schedule 5.04(a).

Section 5.05. *Derivative Company Securities Exercise.* Promptly following the determination of the Fair Market Value as required by Section 5.01(b) or Section 5.02(b), but in any case no later than the fifth Business Day preceding the Call Option Closing or the Put Option Closing, as applicable, RW FIP shall deliver a Derivative Company Securities Exercise Notice to the Company and to Equinix, pursuant to which RW FIP shall irrevocably commit and agree to effect a Derivative Company Securities Exercise concurrently with the Call Option Closing or the Put Option Closing, as applicable. Promptly following the delivery of its Derivative Company Securities Exercise Notice, RW FIP shall execute any other documents and agreements requested by the Company or Equinix to effect such

Derivative Company Securities Exercise. For the avoidance of doubt, any Shares issued pursuant to any Derivative Company Securities Exercise by RW FIP shall be Call Shares or Put Shares, as applicable, for all purposes of this Article 5. If RW FIP holds any Derivative Company Security and fails to deliver a Derivative Company Securities Exercise Notice no later than the fifth Business Day preceding the Call Option Closing or the Put Option Closing, then, subject to the last sentence of this Section 5.04, (A) RW FIP shall be deemed to have elected to irrevocably terminate and cancel its right to acquire Shares or to convert any security into Common Stock and shall cease to have any right to effect a Derivative Company Securities Exercise with respect to any of its Derivative Company Securities, (B) Equinix shall not be required to purchase any Shares issuable upon any Derivative Company Securities Exercise by RW FIP, and (C) upon the consummation of the Call Option Closing or the Put Option Closing, as applicable, all such Derivative Company Securities (or, if applicable, the right applicable to any debt security to convert such security in whole or part into Common Stock) shall terminate automatically and without any further action by any Person. If the Call Option Closing or the Put Option Closing, as applicable, is not consummated with respect to any Shares acquired upon the Derivative Company Securities Exercise, then (y) any Derivative Company Securities Exercise Notice delivered by RW FIP pursuant to the first sentence of this Section 5.01(c) shall be deemed to be rescinded and shall have no force and effect, and (z) the right of RW FIP to effect Derivative Company Securities Exercises in accordance with the terms of its Derivative Company Securities and the terms hereof shall be automatically restored without any further action by any Person.

Section 5.06*. Management ALOG Shareholders Options.* (a) The Management ALOG Shareholders hereby grant to Equinix an irrevocable option (the "**Management Call Option**") to purchase all, but not less than all, of the Shares subscribed by the Management ALOG Shareholders in the Roll Up (the "**Management Call Shares**"), and Equinix hereby grants to the Management ALOG Shareholders an irrevocable option (the "**Management Put Option**") to require Equinix to purchase all, but not less than all, of the Shares subscribed by the Management ALOG Shareholders in the Roll Up (the "**Management Put Shares**"), at a price equal to the Management Call Price or the Management Put Price, as applicable, and otherwise on the terms and conditions set forth in this Section 5.06.

(b) The “**Management Call Price**” for the Management Call Shares to be purchased from such Management ALOG Shareholder pursuant to the Management Call Option shall equal the price calculated as set forth below.

(i) For Shares issued in the Roll Up Capital Increase, which subscription price was paid by means of Transferring ALOG Shares acquired by the Management ALOG Shareholders prior to February 9, 2011:

Call Price determined pursuant to Section 5.01(d)	Management Call Price
Fair Market Value	Fair Market Value
Minimum Call Price	Greater of (i) the Minimum Management Price and (ii) the price that implies an Internal Rate of Return to the Common Stock Purchase Price (as adjusted for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations) from the Closing Date to the date of the Call Option Exercise Notice equal to the sum of (A) the Internal Rate of Return on the Common Stock Purchase Price implied by the Fair Market Value of the Management Call Shares *plus* (B) (I) in 2014, 2% per annum, (II) in 2015, 1% per annum and (III) in 2016, 0% per annum

(ii) For Shares issued in the Roll Up Capital Increase, which subscription price was paid by means of Transferring ALOG Shares acquired by the Management ALOG Shareholders from and after February 9, 2011, Fair Market Value.

