EQUINIX INC
Form 10-K
February 25, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

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)	**(IRS 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.001	**The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Act. x Yes ¨ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

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), and (2) has been subject to such filing requirements for the past 90 days. x 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). x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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 x	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 x No

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant s most recently completed second fiscal quarter was approximately $3.7 billion. As of January 31, 2011, a total of 46,198,990 shares of the registrant s common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III Portions of the registrant s definitive proxy statement to be issued in conjunction with the registrant s 2011 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant s fiscal year ended December 31, 2010. Except as expressly incorporated by reference, the registrant s proxy statement shall not be deemed to be a part of this report on Form 10-K.

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EQUINIX, INC.

FORM 10-K

DECEMBER 31, 2010

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PART I

ITEM 1. BUSINESS

The words Equinix , we , our , ours , us and the Company refer to Equinix, Inc. All statements in this discussion that are not historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Equinix s expectations , beliefs , intentions , strategies , forecasts , predictions , plans or the like. Such statements are based on management s current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Equinix cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the risk factors discussed in this Annual Report on Form 10-K. Equinix expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Equinix s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

Overview

Equinix connects businesses with partners and customers around the world through a global platform of high performance data centers, containing dynamic ecosystems and a broad choice of networks. More than 3,275 enterprise, cloud, digital content and financial companies connect to more than 625 network service providers and rely on Platform Equinix to grow their business, improve application performance and protect their vital digital assets. Equinix operates in 35 strategic markets across North America, Europe and Asia-Pacific and continually invests in expanding its platform to power customer growth.

Platform Equinix combines state-of-the-art International Business Exchange® (IBX®) data centers, a global footprint and unique ecosystems. Together these components accelerate business growth for Equinix s customers by safeguarding their infrastructure, housing their assets and applications closer to users to improve performance and enabling them to collaborate with the widest variety of partners and customers.

Equinix s platform offers these unique value propositions to customers:

- Reliability Equinix delivered more than 99.9999% of uptime across its footprint in 2010.
- Scalability A wide worldwide availability, six million square feet and growing, to ensure customers operations can scale.
- Global reach A broad footprint of 92 data centers across 35 key markets in 4 continents.
- Choice A great aggregation of 625 networks to ensure performance and offer the power of choice.
- Technology Over 3,900 potential technology partners to deploy world-class solutions.
- Proximity More than 90% of the population of North America and Western Europe is located less than 10 milliseconds of network latency from an Equinix facility. Equinix also has sites in the key business centers of Asia Pacific.

Equinix has established a critical mass of customers which continues to drive new and existing customer growth and bookings. A supply and demand imbalance in the data center market has also contributed to Equinix s revenue growth. In addition, as a result of a largely fixed cost model, any growth in revenue would likely drive incremental margins and increased operating cash flow; however, the costs of a new IBX data center have a negative effect on earnings until the data center generates sufficient revenues to cover these costs.

Our network-neutral business model contributes to our success in the market. We offer customers direct interconnection to an aggregation of bandwidth providers, rather than focusing on selling a particular network, including the world s top carriers, Internet Service Providers (ISPs), broadband access networks (DSL / cable) and international carriers. Neutrality also means our customers can choose to buy from, or partner, with leading companies across our five targeted verticals. These include:

Network Providers (AT&T, British Telecom, Comcast, Level 3 Communications, NTT, Qwest, SingTel, Sprint, Verizon Business)

Cloud and IT Services (Amazon.com, Carpathia, Microsoft, Citrix, IBM, Salesforce.com, Voxel.net, WebEx)

Content Providers (eBay, DIRECTV, Facebook, Google, Hulu, SONY Yahoo!, Zynga)

Enterprise (Booz Allen Hamilton, Barnes & Noble, Bechtel, Deloitte & Touche, GAP, The McGraw-Hill Companies, United Stationers Inc, Wellpoint)

Financial Companies (ACTIV Financial, Bloomberg, Box.net, CBOE, DirectEdge, JP Morgan Chase, Quantlab Financial, Thomson Reuters)

Equinix generates revenue by selling colocation, interconnection and managed IT infrastructure services on a global platform of 92 IBX data centers.

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

Interconnection services include cross connects, as well as switch ports on the Equinix Internet Exchange and Equinix Carrier Ethernet Exchange services. These services provide scalable and reliable connectivity that allows customers to exchange traffic directly with the service provider of their choice or directly with each other, creating a performance optimized business ecosystem for the exchange of data between strategic partners.

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

The market for Equinix s services has historically been served by large telecommunications carriers which have bundled their telecommunications and managed services with their colocation offerings. In addition, some Equinix customers, such as Google and Microsoft, build and operate their own data centers for their large infrastructure deployments, called server farms. However, these customers rely upon Equinix IBX data centers for many of their critical interconnection relationships.

The need for large, wholesale outsourced data centers is also being addressed by real estate investment trusts (REITs) that build large data centers to meet customers needs for standalone data centers, a different customer segment than Equinix serves. However, with the increasing cost and complexity of the power and cooling requirements of today s data center equipment, there continues to be a supply and demand imbalance in the market. The supply and demand imbalance in the industry has, to date, created a favorable pricing environment for Equinix, as well as an opportunity to increase market share. Equinix has gained many customers that have outgrown their existing data centers or that have realized the benefits of a network-neutral model and the ability to create their own optimized business ecosystems for the exchange of data. Strategically, we will continue to look at attractive opportunities to grow market share and selectively expand our footprint and service offerings. We continue to leverage our global reach and depth to differentiate based upon our ability to support truly global customer requirements in all our markets.

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Several factors contribute to the growth in demand for data center services, including:

- The continuing growth of consumer Internet traffic from new bandwidth-intensive services, such as video, VoIP, social media, mobile data, gaming, data-rich media, Ethernet and wireless services.
- Significant increases in power and cooling requirements for today s data center equipment. Servers have increased the overall level of power consumed and heat generation by more than two times since 2000 and many legacy-built data centers are unable to accommodate new power and cooling demands.
- The growth of enterprise applications delivered across communications networks, such as Software-as-a-Service (SaaS), and disaster recovery, and the adoption of cloud computing technology services.
- The financial services market is experiencing tremendous growth with the shift to electronic trading and increased volume of peak messages (transactions per second), requiring optimized data exchange through business ecosystems.
- The growth of proximity communities that rely on immediate physical colocation and interconnection with their strategic partners and customers, such as financial exchange ecosystems for electronic trading and settlement.
- The high capital costs associated with building and maintaining in-sourced data centers creates an opportunity for capital savings by leveraging an outsourced colocation model.

Industry Background

The Internet is a collection of numerous independent networks interconnected to form a network of networks. Users on different networks are able to communicate with each other through interconnection services between these networks. For example, when a person sends an email to someone that uses a different provider for his or her connectivity (e.g., Comcast versus Verizon), the email must pass from one network to the other in order to get to its final destination. Equinix provides a physical point at which that interconnection can occur.

In order to accommodate the rapid growth of Internet traffic, an organized approach for network interconnection was needed. The exchange of traffic between these networks became known as peering. Peering is when networks trade traffic at relatively equal amounts and set up agreements to trade traffic often at no charge to the other party. At first, government and non-profit organizations established places where these networks could exchange traffic, or peer, with each other these points were known as network access points, or NAPs. Over time, many NAPs became a natural extension of carrier services and were run by such companies as MFS (now a part of Verizon Business), Sprint, Ameritech and Pacific Bell (the last two now parts of AT&T).

Ultimately, these NAPs were unable to scale with the growth of the Internet, and the lack of neutrality by the carrier owners of these NAPs created a conflict of interest with the participants. This created a market need for network-neutral interconnection points that could accommodate the rapidly growing need to increase performance for enterprise and consumer users of the Internet, especially with the rise of important content providers such as AOL, Google, Microsoft, Yahoo! and others. In addition, the providers, as well as a growing number of enterprises, required a more secure and reliable solution for direct connection to a variety of telecommunications networks as the importance of their Internet operations continued to grow.

To accommodate Internet traffic growth, the largest of these networks left the NAPs and began trading traffic by placing private circuits between each other. Peering, which once occurred at the NAP locations, was moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built quickly enough to accommodate traffic growth. This led to a need by the large carriers to find a more efficient way to exchange network traffic or peer. As a result, many customers satisfy their requirements for peering through data center service providers like Equinix because it permits them to peer with the networks they require within one location, using simple direct connections. Their ability to peer across the room or data center campus, instead of across a metro area, has increased the scalability of their operations while decreasing network costs.

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The interconnection model has further evolved over the years to include new services offerings. Starting with the peering and network communities, interconnection has since been used for new network services including carrier Ethernet, MPLS, VPN and mobility services, in addition to traditional international private line and voice services. The industry continues to evolve with a set of new service offerings where interconnection is often used to solve the network-to-network interconnection challenges.

In addition, the enterprise customer segment is also evolving. In the past, most enterprises opted to keep their data center requirements in house. However, several recent trends have led more and more enterprise CIOs to consider and/or choose to outsource some or all of their data center requirements. The combination of globalization, the proliferation of bandwidth intensive Internet-facing applications and rich media content, the rise of virtualization and cloud computing, business continuity and disaster recovery needs, and most importantly the recent economic downturn, have meant that enterprise CIOs must increasingly try to do more with less. Meanwhile, the biggest challenge for data center and operations managers is being out of data center space and power. With the typical in-house datacenter ranging in size from 2,000 to 40,000 square feet, and with very limited optical fiber availability, many CIOs struggle to find the necessary capital, in the current economic environment, to build out and connect their existing facilities. This is why many industry analysts forecast the colocation market to grow over the next three years at more than an approximately 20% compounded annual growth rate. Thus the scope of the industry for colocation has expanded in terms of market opportunity.

Equinix Value Proposition

More than 3,900 companies, including a diversified mix of cloud and IT service providers, content providers, enterprises, financial companies, and network service providers, currently operate within Equinix IBX data centers. These companies derive specific value from the following elements of the Equinix service offering:

Comprehensive global service offering: With 92 IBX data centers in 35 markets in the North America, Europe and Asia-Pacific, Equinix offers a consistent global service.

Premium data centers: Equinix IBX data centers feature advanced design, security, power and cooling elements to provide customers with industry-leading reliability. While others in the market have business models that include additional offerings, Equinix is focused on data center services and interconnection as our core competencies.

Dynamic business ecosystems: Equinix s network-neutral model has enabled us to attract a critical mass of networks that, in turn, attracts other businesses seeking to interconnect within a single location. This ecosystem model, versus connecting to multiple partners in disparate locations, reduces costs and optimizes the performance of data exchange. As Equinix grows and attracts an even more diversified base of customers, the value of Equinix s IBX data center offering increases.

Improved economics: Customers seeking to outsource their data center operations rather than build their own capital-intensive data centers enjoy significant capital cost savings in this credit-challenged economic environment. Customers also benefit from improved economics on account of the broad access to networks that Equinix provides. Rather than purchasing costly local loops from multiple transit providers, customers can connect directly to more than 625 networks inside Equinix s IBX data centers.

Leading insight: With more than 10 years of industry experience, Equinix has a specialized staff of industry experts who helped build and shape the interconnection infrastructure of the Internet. This specialization and industry knowledge base offer customers a unique consultative value and a competitive advantage.

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Our Strategy

Our objective is to expand our global leadership position as the premier network neutral data center operator for cloud and IT services providers, content providers, financial companies, enterprises and network services providers. Key components of our strategy include the following:

Improve customer performance through interconnection. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the information-driven world. This critical mass is a key selling point for companies that want to connect with a diverse set of networks to provide the best connectivity to their end-customers and network companies that want to sell bandwidth to companies and interconnect with other networks in the most efficient manner available. Currently, we service more than 625 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that serve more than 90% of global Internet routes. We have a growing mass of key players in the cloud and IT services, enterprise and financial sectors, such as Bank of America, The GAP, Gannett Company, Inc., IBM, Salesforce.com, Sony and others. We expect these segments will continue to grow as they seek to leverage our critical mass of network providers and interconnect directly with each other to improve performance.

Streamline ease of doing business globally. Data center reliability, power availability and network choice are the most important attributes considered by our customers when they are choosing a data center provider in a particular location. We have long been recognized as a leader in these areas and our performance continues to improve against these criteria. Our power infrastructure delivered 99.9999% uptime globally in 2010.

In 2010, more than half of our revenue came from customers with deployments across two or more of our global regions, and as globalization continues, seamless global services will become an increasingly important data center selection criteria. We are currently rolling out global product, pricing and contracts harmonization initiatives to meet these global demands.

Deepen existing and grow new ecosystems. As networks, cloud and IT services providers, content providers, financial services providers and enterprises locate in our IBX data centers, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection for their business ecosystems. These partners, in turn, pull in their business partners, creating a network effect of customer adoption. Our interconnection services enable scalable, reliable and cost-effective interconnection and optimized traffic exchange thus lowering overall cost and increasing flexibility. The ability to directly interconnect with a wide variety of companies is a key differentiator for us in the market. We are rolling out innovative exchanges to accelerate commercial growth in our sites and accelerate this network effect.

Expand vertical go-to-market plan. We plan to continue to focus our go to market efforts on customer segments and business applications that value the Equinix value proposition of reliability, global reach and ecosystem collaboration opportunities. Today we have identified these segments as cloud and IT services, content and digital media, financial services, enterprises and network service providers. As digital business evolves, we will continue to identify and focus our go-to-market efforts on industry segments that need our value proposition.

Accelerate global reach and scale. We continue to evaluate expansion opportunities in select markets based on customer demand. We expect to open eight new IBX data centers, or IBX data center expansions, in eight markets in 2011. In April 2010, we successfully completed our acquisition of Switch and Data Facilities Company, Inc. (Switch and Data). This extended our presence into 16 new markets in the U.S. and Canada.

Our strategy is to continue to grow in select existing markets and possibly expand to additional markets where demand and financial return potential warrant. We recently announced our intention to extend Platform Equinix to South America by investing with Riverwood Capital to acquire a controlling interest in ALOG Data

Centers of Brazil S.A. We expect to execute this expansion strategy in a cost-effective and disciplined manner through a combination of acquiring existing data centers through lease or purchase, acquiring or investing in local data center operators and building new IBX data centers based on key criteria, such as demand and potential financial return, in each market.

Our Customers

Our customers include carriers and other bandwidth providers, cloud and IT services providers, content providers, financial companies and global enterprises. We offer each customer a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2010, we had 3,916 customers worldwide.

Typical customers in our five key customer categories include the following:

Cloud and IT Services	Content Providers	Enterprise	Financial Companies	Network Services
Amazon.com	eBay	Booz Allen Hamilton	ACTIV Financial	AT&T
Carpathia	DIRECTV	Barnes & Noble	Bloomberg	BT
Microsoft	Facebook	Bechtel	Box. net	Comcast
Citrix	Google	Deloitte & Touche	CBOE	Level 3 Communications
IBM	Hulu	GAP	DirectEdge	NTT
Salesforce.com	SONY	The McGraw-Hill Companies	JP Morgan Chase	Qwest
Voxel.net	Yahoo!	United Stationers Inc	Quantlab Financial	Verizon Business

Customers typically sign renewable contracts of one or more years in length. No single customer accounted for 10% or more of our revenues for the years ended December 31, 2010, 2009 or 2008.

Our Services

Equinix provides a choice of data center services primarily comprised of colocation, interconnection and managed IT infrastructure services.

Colocation Services

Our IBX data centers provide our customers with secure, reliable and fault-tolerant environments that are necessary for optimum Internet commerce interconnection. Many of our IBX data centers include multiple layers of physical security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days a year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other redundant and fault-tolerant infrastructure systems. Some specifications or services provided may differ based on original facility design or market.

Within our IBX data centers, customers can place their equipment and interconnect with a choice of networks or other business partners. We also provide customized solutions for customers looking to package our IBX services as part of their complex solutions. Our colocation products and services include:

Cabinets. Our customers have several choices for colocating their networking, server and storage equipment. They can place the equipment in one of our shared or private cages or customize their space. In Europe, customers can purchase their own private suite which is walled off from the rest of the data center. As customers colocation requirements increase, they can expand within their original cage (or suite) or upgrade into a cage that meets their expanded requirements. Customers buy the hardware they place in our IBX data centers directly from their chosen vendors. Cabinets (or suites) are priced with an initial installation fee and an ongoing recurring monthly charge.

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Power. Power is an element of increasing importance in customers colocation decisions. We offer both AC and DC power circuits at various amperages and phases customized to a customer s individual power requirements. We also offer metered power in certain markets. Power is priced with an initial installation fee and an ongoing recurring monthly charge.

IBXflex. IBXflex allows customers to deploy mission-critical operations personnel and equipment on-site at our IBX data centers. Because of the close proximity to their infrastructure within our IBX data centers, IBXflex customers can offer a faster response and quicker troubleshooting solution than those available in traditional colocation facilities. This space can also be used as a secure disaster recovery point for customers business and operations personnel. This service is priced with an initial installation fee and an ongoing recurring monthly charge.

Interconnection Services

Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange between Equinix customers. These interconnection services are either on a one-to-one basis with direct cross connects or one-to-many through one of our Equinix Exchange services. In the peering community, we provide an important industry leadership role by acting as the relationship broker between parties who would like to interconnect within our IBX data centers. Our staff holds significant positions in many leading industry groups, such as the North American Network Operators Group, or NANOG, and the Internet Engineering Task Force, or IETF. Members of our staff have published industry-recognized white papers and strategy documents in the areas of peering and interconnection, many of which are used by other institutions worldwide in furthering the education and promotion of this important set of services. We expect to continue to develop additional services in the area of traffic exchange that will allow our customers to leverage the critical mass of networks now available in our IBX data centers. Our current exchange services are comprised of the following:

Physical Cross-Connect/Direct Interconnections. Customers needing to directly and privately connect to another IBX data center customer can do so through single or multi-mode fiber. These cross connections are the physical link between customers and can be implemented within 24 hours of request. Cross-connect services are priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix Internet Exchange. Customers may choose to connect to and peer through our Equinix Internet Exchange via a central switching fabric rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection with up to multiple, linked 10 gigabit ports of capacity instead of purchasing individual physical cross connects. The service is priced per IBX data center with an initial installation fee and an ongoing monthly recurring charge. Individual IBX data center prices increase as the number of participants on the exchange service grows.

Equinix IBXLink. Customers who are located in one IBX data center may need to interconnect with networks or other customers located in an adjacent or nearby IBX data center in the same metro area. IBXLink allows customers to seamlessly interconnect between IBX data centers at capacities up to an OC-192, or 10 gigabits per second level. IBXLink services are priced with an initial installation fee and an ongoing monthly recurring charge dependent on the capacity the customer purchases.

Internet Connectivity Services. Customers who are installing equipment in our IBX data centers generally require IP connectivity or bandwidth services. Although many large customers prefer to contract directly with carriers, we offer customers the ability to contract for these services through us from any of the major bandwidth providers in that data center. This service, which is provided in our Asia-Pacific region, is targeted to customers who require a single bill and a single point of support for their entire services contract through Equinix for their bandwidth needs. Internet connectivity services are priced with an initial installation fee and an ongoing monthly recurring charge based on the amount of bandwidth committed.

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Carrier Ethernet Exchange Services. We have launched a new Carrier Ethernet Exchange service similar to the Equinix Exchange in 10 initial markets where customers can connect via a central switching fabric to interconnect between multiple Carrier Ethernet Providers rather than creating individual Network to Network interfaces (NNIs) between individual carriers. The service builds on the benefits of the Internet community and extends the ability to interconnect the high growth Ethernet industry. The service is priced per IBX data center with an initial fee and a monthly recurring charge.

Managed IT Infrastructure Services

With the continued growth in Internet traffic, networks, service providers, enterprises and content providers are challenged to deliver fast and reliable service, while lowering costs. With more than 625 Internet Service Providers (ISPs) and carriers located in our IBX data centers, we leverage the value of network choice with our set of multi-network management and other outsourced IT services, including:

Professional Services. Our IBX data centers are staffed with Internet and telecommunications specialists who are on-site and/or available 24 hours a day, 365 days a year. These professionals are trained to perform installations of customer equipment and cabling. Professional services are custom-priced depending on customer requirements.