(c) The “**Management Put Price**” for the Management Put Shares to be purchased from such Management Shareholder pursuant to the Management Put Option shall equal the price calculated as set forth below.

(i) For Shares issued in the Roll Up Capital Increase, which subscription price was paid by means of Transferring ALOG Shares acquired by the Management ALOG Shareholders prior to February 9, 2011:

Put Price determined pursuant to Section 5.02(d)	Management Put Price
Fair Market Value	Fair Market Value
Minimum Put Price	Greater of (i) the Minimum Management Price and (ii) the price that implies an Internal Rate of Return to the Common Stock Purchase Price (as adjusted for any share dividends, share subdivisions, combinations, consolidations and similar changes, and taking into account any cash dividends, distributions, repurchases or recapitalizations) from the Closing Date to the date of the Put Option Exercise Notice equal to the sum of (A) the Internal Rate of Return on the Common Stock Purchase Price implied by the Fair Market Value of the Management Put Shares *plus* (B) (I) in 2014, 2% per annum, (II) in 2015, 1% per annum and (III) in 2016, 0% per annum

(ii) For Shares issued in the Roll Up Capital Increase, which subscription price was paid by means of Transferring ALOG Shares acquired by the Management ALOG Shareholders from and after February 9, 2011, Fair Market Value.

(d) If Equinix exercises the Call Option pursuant to Section 5.01(a), Equinix shall provide the Management ALOG Shareholders and ALOG with prompt written notice of the terms and conditions of the Call Option exercise and, at any time prior to the fifth Business Day after determination of Fair Market Value:

(i) Equinix may cause the Company to exercise the Zion Roll Up Option pursuant to the ALOG Shareholders Agreement, and may exercise the Management Call Option by delivering written notice to the Management ALOG Shareholders (such notice, a "**Management Call Option Exercise Notice**"); and

(ii) the Majority Management Shareholders may exercise the Management Shareholders Roll Up Option pursuant to the ALOG Shareholders Agreement, and may exercise the Management Put Option by delivering written notice to Equinix (such notice, a "**Management Put Option Exercise Notice**").

(e) If RW FIP exercises the Put Option pursuant to Section 5.02(a), RW FIP shall provide the Management ALOG Shareholders and ALOG with prompt written notice of the Put Option exercise and, at any time prior to the fifth Business Day after determination of Fair Market Value:

(i) Equinix may cause the Company to exercise the Zion Roll Up Option pursuant to the ALOG Shareholders Agreement, and may exercise the Management Call Option by delivering a Management Call Option Exercise Notice to the Management ALOG Shareholders; and

(ii) the Majority Management Shareholders may exercise the Management Shareholders Roll Up Option pursuant to the ALOG Shareholders Agreement, and may exercise the Management Put Option by delivering a Management Put Option Exercise Notice to Equinix.

(f) The closing of the purchase and sale of the Management Call Shares or the Management Put Shares, as applicable (the '**Management Option Closing**"), shall be made at the Call Option Closing or the Put Option Closing, as applicable, or as promptly as practicable thereafter. At the Management ALOG Option Closing, (ii) the Management ALOG Shareholders shall Transfer the Management Call Shares or the Management Put Shares, as applicable, to Equinix free and clear of all pledges, security interests, liens, charges, encumbrances, equities, claims and options of whatever nature other than those imposed under this Agreement and those imposed as a result of applicable state or foreign securities laws, by executing and delivering to Equinix such instruments of transfer as shall reasonably be requested by Equinix, and shall make such representations, warranties and covenants, providing such indemnities and entering into such definitive agreements as are customary for such a Transfer, and (ii) Equinix shall purchase the Management Call Shares or the Management Put Shares, as applicable, for the Management Call Price or the Management Put Price, as applicable, payable in cash, minus any applicable tax withholdings. Management ALOG Shareholders hereby grant to Equinix any and all necessary powers to, pursuant to the terms of article 684 of the Brazilian Civil Code, execute any and all instruments to effect the Transfer of the Management Call Shares, after payment of the Management Call Price.