Smart Hands Services. Our customers can take advantage of our professional Smart Hands service, which gives customers access to our IBX data center staff for a variety of tasks, when their own staff is not on site. These tasks may include equipment rebooting and power cycling, card swapping and performing emergency equipment replacement. Services are available on-demand or by customer contract and are priced on an hourly basis.

Equinix Direct. Equinix Direct is a managed multi-homing service that allows customers to easily provision and manage multiple network connections over a single interface. Customers can choose branded networks on a monthly basis with no minimums or long-term commitments. This service is priced with an initial installation fee and ongoing monthly recurring charges, depending on the bandwidth used by the customer.

Sales and Marketing

Sales. We use a direct sales force and channel marketing program to market our services to global enterprises, content providers, financial companies and network service providers. We organize our sales force by customer type as well as by establishing a sales presence in diverse geographic regions, which enables efficient servicing of the customer base from a network of regional offices. In addition to our worldwide headquarters located in Silicon Valley, we have established an Asia-Pacific regional headquarters in Hong Kong, and a European regional headquarters in London. Our North America sales offices are located in Boston, Chicago, Los Angeles, New York, Reston, Virginia and Silicon Valley. Our Asia-Pacific sales offices are located in Hong Kong, Singapore, Sydney and Tokyo. Our European sales offices are located in Amsterdam, Dusseldorf, Frankfurt, Geneva, London, Munich, Paris and Zurich.

Our sales team works closely with each customer to foster the natural network effect of our IBX model, resulting in access to a wider potential customer base via our existing customers. As a result of the IBX interconnection model, IBX data center participants often encourage their customers, suppliers and business partners to also locate in our IBX data centers. These customers, suppliers and business partners, in turn, encourage their business partners to locate in our IBX data centers resulting in additional customer growth. This network effect significantly reduces our new customer acquisition costs. In addition, large network providers or managed service providers may refer customers to Equinix as a part of their total customer solution. Equinix also focuses vertical sales specialists selling to support specific industry requirements for network and content providers, financial services, cloud computing and systems integrators and enterprise customer segments.

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Marketing. To support our sales effort and to actively promote our brand in the U.S., Asia-Pacific and Europe, we conduct comprehensive marketing programs. Our marketing strategies include active public relations and ongoing customer communications programs. Our marketing efforts are focused on major business and trade publications, online media outlets, industry events and sponsored activities. Our staff holds leadership positions in key networking organizations, and we participate in a variety of Internet, Carrier Ethernet, computer and financial industry conferences, placing our officers and employees in keynote speaking engagements at these conferences. We also regularly measure customer satisfaction levels and host key customer forums to ensure customer needs are understood and incorporated in product and service planning efforts. From a brand perspective, we build recognition through sponsoring or leading industry technical forums, participating in Internet industry standard-setting bodies and through advertising and online campaigns. We continue to develop and host industry educational forums focused on peering technologies and practices for ISPs and content providers.

Our Competition

While a large number of enterprises own their own data centers, many others outsource some or all of their requirements to multi-tenant Internet data center facilities, such as those operated by Equinix. With the current challenging economic environment, we believe that the outsourcing trend is likely to not only continue but also to grow in the coming years. It is estimated that Equinix is one of over 650 companies that provide Internet data center services around the world, ranging in size from firms with a single data center in a single market to firms in over 20 markets. Equinix competes with these firms, which vary in terms of their data center offerings, including:

Colocation Providers

Colocation data centers are a type of Internet data center that can also be referred to as retail data center space. Typically, colocation data center space is sold on the basis of individual racks/cabinets or cages ranging from 500 to 5,000 square feet in size. Typical customers of colocation providers include:

- Large enterprises with significant IT expertise and requirements
- Small and medium businesses looking to outsource data center requirements
- Internet application providers
- Major Internet content, entertainment and social networking providers
- Shared, dedicated and managed hosting providers
- Telecommunications carriers
- Content delivery networks

Full facility maintenance and systems, including fire suppression, security, power backup and HVAC, are routinely included in managed colocation offerings. A variety of additional services is typically available in colocation facilities, including remote hands technician services and network monitoring services.

In addition to Equinix, providers that offer colocation services both globally and locally include firms such as Savvis, Inc., Verizon Business, AT&T, Level 3 Communications, Qwest, NTT and COLT.

Carrier-Neutral Colocation Providers

In addition to data center space and power, colocation providers also offer interconnection services. Certain of these providers, known as network or carrier-neutral colocation providers, can offer customers the choice of hundreds of network service providers, or ISPs, to choose from. Typically, customers use interconnection services to buy Internet connectivity, connect voice over IP (VoIP) telephone networks, perform financial

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exchange and settlement functions or perform business-to-business e-commerce. Carrier-neutral data centers are often located in key network hubs around the world like New York; Ashburn, Virginia; London; Amsterdam; Singapore, and Hong Kong. Two types of data center facilities offering carrier-neutral colocation are used for many network-to-network interconnections:

A Meet Me Room (MMR) is typically a smaller space, generally 5,000 square feet or less, located in a major carrier hotel and often found in a wholesale data center facility.

A carrier-neutral data center is generally larger than a MMR and may be a stand-alone building separate from existing carrier hotels. In addition to Equinix, other providers that we believe could be defined as offering carrier-neutral colocation include CoreSite, Interxion, Telecity Group, Telx, Global Switch, TELEHOUSE and Terremark.

Wholesale Data Center Providers

Wholesale data center providers lease data center space that is typically sold in cells or pods (i.e., individual white-space rooms) ranging in size from 10,000 to 20,000 square feet, or larger. Wholesale data center providers sell to both enterprises and to colocation providers. These data centers primarily provide space and power without additional services like technicians, remote hands services or network monitoring (although other tenants might offer such services). Wholesale data center providers are typically classified as REITs (real estate investment trusts). Their offerings are conceptually similar to a landlord who provides empty space and basic maintenance services to warehouse tenants.

Sample wholesale data center providers include Digital Realty Trust and Dupont Fabros Technology.

Managed Hosters

Managed hosting services are provided by several firms that also provide data center colocation services. Typically, managed hosting providers can manage server hardware that is owned by either the hosting provider or the customer. They can also provide a combination of comprehensive systems administration, database administration and sometimes application management services. Frequently, this results in managed hosting providers running the customer s servers, although such administration is frequently shared. The provider may manage such functions as operating systems, databases, security and patch management, while the customer will maintain management of the applications riding on top of those systems.

The full list of potential services that can be offered as part of managed hosting is substantial and includes services such as remote management, custom applications, helpdesk, messaging, databases, disaster recovery, managed storage, managed virtualization, managed security, managed networks and systems monitoring. Managed hosting services are typically used for:

Application hosting by organizations of any size, including large enterprises

Hosted or managed messaging, including Microsoft Exchange and other complex messaging applications

Complex or highly scalable web hosting or e-commerce web sites

Managed storage solutions (including large drive arrays or backup robots)

Server disaster recovery and business continuity, including clustering and global server load balancing

Database servers, applications and services

Examples of managed hosters include Rackspace, Verizon Business, AT&T, Savvis, Inc., SunGard and NaviSite.

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Unlike other providers whose core businesses are bandwidth or managed services, we focus on neutral interconnection hubs for cloud and IT service providers, content providers, financial companies, enterprises and network service providers. As a result, we are free of the limited choices found commonly at other hosting/colocation companies. We compete based on the quality of our IBX data centers, our ability to provide a one-stop global solution in our North American, European and Asia-Pacific locations, the performance and diversity of our network-neutral strategy, and the economic benefits of the aggregation of top network and business ecosystems under one roof. We expect to continue to benefit from several industry trends including a supply/demand imbalance in the colocation market, the need for contracting with multiple networks due to the uncertainty in the telecommunications market, customers increasing power requirements, enterprise customers growth in outsourcing, the continued growth of broadband and significant growth in Ethernet as a network alternative, and mobile applications.

Our Business Segment Financial Information

We currently operate in three reportable segments, comprised of our North America, Europe and Asia-Pacific geographic regions. Information attributable to each of our reportable segments is set forth in Note 15 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Employees

As of December 31, 2010, we had 1,921 employees. We had 1,156 employees based in the North America, 482 employees based in Europe and 283 employees based in Asia-Pacific. Of those employees, 837 were in engineering and operations, 320 were in sales and marketing and 764 were in management, finance and administration.

Available Information

We were incorporated in Delaware in June 1998. We are required to file reports under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission. You may read and copy our materials on file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information regarding the SEC s Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements and other information.

You may also obtain copies of our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K, and any amendments to such reports, free of charge by visiting the Investor Relations page on our website, www.equinix.com. These reports are available as soon as reasonably practical after we file them with the SEC. Information contained on our website is not part of this Annual Report on Form 10-K.

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 IXEurope plc in 2007, Virtu Secure Webservices B.V. in 2008, Upminster GmbH in 2009 and Switch and Data in 2010. 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. For example, we

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recently announced our intention to acquire a controlling interest in ALOG Data Centers of Brazil S.A. 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 the requirements of 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 for 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.

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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 December 31, 2010, our total indebtedness was approximately $2.0 billion, our stockholders equity was $1.9 billion and our cash and investments totaled $592.8 million.

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

- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, reducing the availability of our cash flow to fund future capital expenditures, working capital, execution of our expansion strategy and other general corporate requirements;
- make it more difficult for us to satisfy our obligations under our various debt instruments;
- 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, such as our $250.0 million 2.50% convertible subordinated notes due in 2012. 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 and 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 and our results would be negatively impacted. 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. Finally, we could also experience pricing pressure as a result of economic conditions if our competitors lower prices and attempt to lure away our customers with lower cost solutions.

The 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.

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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;
- acquisitions by us 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 II, Item 7A of this Annual 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.

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

As of December 31, 2010, our accumulated deficit was $349.1 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

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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.

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 the result of a problem at one of our IBX data centers.

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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 California 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 we have elected to self-insure. In the event of a large earthquake in California, 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.

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

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 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. A new build involves substantial planning and lead-time, much longer time to completion than an IBX retrofit of an existing data center or a data center expansion, and significantly higher costs of construction, equipment and materials, which could have a negative impact on our returns. Any 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.

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

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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 is 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 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 are in the process of confirming that the small-source exception applies to our facilities and 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 a minimum price for greenhouse gas emission allowances required to generate electricity in California or import electricity into California. This cap-and-trade regulation is intended to take effect January 1, 2012, and 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 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 recently adopted 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. Recently the new United Kingdom Government has postponed the start of the CRC for at least one year to evaluate certain aspects of the CRC, and we are monitoring developments and continuing to evaluate the extent of our obligations and the implications for our business in the United Kingdom.

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 passed by the United States, or any domestic or foreign jurisdiction we perform business in, impose new or unexpected costs, our business, results of operations or financial condition may be adversely affected.

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 have been able to restructure their debt or other obligations. As a result, in the future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas in which we have IBX 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 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, and from the tornados on the U.S. east coast in 2004, could harm our customers and our business. We attempt to limit exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place, as was the case with the power outages we experienced in our Chicago and Washington, D.C. metro area IBX 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

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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. We currently operate outside of North America in Europe and in the Asia-Pacific region. We also recently announced our intention to expand into South America through an investment in ALOG Data Centers of Brazil 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 Europe and in the Asia-Pacific region. Undertaking and managing expansions in foreign jurisdictions may present unanticipated challenges to us.

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

- the costs of customizing IBX 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.

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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.

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;
- 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;

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- 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. If this occurs, we could experience an immediate and significant decline in the trading price of our securities.

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 certain whether these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results.

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.

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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 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 13 to Notes to Consolidated Financial Statements in this Annual Report on Form 10-K. 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

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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;
- a super-majority voting requirement to effect business combinations or certain amendments to our certificate of incorporation and bylaws;
- limits on the persons who may call special meetings of stockholders;
- the prohibition of stockholder action by written consent; and

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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 1B. UNRESOLVED STAFF COMMENTS

There is no disclosure to report pursuant to Item 1B.

ITEM 2. PROPERTIES

Our executive offices are located in Redwood City, California, and we also have sales offices in several cities throughout the United States. Our Asia-Pacific headquarters office is located in Hong Kong and we also have office space in Singapore; Tokyo, Japan; and Sydney, Australia, which is operated out of our IBX data center there. Our European headquarters office is located in London, U.K. and our regional sales offices in Europe are based in our IBX data centers in Europe. We have entered into leases for certain of our IBX data centers in Dallas, Texas; Chicago, Illinois; Los Angeles, San Jose, Santa Clara and Sunnyvale, California; Newark and Secaucus, New Jersey; Hong Kong; Singapore; Sydney, Australia; Tokyo, Japan; London, U.K.; Paris, France; Frankfurt, Munich and Dusseldorf, Germany; Zurich and Geneva, Switzerland and Enschede and Zwolle, Netherlands. We own certain of our IBX data centers in Ashburn, Virginia; Chicago, Illinois; Los Angeles and San Jose, California, Frankfurt, Germany and Amsterdam, the Netherlands. We own campuses in Ashburn, Virginia and Frankfurt, Germany that house some of our IBX data centers mentioned in the preceding sentence. We assumed leases from the Switch and Data acquisition for IBX data centers in Phoenix, Arizona; Los Angeles, Palo Alto, San Jose and Sunnyvale, California; Englewood, Colorado; Miami and Tampa, Florida; Atlanta, Georgia; Chicago, Illinois; Indianapolis, Indiana; Dallas, Texas; Waltham, Massachusetts; Southfield, Mississippi; St. Louis, Missouri; North Bergen, New Jersey; Buffalo and New York, New York; Cleveland, Ohio; Philadelphia and Pittsburgh, Pennsylvania; Nashville, Tennessee; Reston and Vienna, Virginia; Seattle, Washington and Toronto, Canada.

ITEM 3. 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. Six notices of appeal and one petition seeking permission to appeal were filed. Objectors to the settlement have filed briefs in support of two separate appeals. The remaining objectors have withdrawn their appeals with prejudice.

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

529 Bryant Litigation

On September 10, 2010, a lawsuit was filed in the Superior Court of California in Santa Clara County by 529 Bryant Street Partners LLC (Landlord) against our wholly-owned subsidiaries Switch & Data CA Nine

LLC (Tenant) and Switch & Data Facilities Company, Inc. (Guarantor). The lawsuit alleged that Tenant breached certain non-monetary obligations under its lease (the Lease) of our data center located at 529 Bryant Street in Palo Alto, California (the Premises) and sought monetary damages, specific performance of those non-monetary obligations and ejectment of Tenant from the Premises. The lawsuit also alleged that Guarantor breached its obligations under its guaranty of the Lease.

On November 10, 2010, Tenant and Landlord entered into an agreement pursuant to which Landlord agreed to dismiss its lawsuit against Tenant, and waive and release all claims against Tenant related thereto. In connection with the agreement, Tenant agreed to an increase in rent under the Lease and Landlord agreed to certain improved non-monetary lease terms. Equinix also agreed to guaranty the obligations of Tenant under the Lease.

The lawsuit was dismissed with prejudice on November 15, 2010.

ITEM 4. [REMOVED AND RESERVED]

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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

	Low	High
Fiscal 2010:		
Fourth Fiscal Quarter	$ 70.34	$ 105.09
Third Fiscal Quarter	78.57	103.31
Second Fiscal Quarter	79.45	103.29
First Fiscal Quarter	91.76	109.56
Fiscal 2009:		
Fourth Fiscal Quarter	$ 85.32	$ 108.11
Third Fiscal Quarter	67.19	94.43
Second Fiscal Quarter	57.62	77.71
First Fiscal Quarter	42.26	62.89

As of January 31, 2011, we had 46,198,990 shares of our common stock outstanding held by approximately 262 registered holders.

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

During the year ended December 31, 2010, we did not issue or sell any securities on an unregistered basis.

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Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on Equinix s common stock between December 31, 2005 and December 31, 2010 with the cumulative total return of (i) The NASDAQ Composite Index and (ii) The NASDAQ Telecommunications Index. This graph assumes the investment of $100.00 on December 31, 2005 in Equinix s common stock, in The NASDAQ Composite Index, and in The NASDAQ Telecommunications Index, and assumes the reinvestment of dividends, if any.

Equinix cautions that the stock price performance shown in the graph below is not indicative of, nor intended to forecast, the potential future performance of Equinix s common stock.

Notwithstanding anything to the contrary set forth in any of Equinix s previous or future filings under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended, that might incorporate this Form 10-K or future filings made by Equinix under those statutes, the stock performance graph shall not be deemed filed with the Securities and Exchange Commission and shall not be deemed incorporated by reference into any of those prior filings or into any future filings made by Equinix under those statutes.

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ITEM 6. SELECTED FINANCIAL DATA

The following consolidated statement of operations data for the five years ended December 31, 2010 and the consolidated balance sheet data as of December 31, 2010, 2009, 2008, 2007 and 2006 have been derived from our audited consolidated financial statements and the related notes. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected consolidated financial data for the three years ended December 31, 2010 and as of December 31, 2010 and 2009, should be read in conjunction with our audited consolidated financial statements and the related notes in Item 8 of this Annual Report on Form 10-K and Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K. In addition, in April 2010, we completed our acquisition of Switch & Data Facilities Company, Inc., which was a significant acquisition. For further information on this acquisition, refer to Note 2 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

	Years ended December 31,				
	2010	2009	2008	2007	2006
	(dollars in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenues	$ 1,220,334	$ 882,509	$ 704,680	$ 419,442	$ 286,915
Costs and operating expenses:					
Cost of revenues	674,667	483,420	414,799	263,768	188,379
Sales and marketing	111,104	63,584	66,913	40,719	32,619
General and administrative	220,781	155,324	146,564	105,794	72,123
Restructuring charges	6,734	(6,053)	3,142	407	1,527
Acquisition costs	12,337	5,155			
Gains on asset sales				(1,338)	(9,647)
Total costs and operating expenses	1,025,623	701,430	631,418	409,350	285,001
Income from operations	194,711	181,079	73,262	10,092	1,914
Interest income	1,515	2,384	8,940	15,406	6,627
Interest expense	(140,475)	(74,232)	(61,677)	(32,014)	(14,630)
Other-than-temporary impairment recovery (loss) on investments	3,626	(2,590)	(1,527)		
Other income (expense)	690	2,387	1,307	3,047	(245)
Loss on debt extinguishment and conversion and interest rate swaps, net	(10,187)			(5,949)	
Income tax benefit (expense)	(12,999)	(39,597)	87,619	(473)	(439)
Cumulative effect of a change in accounting principle					376
Net income (loss)	$ 36,881	$ 69,431	$ 107,924	$ (9,891)	$ (6,397)
Earnings (loss) per share:					
Basic	$ 0.84	$ 1.80	$ 2.91	$ (0.30)	$ (0.22)
Weighted average shares basic	43,742	38,488	37,120	32,595	28,796
Diluted	$ 0.82	$ 1.75	$ 2.79	$ (0.30)	$ (0.22)
Weighted average shares diluted	44,810	39,676	41,582	32,595	28,796
Other Financial Data (1):					
Net cash provided by operating activities	$ 392,872	$ 355,492	$ 267,558	$ 120,020	$ 75,412
Net cash used in investing activities	(600,969)	(558,178)	(478,040)	(1,054,725)	(158,470)
Net cash provided by financing activities	309,686	323,598	145,106	1,145,013	46,107

	As of December 31,				
	2010	2009	2008	2007	2006
	(dollars in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term and long-term investments	$ 592,839	$ 604,367	$ 307,945	$ 383,900	$ 156,481
Accounts receivable, net	116,358	64,767	66,029	60,089	26,864
Property, plant and equipment, net	2,650,953	1,808,115	1,492,830	1,164,613	546,395

Total assets	4,448,009	3,038,150	2,434,736	2,182,296	771,832
Capital lease and other financing obligations, excluding current portion	253,945	154,577	133,031	93,604	92,722
Mortgage and loans payable, excluding current portion	100,337	371,322	386,446	313,915	96,746
Senior notes	750,000				
Convertible debt, excluding current portion	916,337	893,706	608,510	631,104	86,250
Total stockholders equity	1,880,515	1,182,483	916,661	861,992	355,028

(1) For a discussion of our primary non-GAAP financial metric, adjusted EBITDA, see our non-GAAP financial measures discussion in Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following commentary should be read in conjunction with the financial statements and related notes contained elsewhere in this Annual Report on Form 10-K. 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 and Risk Factors elsewhere in this Annual Report on Form 10-K. All forward-looking statements in this document are based on information available to us as of the date hereof 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

In February 2010, we issued $750.0 million aggregate principal amount of 8.125% senior notes due March 1, 2018 which we refer to as the senior notes offering.