(g) Notwithstanding anything to the contrary in this Section 5.06, in no event shall the Majority Management Shareholders exercise the Management Shareholders Roll Up Option or the Management Put Option, and in no event shall Equinix be required to purchase the Management Put Shares upon the Management ALOG Shareholders' exercise of the Management Put Option if, with respect to the relevant Option Exercise Period, Equinix has prevented settlement of the Put Option pursuant to Section 5.02(e).

ARTICLE 6

MANAGEMENT ALOG SHAREHOLDERS

Section 6.01. *Roll Up.* (a) Pursuant to the ALOG Shareholders Agreement, the Management ALOG Shareholders shall have the right or the obligation, upon the occurrence of certain events provided therein, to become shareholders of the Company by means of subscription of a capital increase in the Company, paid in with ALOG shares held by the Management ALOG Shareholders. Upon the eventual occurrence of the Roll Up, the Shareholders shall (i) approve a capital increase of the Company necessary for the implementation of the Roll Up by the Rolling Up Shareholder (the "**Roll Up Capital Increase**"), and (ii) assign to the Rolling Up Shareholder their preemptive rights in the subscription of the relevant Roll Up Capital Increase.

(b) The Management ALOG Shareholders, for purposes of implementing the Roll Up, hereby commit to (i) fully subscribe the Roll Up Capital Increase, and (ii) pay in such Roll Up Capital Increase by Transferring all or a portion of their ALOG shares to the Company on the terms and conditions set forth in Article 5 of the ALOG Shareholders Agreement.

(c) (i) Promptly upon completion of the Roll Up, the Management ALOG Shareholders shall Transfer all of the Shares acquired in the Roll Up as set forth herein on the terms and conditions of the relevant Roll Up Trigger. (ii) If any such Shares are not Transferred as provided by this Agreement, then the Management ALOG Shareholders shall implement all acts necessary to restore the *status quo ante* in respect to the Management Shareholders ownership of Company Securities.

ARTICLE 7

CERTAIN COVENANTS AND AGREEMENTS

Section 7.01. *Strategic Partnership.* Equinix, RW FIP, the Company and each of the Management ALOG Shareholders will, and will cause their respective Affiliates to, negotiate in good faith to complete documentation of the strategic partnership between Equinix and the Company and/or its Subsidiaries on commercially reasonable terms and in accordance with Schedule 6.01 within 45 calendar days following the date hereof.

Section 7.02. *Confidentiality*. (a) Each Shareholder agrees that Confidential Information furnished and to be furnished to it has been and may in the future be made available in connection with such Shareholder's investment in the Company. Each Shareholder agrees that it shall, and that it shall cause any Person to whom Confidential Information is disclosed pursuant to clause (i) below to, at all times keep confidential such Confidential Information and not disclose any Confidential Information to any Person, except that Confidential Information may be disclosed:

(i) to such Shareholder's Representatives in the normal course of the performance of their duties or to any financial institution providing credit to such Shareholder;

(ii) to the extent required by applicable law, rule or regulation (including complying with any oral or written questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process to which a Shareholder is subject; *provided* that such Shareholder agrees to give the Company prompt notice of such request(s), to the extent practicable, so that the Company may seek an appropriate protective order or similar relief (and the Shareholder shall cooperate with such efforts by the Company, and shall in any event make only the minimum disclosure required by such law, rule or regulation));

(iii) to any Person to whom such Shareholder is contemplating a Transfer of its Company Securities;*provided* that such Transfer would not be in violation of the provisions of this Agreement and such potential transferee is advised of the confidential nature of such information and agrees to be bound by a confidentiality agreement consistent with the provisions hereof;

(iv) to any regulatory authority or rating agency to which the Shareholder or any of its Affiliates is subject or with which it has regular dealings;*provided* that such authority or agency is advised of the confidential nature of such information;

(v) to the extent related to the tax treatment and tax structure of the transactions contemplated by this Agreement (including all materials of any kind, such as opinions or other tax analyses that the Company, its Affiliates or its Representatives have provided to such

Shareholder relating to such tax treatment and tax structure); *provided* that the foregoing does not constitute an authorization to disclose the identity of any existing or future party to the transactions contemplated by this Agreement or their Affiliates or Representatives, or, except to the extent relating to such tax structure or tax treatment, any specific pricing terms or commercial or financial information; or

(vi) if the prior written consent of the Board shall have been obtained.