On April 30, 2010, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, we completed the acquisition of Switch & Data Facilities Company, Inc., referred to as Switch and Data, a publicly-held company headquartered in Tampa, Florida. We refer to this transaction as the Switch and Data acquisition. Switch and Data operated 34 data centers in the U.S. and Canada. The combined company operates under the Equinix name.

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 92 data centers in 35 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 December 31, 2010, 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, Seattle, Silicon Valley, St. Louis, Tampa, Toronto and Washington, D.C. metro areas in North America; France, Germany, the Netherlands, Switzerland and the United Kingdom in Europe; and Australia, Hong Kong, Japan, Shanghai and Singapore in Asia-Pacific.

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We leverage our global data centers in 35 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.

Our customer count increased to 3,916 as of December 31, 2010 versus 2,612 as of December 31, 2009, an increase of 50%. This increase was due both to the Switch and Data acquisition in April 2010 and 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 Switch and Data acquisition, our utilization rate decreased to 76% as of December 31, 2010 versus approximately 79% as of December 31, 2009; however, excluding the impact of our IBX data center expansion projects that have opened during the last 12 months, our utilization rate would have increased to approximately 84% as of December 31, 2010. Including the impact of the Switch and Data acquisition, our utilization rate was 74% as of December 31, 2010. Our utilization rate varies from market to market among our IBX data centers across the North America, Europe 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

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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. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our North America revenues are derived primarily from colocation and interconnection services while our Europe 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 North America region has a lower cost of revenues as a percentage of revenue than either Europe or Asia-Pacific. This is due to both the increased scale and maturity of the North America region compared to either Europe or Asia-Pacific, as well as a higher cost structure outside of North America, particularly in Europe. 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 North America having the lowest cost of revenues as a percentage of revenue and Europe having the highest to continue. As a result, to the extent that revenue growth outside North America grows in greater proportion than revenue growth in North America, 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.

Results of Operations

Our results of operations for the year ended December 31, 2010 include the operations of Switch and Data from May 1, 2010. Our results of operations for the year ended December 31, 2009 include the operations of Upminster from July 22, 2009. Our results of operations for the year ended December 31, 2008 include the operations of Virtu from February 5, 2008.

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 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 year-over-year 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 year ended December 31, 2009 are used as exchange rates for the year ended December 31, 2010 when comparing the year ended December 31, 2010 with the year ended December 31, 2009 and average rates in effect for the year ended December 31, 2008 are used as exchange rates for the year ended December 31, 2009 when comparing the year ended December 31, 2009 with the year ended December 31, 2008). For the year ended December 31, 2010, our North America operations consisted of the U.S. operations and Canadian operations which were added through the Switch and Data acquisition.

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Years Ended December 31, 2010 and 2009

Revenues. Our revenues for the years ended December 31, 2010 and 2009 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2010	%	2009	%	Actual	Constant currency
North America:						
Recurring revenues	$ 748,648	61%	$ 515,780	59%	45%	45%
Non-recurring revenues	27,527	3%	19,709	2%	40%	40%
	776,175	64%	535,489	61%	45%	45%
Europe:						
Recurring revenues	256,570	21%	212,635	24%	21%	25%
Non-recurring revenues	25,223	2%	15,501	2%	63%	65%
	281,793	23%	228,136	26%	24%	28%
Asia-Pacific:						
Recurring revenues	155,200	13%	113,434	12%	37%	27%
Non-recurring revenues	7,166	0%	5,450	1%	31%	21%
	162,366	13%	118,884	13%	37%	27%
Total:						
Recurring revenues	1,160,418	95%	841,849	95%	38%	37%
Non-recurring revenues	59,916	5%	40,660	5%	47%	48%
	$ 1,220,334	100%	$ 882,509	100%	38%	38%

North America Revenues. The increase in North America revenues was primarily due to the impact of the Switch and Data acquisition, which resulted in $153.0 million of additional revenue for the year ended December 31, 2010. The following table presents our North America revenues excluding the impact of the Switch and Data acquisition (dollars in thousands):

	Years ended December 31,		Change	
	2010	2009	$	%
North America:				
Recurring revenues	$ 598,860	$ 515,780	$ 83,080	16%
Non-recurring revenues	24,355	19,709	4,646	24%
	$ 623,215	$ 535,489	$ 87,726	16%

Excluding the impact of the Switch and Data acquisition, the period over period growth in revenues was primarily the result of 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. Additionally, during the year ended December 31, 2010, we recorded $33.0 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago, Los Angeles, New York, Silicon Valley and Washington, D.C. metro areas.

We expect that our North America revenues, including those of the acquired Switch and Data operations, will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Atlanta and Dallas metro areas, which are expected to open during the first half of 2011. Our estimates of future revenue growth take account of expected reductions in recurring revenues attributed to customer churn or changes or amendments to customers contracts.

Europe Revenues. During the year ended December 31, 2010, our revenues from Germany, the largest revenue contributor in the Europe region for the period, represented approximately 36% of the regional revenues. During the year ended December 31, 2009, our revenues from the United Kingdom, the largest revenue contributor in the Europe region for the period, represented approximately 36% of the regional revenues. Our Europe 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 year ended December 31, 2010, we recorded approximately $29.9 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Dusseldorf, Frankfurt, London, Munich, Paris and Zurich metro areas. Our Europe revenue growth includes a $4.2 million increase in equipment resales for the year ended December 31, 2010. During the year ended December 31, 2010, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2009, resulting in approximately $9.6 million of unfavorable foreign currency impact to our Europe revenues during the year ended December 31, 2010 when compared to average 2009 exchange rates. We expect that our Europe revenues will continue to grow in future periods as a result of continued growth in recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the Amsterdam, Frankfurt, London and Paris metro areas, which are expected to open during 2011. Our estimates of future revenue growth take account of expected reductions in recurring revenues attributed to 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 38% and 36%, respectively, of the regional revenues for the years ended December 31, 2010 and 2009. 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 year ended December 31, 2010, we recorded approximately $5.4 million of revenue generated from our IBX center expansions in the Hong Kong and Singapore metro areas. During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in approximately $11.2 million of favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2010 when compared to average 2009 exchange rates. 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 center expansions and additional expansions currently taking place in the Hong Kong, Singapore, Sydney and Tokyo metro areas which are expected to open during 2011. Our estimates of future revenue growth take account of expected reductions in recurring revenues attributed to customer churn or changes or amendments to customers contracts.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2010 and 2009 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2010	%	2009	%	Actual	Constant currency
North America	$ 408,769	61%	$ 269,242	56%	52%	52%
Europe	176,937	26%	144,875	30%	22%	26%
Asia-Pacific	88,961	13%	69,303	14%	28%	20%
Total	$ 674,667	100%	$ 483,420	100%	40%	39%

	Years ended December 31,	
	2010	2009
Cost of revenues as a percentage of revenues:		
North America	53%	50%
Europe	63%	64%
Asia-Pacific	55%	58%
Total	55%	55%

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North America Cost of Revenues. The increase in our North America cost of revenues was primarily due to the impact of the Switch and Data acquisition, which resulted in $109.6 million of additional cost of revenues for the year ended December 31, 2010. Our North America cost of revenues for the years ended December 31, 2010 and 2009 included $150.4 million and $99.3 million, respectively, of depreciation expense, including $39.6 million of depreciation expense from the impact of the Switch and Data acquisition for the year ended December 31, 2010.

Excluding the impact of the Switch and Data acquisition, our North America cost of revenues during the year ended December 31, 2010 was $299.1 million, which represents an increase of 11% from the year ended December 31, 2009. Growth in depreciation expense was primarily due to our IBX center expansion activity. During the year ended December 31, 2009, we revised the estimated useful lives of certain of our property, plant and equipment on a prospective basis effective July 1, 2009 resulting in a $7.1 million decrease in depreciation expense for the year then ended. Excluding depreciation, the increase was primarily due to overall growth related to our revenue growth and costs associated with our expansion projects, including (i) an increase of $7.2 million in rent and facility costs, (ii) an increase of $4.3 million in utility costs as a result of increased customer installations and (iii) a $3.0 million increase in property tax expense. We expect North America cost of revenues to increase as we continue to grow our business.

Europe Cost of Revenues. Europe cost of revenues for the years ended December 31, 2010 and 2009 included $53.7 million and $37.1 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. During the year ended December 31, 2009, we revised the estimated useful lives of certain of our property, plant and equipment on a prospective basis effective July 1, 2009 resulting in a $523,000 decrease in depreciation expense for the year then ended and we recorded a $4.2 million decrease in depreciation expense for the year then ended as an out-of-period adjustment related to incorrectly depreciating certain assets. This $4.2 million out-of-period adjustment represents the correction of errors attributable to the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007. Excluding depreciation expense, the increase in Europe 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) $4.2 million of higher compensation expense, including general salaries, bonuses and headcount growth (253 Europe employees as of December 31, 2010 versus 184 as of December 31, 2009), (ii) $3.5 million of costs associated with equipment resales, (iii) an increase of $3.1 million in utility costs arising from increased customer installations and revenues attributed to customer growth, (iv) $2.1 million of higher repair and maintenance costs, (v) $1.3 million of higher rent and facility costs and (vi) $1.2 million of higher third-party services such as security and various consulting services. During the year ended December 31, 2010, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2009, resulting in approximately $6.0 million of favorable foreign currency impact to our Europe cost of revenues during the year ended December 31, 2010 when compared to average 2009 exchange rates. We expect Europe cost of revenues to increase as we continue to grow our business.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2010 and 2009 included $28.1 million and $24.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. During the year ended December 31, 2009, we revised the estimated useful lives of certain of our property, plant and equipment on a prospective basis effective July 1, 2009 resulting in a $4.4 million decrease in depreciation expense for the year then ended. 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) $6.1 million in higher utility costs, (ii) an increase of $4.6 million of rent and facility costs and (iii) $2.1 million of higher compensation expense, including general salaries, bonuses, stock-based compensation and headcount growth (104 Asia-Pacific employees as of December 31, 2010 versus 85 as of December 31, 2009). During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in

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approximately $5.7 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2010 when compared to average 2009 exchange rates. 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 for the years ended December 31, 2010 and 2009 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2010	**%**	**2009**	**%**	**Actual**	**Constant currency**
North America	$ 72,944	65%	$ 35,900	56%	103%	103%
Europe	24,071	22%	17,755	28%	36%	40%
Asia-Pacific	14,089	13%	9,929	16%	42%	35%
Total	$ 111,104	100%	$ 63,584	100%	75%	75%

	Years ended December 31,	
	2010	**2009**
Sales and marketing expenses as a percentage of revenues:		
North America	9%	7%
Europe	9%	8%
Asia-Pacific	9%	8%
Total	9%	7%

North America Sales and Marketing Expenses. The increase in our North America sales and marketing expenses was primarily due to the impact of the Switch and Data acquisition, which resulted in $16.0 million of additional sales and marketing expenses, including $6.0 million of amortization expense for customer contracts, for the year ended December 31, 2010.