Nothing contained herein shall prevent the use (subject, to the extent possible, to a protective order) of Confidential Information in connection with the assertion or defense of any claim by or against the Company or any Shareholder.

(b) "**Confidential Information**" means any information concerning the Company or any Persons that are or become its Subsidiaries or the financial condition, business, operations or prospects of the Company or any such Persons in the possession of or furnished to any Shareholder (including by virtue of its present or former right to designate a director of the Company); *provided* that the term "Confidential Information" does not include information that (i) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or its directors, officers, employees, stockholders, members, partners, agents, counsel, investment advisers or other representatives (all such Persons being collectively referred to as "**Representatives**") in violation of the this Agreement, (ii) was available to such Shareholder on a non-confidential basis prior to its disclosure to such Shareholder or its Representatives by the Company, (iii) becomes available to such Shareholder on a non-confidential basis from a source other than the Company after the disclosure of such information to such Shareholder or its Representatives by the Company, which source is (at the time of receipt of the relevant information) not, to the best of such Shareholder's knowledge, bound by a confidentiality agreement with (or other confidentiality obligation to) the Company or another Person or (iv) is independently developed by such Shareholder without violating any confidentiality agreement with, or other obligation of secrecy to, the Company.

Section 7.03. *Reports*. The Company agrees to furnish to each of Equinix and RW FIP, for so long as each such Shareholder is a 5% Shareholder:

(a) as soon as practicable and, in any event within 5 calendar days after the end of each calendar month, the unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such month and the related unaudited statement of operations and cash flow for such month, and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP, setting forth in comparative form the figures for the corresponding month and portion of the previous fiscal year, and the figures for the corresponding month and portion of the then current fiscal year as in the Company's annual operating budget;

(b) as soon as practicable and, in any event, within 5 calendar days after the end of each of the first three fiscal quarters, the unaudited consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter and the related unaudited statement of operations and cash flow for such quarter and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP;

(c) as soon as practicable and, in any event, within 30 calendar days after the end of each June and December, the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related audited statement of operations and cash flow for such fiscal year, and for the portion of the fiscal year then ended, in each case prepared in accordance with GAAP and certified by a firm of independent public accountants designated by Equinix, together with a comparison of the figures in those financial statements with the figures for the corresponding quarter and portion of the previous fiscal year;

(d) promptly upon their becoming available, copies of (i) all financial statements, reports, notices and proxy statements sent or made generally available by the Company to any of its security holders, (ii) all regular and periodic reports and all registration statements and prospectuses filed by the Company with any securities exchange or with CVM or the SEC and (iii) all press releases and other statements made generally available by the Company to the public; and

(e) as promptly as reasonably practicable, such other information with respect to the Company or any of its Subsidiaries as may reasonably be requested by such Shareholder.

Section 7.04. *Conflicting Agreements.* Each party hereto represents and agrees that it shall not (i) grant any proxy or enter into or agree to be bound by any voting trust or agreement with respect to the Company Securities, except as expressly contemplated by this Agreement, (ii) enter into any agreement or arrangement of any kind with any Person with respect to any Company Securities inconsistent with the provisions of this Agreement or for the purpose or with the effect of denying or reducing the rights of any other Shareholder under this Agreement, including agreements or arrangements with respect to the Transfer or voting of its Company Securities or (iii) act, for any reason, as a member of a group or in concert with any other Person in connection with the Transfer or voting of its Company Securities in any manner that is inconsistent with the provisions of this Agreement.

ARTICLE 8

PARENT GUARANTEE; RIVERWOOD SPONSORS COVENANT

Section 8.01. *Parent Guarantee.* Parent hereby absolutely, unconditionally and irrevocably guarantees to RW FIP, the due and punctual performance and discharge of the obligation of Equinix to purchase the Put Shares pursuant and subject to the terms and conditions of Section 5.02 of this Agreement (the "**Obligations**"); *provided* that notwithstanding anything to the contrary contained in this Agreement, in no event shall Parent's aggregate liability to pay cash pursuant to this Section 8.01 exceed US$100,000,000 (the "**Guarantee Cap**"). The guarantee provided by Parent pursuant to this Section 8.01 is a guarantee of payment, not collection, and a separate action may be brought and prosecuted against Parent to enforce this Section 8.01, irrespective of whether any action is brought against Equinix or any other Person or whether Equinix or any other Person is joined in any such action or actions.

(a) RW FIP shall not be obligated to file any claim relating to the Obligations in the event that Equinix becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of RW FIP to so file shall not affect Parent's obligations under this Section 8.01. In the event that any payment to RW FIP in respect of any Obligation is rescinded or must otherwise be returned for any reason, Parent shall remain liable hereunder with respect to the Obligations as if such payment had not been made.

(b) Parent hereby expressly waives any and all rights or defenses arising by reason of any law, notice, contract or equitable defense, including all suretyship defenses generally with respect to this Section 8.01.

Section 8.02. *Parent Share Settlement.* Parent further covenants and agrees that, if the amount of the Obligations (the "**Default Amount**") exceeds the Guarantee Cap, Parent shall deliver Shares or shares of Parent's common stock (the "**Parent Shares**"), at RW FIP's election, in exchange for the balance of the Default Put Shares (as defined below), in accordance with Section 8.03. For the avoidance of doubt, if the Default Amount exceeds the Guarantee Cap, RW FIP may require Parent to satisfy the amount of such excess by delivering either Shares or Parent Shares, but not a combination of Shares and Parent Shares.

Section 8.03. *Procedures.* (a) If Equinix fails to purchase any or all of the Put Shares pursuant to and subject to the terms and conditions of Section 5.02 (a "**Default**" and such Put Shares, the "**Default Put Shares**"), then RW FIP, by delivering written notice to Parent while such a Default is continuing (such notice, a "**Default Notice**"), may require Parent to purchase such Default Put Shares as provided in this Section 8.03. The Default Notice shall describe Equinix's Default, state the number of Default Put Shares and the Put Price as determined pursuant to Section 5.02(d). Parent shall deliver to RW FIP cash, or a mixture of cash and Shares or Parent Shares, as applicable, in satisfaction of payment of the Put Price for the Default Put Shares no later than (i) if (A) the Default Amount does not exceed the Guarantee Cap or (B) if the Default Amount exceeds the Guarantee Cap and RW FIP elects to receive Shares in satisfaction of the excess, the 15th Business day after delivery of such Default Notice or (ii) if the Default Amount exceeds the Guarantee Cap and RW FIP elects to receive Parent Shares in satisfaction of the excess, the 40th Trading Day after delivery of such Default Notice (the date of such delivery, the "**Default Put Closing**"). If the common stock of Parent is traded on a United States or foreign securities exchange, reported through the National Association of Securities Dealers, Inc. Automated Quotation System or comparable foreign established over-the-counter trading system or otherwise traded over the counter, the Parent Shares delivered to RW FIP shall be similarly listed or made eligible for quotation. Parent shall use its reasonable best efforts to ensure that the Parent Shares delivered to RW FIP are freely tradeable under U.S. securities laws (which, if required, shall include registering the Parent Shares under the U.S. Securities Act of 1933, as amended; provided that RW FIP and the RW FIP Sponsors shall reasonably cooperate in order to effect such registration). Notwithstanding anything to the contrary herein, if, at the date of the Default Put Closing, the Parent Shares are not traded on a United States or foreign securities exchange, reported through the National Association of Securities Dealers, Inc. Automated Quotation System or comparable foreign established over-the-counter trading system or otherwise traded over the counter, RW FIP shall have the right to elect to receive the Shares in place of the Parent Shares pursuant to this Section 8.03.