Excluding the impact of the Switch and Data acquisition, our North America sales and marketing expenses during the year ended December 31, 2010 were $56.9 million, which represents an increase of 59% from the year ended December 31, 2009. This increase was primarily due to (i) $14.3 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (147 North America sales and marketing employees as of December 31, 2010 versus 112 as of December 31, 2009), (ii) $3.3 million of higher costs related to travel and marketing programs and (iii) $1.1 million of higher bad debt expense.

We have been investing in our North America 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 North America 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 North America 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.

Europe Sales and Marketing Expenses. The increase in our Europe sales and marketing expenses was primarily due to $3.7 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (80 Europe sales and marketing employees as of December 31, 2010 versus 55 as of December 31, 2009) and $1.1 million of higher costs related to travel and marketing programs. For the year ended December 31, 2010, the impact of foreign currency fluctuations to our Europe sales and marketing expenses was not significant when compared to average 2009 exchange rates. We intend to invest further in our Europe 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 Europe sales and marketing expenses as a percentage of revenues to increase accordingly. In the long-term, we generally expect Europe 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.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to $2.7 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (51 Asia-Pacific sales and marketing employees as of December 31, 2010 versus 44 as of December 31, 2009); however, our Asia-Pacific sales and marketing expenses for the year ended December 31, 2010 included the benefit of a $680,000 accrual reversal associated with adjusting the estimated costs of an annual sales recognition program which is an out-of-period adjustment. This $680,000 out-of-period adjustment represents the correction of errors attributable to the year ended December 31, 2009, which we have concluded was not material to any previously-reported historical annual or quarterly period for the year ended December 31, 2009. For the year ended December 31, 2010, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average 2009 exchange rates. 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.

General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2010 and 2009 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2010	%	2009	%	Actual	Constant currency
North America	$ 155,516	71%	$ 104,141	67%	49%	49%
Europe	44,791	20%	33,240	21%	35%	37%
Asia-Pacific	20,474	9%	17,943	12%	14%	8%
Total	$ 220,781	100%	$ 155,324	100%	42%	42%

	Years ended December 31, 2010	2009
General and administrative expenses as a percentage of revenues:		
North America	20%	19%
Europe	16%	15%
Asia-Pacific	13%	15%
Total	18%	18%

North America General and Administrative Expenses. The increase in our North America general and administrative expenses was primarily due to the impact of the Switch and Data acquisition, which resulted in $21.3 million of additional general and administrative expenses for the year ended December 31, 2010.

Excluding the impact of the Switch and Data acquisition, our North America general and administrative expenses during the year ended December 31, 2010 were $134.2 million, which represents an increase of 29% from the year ended December 31, 2009. This increase in our North America general and administrative expenses was primarily due to (i) $20.8 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (396 North America general and administrative employees as of December 31, 2010 versus 298 as of December 31, 2009), (ii) $2.2 million of higher

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depreciation expense as a result of our ongoing efforts to support our growth, such as investment in systems, (iii) an increase of $2.1 million in professional services related to various consulting projects and (iv) $1.9 million of higher costs related to our headquarters expansion to facilitate our growth.

During 2010, we have been investing in our North America 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 North America 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.

Europe General and Administrative Expenses. The increase in our Europe general and administrative expenses was primarily due to $5.9 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (149 Europe general and administrative employees as of December 31, 2010 versus 109 as of December 31, 2009) and $2.9 million of higher professional services related to various consulting projects to support our growth. During the year ended December 31, 2010, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2009, resulting in approximately $865,000 of favorable foreign currency impact to our Europe general and administrative expenses during the year ended December 31, 2010 when compared to average 2009 exchange rates. During 2010, we have been investing in our Europe 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 our Europe 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, stock-based compensation and headcount growth (128 Asia-Pacific general and administrative employees as of December 31, 2010 versus 105 as of December 31, 2009). During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in approximately $1.1 million of unfavorable foreign currency impact to our Asia-Pacific general and administrative expenses during the year ended December 31, 2010 when compared to average 2009 exchange rates. 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 year ended December 31, 2010, we recorded restructuring charges totaling $6.7 million comprised of $5.3 million related to one-time termination benefits attributed to certain Switch and Data employees and $1.4 million related to revised sublease assumptions on our excess leased space in the New York metro area. For additional information, see Restructuring Charges in Note 16 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. We anticipate that we will incur additional restructuring charges in connection with the Switch and Data acquisition related to one-time termination benefits during 2011. During the year ended December 31, 2009, we recorded reductions of restructuring charges totaling $6.1 million, primarily due to a reversal of a restructuring charge accrual of $5.8 million for our excess space in the Los Angeles metro area as a result of our decision to utilize this space to expand our original Los Angeles IBX data center. Our excess space lease in the New York metro area remains abandoned and continues to carry a restructuring charge. Our restructuring charges all relate to our North America geographic region.

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Acquisition Costs. During the year ended December 31, 2010, we recorded acquisition costs totaling $12.3 million primarily related to the Switch and Data acquisition. During the year ended December 31, 2009, we recorded acquisition costs totaling $5.2 million, primarily related to the Upminster acquisition and the Switch and Data acquisition.

Interest Income. Interest income decreased to $1.5 million for the year ended December 31, 2010 from $2.4 million for the year ended December 31, 2009. Interest income decreased primarily due to lower yields on invested balances. The average yield for the year ended December 31, 2010 was 0.18% versus 0.58% for the year ended December 31, 2009. We 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 $140.5 million for the year ended December 30, 2010 from $74.2 million for the year ended December 31, 2009. This increase in interest expense was primarily due to additional financings entered into during 2009 and 2010 consisting of (i) our $750.0 million 8.125% senior notes offering in February 2010, (ii) our $373.8 million 4.75% convertible subordinated notes offering in June 2009 and (iii) our new Asia-Pacific financing in April 2010, of which $120.3 million was outstanding as of December 31, 2010 with an approximate interest rate of 4.86% per annum, which replaced both our previously-existing Asia-Pacific and Singapore financings. This increase was partially offset by our repayment of the Chicago IBX financing in March 2010, the European financing in April 2010 and the Netherlands financing in June 2010. During the years ended December 31, 2010 and 2009, we capitalized $10.3 million and $12.9 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur higher interest expense as we recognize the full impact of our $750.0 million 8.125% senior notes and our new Asia-Pacific financing, although this has been partially offset by repayment of debt, such as the European financing and mortgage payable. We may also incur additional indebtedness to support our growth, resulting in further interest expense.

Other-Than-Temporary Impairment Recovery (Loss) On Investments. During the year ended December 31, 2010, we recorded a $3.6 million other-than-temporary impairment recovery on investments due to additional distributions from one of our money market accounts as more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. For the year ended December 31, 2009, we recorded $2.6 million of other-than-temporary impairment losses on this same money market account.

Other Income (Expense). For the years ended December 31, 2010 and 2009, we recorded $690,000 and $2.4 million of other income, respectively, primarily due to foreign currency exchange gains during the years.

Loss on debt extinguishment and interest rate swaps, net. During the year ended December 31, 2010, we recorded a $10.2 million loss on debt extinguishment and interest rate swaps, net. See Loss on Debt Extinguishment and Interest Rate Swaps, Net in Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. We did not record any loss on debt extinguishment and interest rate swaps, net, during the year ended December 31, 2009.

Income Taxes. During the year ended December 31, 2010, we recorded $13.0 million of income tax expense. The tax expense recorded during the year ended December 31, 2010 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by income tax benefits due to the release of valuation allowances of $5.2 million and $2.1 million associated with certain of our operating entities in Germany and Singapore, respectively. During the year ended December 31, 2009, we recorded $39.6 million of income tax expense. The tax expense recorded during the year ended December 31, 2009 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by income tax benefits due to the release of valuation allowances of $3.1 million and $5.2 million associated with certain of our Hong Kong and U.K. operations, respectively.

Years Ended December 31, 2009 and 2008

Revenues. Our revenues for the years ended December 31, 2009 and 2008 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2009	%	2008	%	Actual	Constant currency
North America:						
Recurring revenues	$ 515,780	59%	$ 423,940	60%	22%	N/A
Non-recurring revenues	19,709	2%	18,863	3%	4%	N/A
	535,489	61%	442,803	63%	21%	N/A
Europe:						
Recurring revenues	212,635	24%	165,669	24%	28%	41%
Non-recurring revenues	15,501	2%	11,833	1%	31%	36%
	228,136	26%	177,502	25%	29%	41%
Asia-Pacific:						
Recurring revenues	113,434	12%	77,554	11%	46%	46%
Non-recurring revenues	5,450	1%	6,821	1%	(20%)	(20%)
	118,884	13%	84,375	12%	41%	41%
Total:						
Recurring revenues	841,849	95%	667,163	95%	26%	29%
Non-recurring revenues	40,660	5%	37,517	5%	8%	10%
	$ 882,509	100%	$ 704,680	100%	25%	28%

North America Revenues. The period over period growth in recurring revenues was primarily the result of an increase in orders from both our existing customers and new customers 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, as well as selective price increases in each of our IBX markets. During the year ended December 31, 2009, we recorded $67.7 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago, Los Angeles and New York metro areas.

Europe Revenues. Our revenues from the United Kingdom, the largest revenue contributor in the Europe region for the period, represented approximately 36% and 38%, respectively, of the regional revenues for the years ended December 31, 2009 and 2008. As in the U.S., Europe 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 year ended December 31, 2009, we recorded approximately $49.4 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Frankfurt, London and Paris metro areas. During the year ended December 31, 2009, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2008, resulting in approximately $22.1 million of unfavorable foreign currency impact to our Europe revenues during the year ended December 31, 2009 when compared to average 2008 exchange rates.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 36% and 38%, respectively, of the regional revenues for the years ended December 31, 2009 and 2008. As in the U.S., 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, as well as selective price increases in each of our IBX markets. During the year ended December 31, 2009, we recorded

approximately $25.7 million of revenue generated from our IBX data centers or IBX data center expansions in the Hong Kong, Singapore and Sydney metro areas. The decrease in Asia-Pacific non-recurring revenue was primarily due to higher revenue from equipment resales in 2008. For the year ended December 31, 2009, the impact of foreign currency fluctuations to our Asia-Pacific revenues was not significant when compared to average 2008 exchange rates.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2009 and 2008 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2009	%	2008	%	Actual	Constant currency
North America	$ 269,242	56%	$ 238,583	57%	13%	N/A
Europe	144,875	30%	122,658	30%	18%	28%
Asia-Pacific	69,303	14%	53,558	13%	29%	28%
Total	$ 483,420	100%	$ 414,799	100%	17%	19%

	Years ended December 31,	
	2009	2008
Cost of revenues as a percentage of revenues:		
North America	50%	54%
Europe	64%	69%
Asia-Pacific	58%	63%
Total	55%	59%

North America Cost of Revenues. North America cost of revenues for the years ended December 31, 2009 and 2008 included $99.3 million and $91.9 million, respectively, of depreciation expense. Growth in depreciation expense of $14.5 million was due to our IBX data center expansion activity; however, this growth was partially offset by a $7.1 million decrease in depreciation expense as we revised the estimated useful lives of certain of our property, plant and equipment during the year ended December 31, 2009. Excluding depreciation, the increase in North America cost of revenues was primarily due to overall growth related to our revenue growth and costs associated with our expansion projects, including (i) an increase of $9.8 million in rent and facility costs, (ii) an increase of $7.9 million in utility costs as a result of increased customer installations and (iii) $5.7 million in higher compensation costs, including general salaries, bonuses and headcount growth (308 North America employees as of December 31, 2009 versus 289 as of December 31, 2008).

Europe Cost of Revenues. Europe cost of revenues for the years ended December 31, 2009 and 2008 included $37.1 million and $33.5 million, respectively, of depreciation expense. Growth in depreciation expense of $4.1 million was primarily due to our IBX center expansion activity; however, this growth was partially offset by a $523,000 decrease in depreciation expense as we revised the estimated useful lives of certain of our property, plant and equipment during the year ended December 31, 2009. In the fourth quarter of 2009, we recorded a $4.2 million decrease in depreciation expense as an out-of-period adjustment related to incorrectly depreciating certain assets. This $4.2 million out-of-period adjustment represents the correction of errors attributable to the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007, which we have concluded were not material to any previously-reported historical quarterly periods or results of operations for the nine months ended September 30, 2009 and to any previously-reported historical annual or quarterly periods for the years ended December 31, 2008 or 2007. Excluding depreciation expense, the increase in Europe 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 $11.0 million of utility costs arising from increased customer installations and revenues attributed to customer growth and (ii) $3.4 million of higher rent and facility costs. During the year ended December 31, 2009, the U.S. dollar was generally stronger relative

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to the British pound, Euro and Swiss franc than during the year ended December 31, 2008, resulting in approximately $12.1 million of favorable foreign currency impact to our Europe cost of revenues during the year ended December 31, 2009 when compared to average 2008 exchange rates.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2009 and 2008 included $24.4 million and $17.6 million, respectively, of depreciation expense. Growth in depreciation expense of $11.2 million was primarily due to our IBX data center expansion activity; however, this growth was partially offset by a $4.4 million decrease in depreciation expense as we revised the estimated useful lives of certain of our property, plant and equipment during the year ended December 31, 2009. 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, including (i) $3.9 million of higher utility costs as a result of increased customer installations and (ii) $2.2 million of higher rent and facility costs. For the year ended December 31, 2009, the impact of foreign currency fluctuations to our Asia-Pacific cost of revenues was not significant when compared to average 2008 exchange rates.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2009 and 2008 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2009	**%**	**2008**	**%**	**Actual**	**Constant currency**
North America	$ 35,900	56%	$ 38,219	57%	(6%)	N/A
Europe	17,755	28%	19,331	29%	(8%)	4%
Asia-Pacific	9,929	16%	9,363	14%	6%	6%
Total	$ 63,584	100%	$ 66,913	100%	(5%)	(1%)

	Years ended December 31,	
	2009	**2008**
Sales and marketing expenses as a percentage of revenues:		
North America	7%	9%
Europe	8%	11%
Asia-Pacific	8%	11%
Total	7%	9%

North America Sales and Marketing Expenses. The decrease in our North America sales and marketing expenses was primarily due to $1.6 million of higher expenditures related to our branding initiatives in 2008.

Europe Sales and Marketing Expenses. The decrease in our Europe sales and marketing expenses was primarily due to $1.5 million of lower bad debt expense. During the year ended December 31, 2009, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2008, resulting in approximately $2.4 million of favorable foreign currency impact to our Europe sales and marketing expenses during the year ended December 31, 2009 when compared to average 2008 exchange rates.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to higher compensation costs, including general salaries, bonuses and stock-based compensation expense. For the year ended December 31, 2009, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average 2008 exchange rates.

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General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2009 and 2008 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2009	%	2008	%	Actual	Constant currency
North America	$ 104,141	67%	$ 96,657	66%	8%	N/A
Europe	33,240	21%	34,071	23%	(2%)	10%
Asia-Pacific	17,943	12%	15,836	11%	13%	15%
Total	$ 155,324	100%	$ 146,564	100%	6%	9%

	Years ended December 31,	
	2009	2008
General and administrative expenses as a percentage of revenues:		
North America	19%	22%
Europe	15%	19%
Asia-Pacific	15%	19%
Total	18%	21%

North America General and Administrative Expenses. The increase in our North America general and administrative expenses was primarily due to $8.5 million of higher compensation costs, including general salaries, bonuses and headcount growth (298 North America general and administrative employees as of December 31, 2009 versus 259 as of December 31, 2008).

Europe General and Administrative Expenses. The decrease in our Europe general and administrative expenses was primarily due to a $3.1 million one-time stock-based compensation charge due to equity award modifications related to the resignation of two senior officers in Europe during the year ended December 31, 2008, partially offset by $2.0 million of higher compensation costs, including general salaries, bonuses and headcount growth (109 Europe general and administrative employees as of December 31, 2009 versus 80 as of December 31, 2008). During the year ended December 31, 2009, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2008, resulting in approximately $4.1 million of favorable foreign currency impact to our Europe general and administrative expenses during the year ended December 31, 2009 when compared to average 2008 exchange rates.

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 professional fees including legal fees. For the year ended December 31, 2009, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average 2008 exchange rates.

Acquisition Costs. During the year ended December 31, 2009, we recorded acquisition costs totaling $5.2 million, primarily related to the Upminster acquisition and the agreement to acquire Switch and Data. During the year ended December 31, 2008, we did not expense direct acquisition costs pursuant to the accounting standard applicable to that period.

Restructuring Charges. During the year ended December 31, 2009, we recorded reductions of restructuring charges totaling $6.1 million, primarily due to a reversal of a restructuring charge accrual of $5.8 million for our excess space in the Los Angeles metro area as a result of our decision to utilize this space to expand our original Los Angeles IBX data center. Our excess space lease in the New York metro area remains abandoned and continues to carry a restructuring charge. During the year ended December 31, 2008, we recorded a restructuring charge adjustment of $3.1 million from revised sublease assumptions on the two excess space leases in the Los Angeles and New York metro areas as a result of new information becoming available. We are contractually committed to the lease of excess space in the New York metro area through 2015.

Interest Income. Interest income decreased to $2.4 million for the year ended December 31, 2009 from $8.9 million for the year ended December 31, 2008. Interest income decreased primarily due to lower yields on invested balances. The average yield for the year ended December 31, 2009 was 0.58% versus 2.77% for the year ended December 31, 2008.

Interest Expense. Interest expense was $74.2 million and $61.7 million, respectively, for the years ended December 31, 2009 and 2008. The increase in interest expense was primarily due to higher loan balances as a result of loan drawdowns and new financings entered into during 2008 and 2009 consisting of (i) our $373.8 million 4.75% convertible subordinated notes offering in June 2009, (ii) our Netherlands financing, of which $9.3 million was outstanding as of December 31, 2009 with an approximate interest rate of 4.31% per annum as compared to $6.5 million outstanding as of December 31, 2008 with an approximate interest rate of 4.18% per annum and (iii) our Singapore financing, which we obtained in September 2009, of which $24.6 million was outstanding as of December 31, 2009 with an approximate interest rate of 4.20% per annum. The increase was partially offset by higher capitalized interest expense, repayment of some loans and the partial conversions of certain of our convertible subordinated debentures in November 2008 and June 2009. During the years ended December 31, 2009 and 2008, we capitalized $12.9 million and $7.9 million, respectively, of interest expense to construction in progress.

Other-Than-Temporary Impairment Loss On Investments. For the years ended December 31, 2009 and 2008, we recorded $2.6 million and $1.5 million, respectively, of other-than-temporary impairment losses on one of our money market accounts as more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report.

Other Income (Expense). For the years ended December 31, 2009 and 2008, we recorded $2.4 million and $1.3 million of other income, respectively, primarily attributable to foreign currency exchange gains during the periods.