(a) Parent and RW FIP shall conduct the Default Put Closing on the terms and subject to the conditions of the Put Closing, as set forth in Section 5.02; provided that Parent shall:

(i) Deliver to RW FIP cash in an amount equal to the lesser of (A) the Default Amount and (B) the Guarantee Cap, in exchange for the number of Default Put Shares equal to the aggregate cash amount paid by Parent divided by Fair Market Value; and,

(ii) If the Default Amount exceeds the aggregate cash amount paid by Parent pursuant to Section 8.03(b)(i), Parent shall also deliver a number of Shares or Parent Shares, as applicable, equal to (A) (I) the Default Amount minus (II) the aggregate cash amount paid by Parent pursuant to Section 8.03(b)(i) divided by (B) the Share Price, in exchange for the balance of the Default Put Shares. The "**Share Price**" means, (x) with respect to the Shares, Fair Market Value and (y) with respect to the Parent Shares, Adjusted VWAP.

Section 8.04*. Additional Definitions.* or purposes of this Article 8:

"**Adjusted VWAP**" means (i) the arithmetic average of the Volume Weighted Average Price per Parent Share during the 30 consecutive Trading Days during the Measurement Period divided by (ii) 1.03.

"**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to close.

"**Market Disruption Event**" means the occurrence or existence prior to 1:00 p.m. (New York City time) on any Trading Day for the Parent Shares of an aggregate one half hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Parent Shares or in any options, contracts or future contracts relating to the Parent Shares.

"**Measurement Period**" means the 30 consecutive Trading Days beginning five Trading Days after RW FIP's delivery of the Default Notice.

“**Trading Day**” means a day during which (i) there is no Market Disruption Event, and (ii) the NASDAQ Global Select Market or, if the Parent Shares are not quoted on the NASDAQ Global Select Market, on the principal U.S. national or regional securities exchange on which the Parent Shares are then listed, opens for trading during its regular trading session or, if the Parent Shares are not so listed, admitted for trading or quoted, any Business Day. A “**Trading Day**” only includes those days that have a scheduled closing time of 4:00 p.m. (New York City time) or the then standard closing time for regular trading on the relevant exchange or trading system.

“**Volume Weighted Average Price**” per Parent Share on any Trading Day means such price as displayed on Bloomberg (or any successor service) page EQIX. UQ<Equity> VAP in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, the “**Volume Weighted Average Price**” means the market value per Parent Share on such Trading Day as determined by a nationally recognized investment banking firm retained for this purpose by Parent.

Section 8.05. *Riverwood Sponsors Covenant*. Riverwood Sponsors shall use their reasonable best efforts to cause RW FIP, its Permitted Transferees and their Affiliates, to take, or cause to be taken, all actions necessary to perform RW FIP’s covenants, agreements and obligations pursuant to this Agreement of RW FIP.

ARTICLE 9

MISCELLANEOUS

Section 9.01. *Binding Effect; Assignability; Benefit.* (a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the parties hereto, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(b) Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by any party hereto pursuant to any Transfer of Company Securities or otherwise, except that any Permitted Transferee acquiring Company Securities from any Shareholder and any Person acquiring Company Securities that is required or permitted by the terms of this Agreement or any employment agreement or stock purchase, option, stock option or other compensation plan of the Company or any Subsidiary to become a party hereto shall (unless already bound hereby) execute and deliver to the Company an agreement to be bound by this Agreement in the form of Exhibit A hereto and shall thenceforth be a “Shareholder.”

Section 9.02. *Notices*. All notices, requests and other communications to any party shall be in writing and shall be delivered in person, mailed by certified or registered mail, return receipt requested, or sent by facsimile transmission or email transmission so long as receipt of such email is requested and received:

if to the Company to:

Zion RJ Participações S.A.
Rua Martins Ferreira nº 91
Botafogo
Rio de Janeiro - RJ
Attention: Giovanni Biscardi
Fax: 55 21 22536143
Email: gbiscardi@machadomeyer.com.br

with copies to Equinix and RW FIP at the addresses listed below, and a copy to:

Machado, Meyer, Sendacz e Opice
Avenida Rio Branco nr. 01, 9th floor
Centro
Rio de Janeiro - RJ
Attention: Mr. Giovanni Biscardi
Fax: 55 21 22536143
E-mail: gbiscardi@machadomeyer.com.br

if to Equinix or Parent, to:

Equinix, Inc.
One Lagoon Drive, 4th Floor
Redwood City, CA 94065
Attention: General Counsel
Fax: (650) 598-6913
Email: bgalvin@equinix.com

with a copy to:

Davis Polk & Wardwell LLP
1600 El Camino Real
Menlo Park, California 94025
Attention: Alan Denenberg
Fax: (650) 752-2111
Email: alan.denenberg@davispolk.com

if to RW FIP or the Riverwood Sponsors, to:

Riverwood Capital L.P.
70 Willow Road, Suite 100
Menlo Park, CA 94025
Attention: Francisco Alvarez Demalde
Fax: (650) 618-7300
Email: fad@rwcm.com

with a copy to:

Simpson Thacher & Bartlett LLP
2550 Hanover Street
Palo Alto, CA 94304
Attention: Michael Nooney
Fax: (650) 251-5002
Email: mnooney@stblaw.com

All notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt. Any notice, request or other written communication sent by facsimile transmission shall be confirmed by certified or registered mail, return receipt requested, posted within one Business Day, or by personal delivery, whether courier or otherwise, made within two Business Days after the date of such facsimile transmissions.

Any Person that becomes a Shareholder shall provide its address and fax number to the Company, which shall promptly provide such information to each other Shareholder.

Section 9.03. *Waiver; Amendment; Termination*. Article 2 of this Agreement may be amended, waived or otherwise modified by an instrument in writing executed by each of the Shareholders. Any amendment, waiver or modification of any other provision of this Agreement may be effected only by an instrument in writing executed by each of the parties hereto. Any party may waive any provision of this Agreement with respect to itself by an instrument in writing executed by the party against whom the waiver is to be effective.

Section 9.04. *Fees and Expenses*. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with the preparation of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses.

Section 9.05. *Language*. This Agreement is executed in the English and Portuguese languages. In case of a conflict between the English and Portuguese versions of this Agreement, the Shareholders agree that the Portuguese version shall prevail.

Section 9.06. *Specific. Enforcement.* Each Shareholder hereto acknowledges that the remedies at law of the other parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any party to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available.

Section 9.07. *Counterparts; Effectiveness*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party shall have received counterparts hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

Section 9.08. *Entire Agreement.* This Agreement and the ALOG Shareholders Agreement constitute the entire agreement among the parties hereto and supersede all prior and contemporaneous agreements and understandings, both oral and written, among the parties hereto with respect to the subject matter hereof and thereof.

Section 9.09. *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner so that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

EXHIBIT A

JOINDER TO SHAREHOLDERS AGREEMENT

This Joinder Agreement (this "**Joinder Agreement**") is made as of the date written below by the undersigned (the "**Joining Party**") in accordance with the Shareholders Agreement dated as of April 25, 2011 (as amended, amended and restated or otherwise modified from time to time, the "**Shareholders Agreement**") among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações and the other Persons listed on the signature pages hereto. Capitalized terms used, but not defined, herein shall have the meaning ascribed to such terms in the Shareholders Agreement.

The Joining Party hereby acknowledges, agrees and confirms that, by its execution of this Joinder Agreement, the Joining Party shall be deemed to be a party to the Shareholders Agreement as of the date hereof and shall have all of the rights and obligations of a "Shareholder" thereunder as if it had executed the Shareholders Agreement. The Joining Party hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Shareholders Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of the date written below.

Date: ,

[NAME OF JOINING PARTY]

By:

Name:

Title:

Exhibit 21.1

Subsidiaries of Equinix, Inc.

Name	Jurisdiction
Equinix Operating Co., Inc.	Delaware, U.S.
Equinix RP, Inc.	Delaware, U.S.
Equinix South America Holdings, LLC	Delaware, U.S.
Equinix RP II LLC	Delaware, U.S.
CHI 3, LLC	Delaware, U.S.
NY3, LLC	Delaware, U.S.
SV1, LLC	Delaware, U.S.
LA4, LLC	Delaware, U.S.
Equinix Pacific, Inc.	Delaware, U.S.
CHI 3 Procurement, LLC	Illinois, U.S.
Equinix Asia Pacific Pte Ltd	Singapore
Equinix Singapore Holdings Pte Ltd	Singapore
Equinix Singapore Pte Ltd	Singapore
Equinix Japan KK (in Kanji)	Japan
Equinix Australia Pty Ltd	Australia
Equinix Hong Kong Ltd	Hong Kong
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 (IBX Services) GmbH	Germany
Upminster GmhH	Germany
Equinix (France) SAS	France
Equinix Paris SAS	France
Interconnect Exchange Europe SL	Spain
Equinix (Switzerland) GmbH	Switzerland
Intelisite BV	The Netherlands
Equinix (Netherlands) BV	The Netherlands
Equinix (Netherlands) Holding Coöperatie U.A	The Netherlands
Equinix (Holdings) B.V.	The Netherlands
Virtu Secure Web Services BV	The Netherlands
Equinix (Real Estate) B.V.	The Netherlands

Equinix (Luxembourg) Holdings S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l.	Luxembourg
Equinix (Luxembourg) Investments S.à r.l. Hong Kong Branch	Hong Kong
Equinix Middle East FZ LLC	United Arab Emirates
Equinix Italia S.r.L	Italy
Zion RJ Participações S.A.	Brazil
ALOG Data Centers do Brasil S.A.	Brazil
ALOG-01 Soluções do Tecnologia em Infomática Ltda.	Brazil
ALOG-02 Soluções do Tecnologia em Infomática S.A.	Brazil
ALOG-03 Soluções do Tecnologia em Infomática Ltda.	Brazil
ASM 02 Patrimonial Ltda.	Brazil
Switch & Data Facilities Company, Inc.	Delaware, U.S.
Switch & Data Holdings, Inc.	Delaware, U.S.
Equinix Services, Inc.	Delaware, U.S.
Switch & Data Facilities Company LLC	Delaware, U.S.
Switch and Data Operating Company LLC	Delaware, U.S.
Equinix Operating Co LLC	Delaware, U.S.
Equinix Canada Ltd.	Canada
Switch & Data AZ One LLC	Delaware, U.S.
Switch & Data CA One LLC	Delaware, U.S.
Switch & Data CA Two LLC	Delaware, U.S.
Switch and Data CA Nine LLC	Delaware, U.S.
Switch And Data CA Eleven LLC	Delaware, U.S.
Switch & Data CO One LLC	Delaware, U.S.
Switch & Data FL One LLC	Delaware, U.S.
Switch & Data FL Two LLC	Delaware, U.S.
Switch and Data FL Seven LLC	Delaware, U.S.
Switch and Data GA Three LLC	Delaware, U.S.
Switch and Data GA Four LLC	Delaware, U.S.
Switch & Data IL One LLC	Delaware, U.S.
Switch & Data IN One LLC	Delaware, U.S.
Switch & Data MA One LLC	Delaware, U.S.
Switch & Data MI One LLC	Delaware, U.S.
Switch & Data MO One LLC	Delaware, U.S.
Switch And Data NJ Two LLC	Delaware, U.S.
Switch & Data NY One LLC	Delaware, U.S.
Switch and Data NY Four LLC	Delaware, U.S.
Switch and Data NY Five LLC	Delaware, U.S.
Switch & Data/NY Facilities Company, LLC	Delaware, U.S.
Switch & Data OH One LLC	Delaware, U.S.
Switch & Data PA Two LLC	Delaware, U.S.
Switch and Data PA Three LLC	Delaware, U.S.
Switch and Data PA Four LLC	Delaware, U.S.
Switch & Data TN Two LLC	Delaware, U.S.

Switch & Data TX One LLC	Delaware, U.S.
Switch and Data TX Five LP	Delaware, U.S.
Switch and Data Dallas Holdings I LLC	Delaware, U.S.
Switch and Data Dallas Holdings II LLC	Delaware, U.S.
Switch & Data VA One LLC	Delaware, U.S.
Switch & Data VA Two LLC	Delaware, U.S.
Switch and Data VA Four LLC	Delaware, U.S.
Switch & Data WA One LLC	Delaware, U.S.
Switch and Data WA Three LLC	Delaware, U.S.

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: July 29, 2011

/s/ Stephen M. Smith

Stephen M. Smith
Chief Executive Officer and President

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: July 29, 2011

/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 June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Smith, Chief Executive Officer and President 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
Chief Executive Officer and President

July 29, 2011

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 June 30, 2011, 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

July 29, 2011