Income Taxes. For the year ended December 31, 2009, we recorded $39.6 million of income tax expense. The tax expense recorded in the year ended December 31, 2009 was primarily a result of applying the effective statutory tax rates to the operating income adjusted for permanent tax adjustments for the period, partially offset by income tax benefits due to the release of valuation allowances of $3.1 million and $5.2 million associated with our Hong Kong and U.K. operations, respectively. For the year ended December 31, 2008, we recorded $87.6 million of income tax benefits primarily due to recognition of deferred tax assets of $85.1 million and $6.1 million associated with our North America and Australian operations, respectively, partially offset by tax provisions from other jurisdictions.

As of December 31, 2009, we had total net deferred tax assets of $25.2 million consisting primarily of favorable temporary differences and net operating loss carryforwards, the majority of which are attributable to our North America operations. For further information on our income taxes, refer to Note 12 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

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.

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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):

	Years ended December 31,		
	2010	2009	2008
Income from operations	$ 194,711	$ 181,079	$ 73,262
Depreciation, amortization and accretion expense	263,564	175,371	160,987
Stock-based compensation expense	67,489	53,056	55,085
Acquisition costs	12,337	5,155	
Restructuring charges	6,734	(6,053)	3,142
Adjusted EBITDA	$ 544,835	$ 408,608	$ 292,476

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

	Years ended December 31,		
	2010	2009	2008
North America:			
Income from operations	$ 121,118	$ 128,168	$ 66,202
Depreciation, amortization and accretion expense	173,811	106,207	101,414
Stock-based compensation expense	50,966	40,082	40,993
Acquisition costs	11,094	4,091	
Restructuring charges	6,734	(6,053)	3,142
Adjusted EBITDA	$ 363,723	$ 272,495	$ 211,751
Europe:			
Income from operations	$ 34,929	$ 31,202	$ 1,442
Depreciation, amortization and accretion expense	60,291	43,744	41,208
Stock-based compensation expense	9,397	5,843	8,473
Acquisition costs	1,065	1,064	
Adjusted EBITDA	$ 105,682	$ 81,853	$ 51,123
Asia-Pacific:			
Income from operations	$ 38,664	$ 21,709	$ 5,618
Depreciation, amortization and accretion expense	29,462	25,420	18,365
Stock-based compensation expense	7,126	7,131	5,619
Acquisition costs	178		
Adjusted EBITDA	$ 75,430	$ 54,260	$ 29,602

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 December 31, 2010, 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 $1.1 billion consisting of (a) $750.0 million of principal from our senior notes, (b) $120.3 million of principal from our loans payable and (c) $261.9 million from our capital lease and other financing obligations.

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 December 31, 2010, we had $592.8 million of cash, cash equivalents and short-term and long-term investments. Besides our investment portfolio and any financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a 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 December 31, 2010, we had a total of approximately $99.1 million of additional liquidity available to us, consisting of (i) approximately $92.4 million under the new Asia-Pacific financing and (ii) $6.7 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 of these 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

	Years ended December 31,		
	2010	**2009**	**2008**
		(in thousands)	
Net cash provided by operating activities	$ 392,872	$ 355,492	$ 267,558
Net cash used in investing activities	(600,969)	(558,178)	(478,040)
Net cash provided by financing activities	309,686	323,598	145,106

Operating Activities

The increase in net cash provided by operating activities during 2010 compared to 2009 and 2008 was primarily due to improved operating results as discussed above, partially offset by growth in accounts receivable, higher interest paid in cash, payments related to the termination of several interest rate swaps totaling $17.3 million and restructuring charges and acquisition costs paid in connection with the Switch and Data acquisition. We expect that we will continue to generate cash from our operating activities throughout 2011 and beyond.

Investing Activities

The increase in net cash used in investing activities during 2010 compared to 2009 and 2008 was primarily due to higher capital expenditures as a result of expansion activity, the Switch and Data acquisition and the purchase of the Amsterdam IBX property. During the years ended December 31, 2010, 2009 and 2008, these capital expenditures were $579.4 million, $369.5 million and $447.0 million, respectively. During 2011, we expect that our IBX expansion construction activity will be similar to our 2010 spending 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 as well as pursue additional acquisitions or joint ventures.

Financing Activities

The net cash provided by financing activities for the year ended December 31, 2010 was primarily due to our $750.0 million 8.125% senior notes offering in February 2010 and approximately $63.4 million of incremental net proceeds from the new Asia-Pacific financing, which replaced our previously existing Asia-Pacific financing and Singapore financing, partially offset by repayment of our debt facilities, including the Chicago IBX financing, the European financing, the Singapore financing, the Netherlands financing and mortgage payable. Net cash provided by financing activities during the year ended December 31, 2009 was primarily the result of $373.8 million in gross proceeds from our 4.75% convertible notes offering, partially offset by payment of the associated capped call transaction. Going forward, we expect that our financing activities will consist primarily of drawdowns of our new Asia-Pacific financing offset by repayment of our debt for the foreseeable future. Depending on market conditions, we may pursue additional financings in the future.

Debt Obligations Convertible Debt

4.75% Convertible Subordinated Notes. In June 2009, we issued $373.8 million aggregate principal amount of 4.75% convertible subordinated notes due June 15, 2016. Interest is payable semi-annually on June 15 and December 15 of each year, beginning December 15, 2009. The initial conversion rate is 11.8599 shares of common stock per $1,000 principal amount of 4.75% convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $84.32 per share of common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. As of December 31, 2010, the 4.75% convertible subordinated notes were convertible into 4.4 million shares of our common stock.

Holders of the 4.75% convertible subordinated notes may convert their notes under certain defined circumstances, including during any fiscal quarter (and only during that fiscal quarter) ending after December 31, 2009, if the sale price of our common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter, is greater than 130% of the conversion price per share of common stock, which was $109.62 per share, on such last trading day or at any time on or after March 15, 2016.

Upon conversion, if we elected to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the $373.8 million of gross proceeds received would be required. However, to minimize the impact of potential dilution upon conversion of the 4.75% convertible subordinated notes, we entered into capped call transactions, which are referred to as the capped call, separate from the issuance of the 4.75% convertible subordinated notes, for which we paid a premium of $49.7 million. The capped call covers a total of approximately 4.4 million shares of our common stock, subject to adjustment. Under the capped call, we effectively raised the conversion price of the 4.75% convertible subordinated notes from $84.32 to $114.82. Depending upon our stock price at the time the 4.75% convertible subordinated notes are converted, the capped call will return up to 1.2 million shares of our common stock to us; however, we will receive no benefit from the capped call if our stock price is $84.32 or lower at the time of conversion and will receive less shares for share prices in excess of $114.82 at the time of conversion than we would have received at a share price of $114.82 (our benefit from the capped call is capped at $114.82 and no additional benefit is received beyond this price).

We do not have the right to redeem the 4.75% convertible subordinated notes at our option.

We separately accounted for the liability and equity components of our 4.75% convertible subordinated notes in accordance with a FASB standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). See 4.75% Convertible Subordinated Notes in Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

3.00% Convertible Subordinated Notes. In September 2007, we issued $396.0 million aggregate principal amount of 3.00% Convertible Subordinated Notes due October 15, 2014. Interest is payable semi-annually on April 15 and October 15 of each year, and commenced in April 2008.

Holders of the 3.00% convertible subordinated notes may convert their notes at their option on any day up to and including the business day immediately preceding the maturity date into shares of our common stock. The base conversion rate is 7.436 shares of common stock per $1,000 principal amount of 3.00% convertible subordinated notes, subject to adjustment. This represents a base conversion price of approximately $134.48 per share of common stock. If, at the time of conversion, the applicable stock price of our common stock exceeds the base conversion price, the conversion rate will be determined pursuant to a formula resulting in the receipt of up to 4.4616 additional shares of common stock per $1,000 principal amount of the 3.00% convertible subordinated notes, subject to adjustment. However, in no event would the total number of shares issuable upon conversion of the 3.00% convertible subordinated notes exceed 11.8976 per $1,000 principal amount of 3.00% convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $84.05 per share of our common stock or a total of 4.7 million shares of our common stock. As of December 31, 2010, the 3.00% convertible subordinated notes were convertible into 2.9 million shares of our common stock.

We do not have the right to redeem the 3.00% convertible subordinated notes at our option.

2.50% Convertible Subordinated Notes. In March 2007, we issued $250.0 million in aggregate principal amount of 2.50% convertible subordinated notes due April 2012. The interest on the 2.50% convertible subordinated notes is payable semi-annually every April 15th and October 15th, and commenced in October 2007. The initial conversion rate is 8.9259 shares of common stock per $1,000 principal amount of convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $112.03 per share of common stock or 2.2 million shares of our common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. We intend to repay the 2.50% convertible subordinated notes in cash, through our existing cash balances, refinancing, or a combination thereof.

Holders of the 2.50% convertible subordinated notes may convert their notes under certain defined circumstances, including during any fiscal quarter (and only during that fiscal quarter) ending after June 30, 2007, if the sale price of our common stock, for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter, is greater than 130% of the conversion price per share of common stock on such last trading day, which was $145.64 per share, or at any time on or after March 15, 2012.

We may only redeem all or a portion of the 2.50% convertible subordinated notes at any time after April 16, 2010 for cash but only if the closing sale price of our common stock for at least 20 of the 30 consecutive trading days immediately prior to the day we give notice of redemption is greater than 130% of the applicable conversion price per share of common stock on the date of the notice, which was $145.64 per share as of December 31, 2010. The redemption price will equal 100% of the principal amount of the convertible subordinated notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Upon conversion, due to the conversion formulas associated with the 2.50% convertible subordinated notes, if our stock is trading at levels exceeding 130% of the conversion price per share of common stock, and if we elect to pay any portion of the consideration in cash, additional consideration beyond the $250.0 million of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the 2.50% convertible subordinated notes exceed 11.6036 per $1,000 principal amount of convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of

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common stock or a total of 2.9 million shares of our common stock. As of December 31, 2010, the 2.50% convertible subordinated notes were convertible into 2.2 million shares of our common stock.

We separately accounted for the liability and equity components of our 2.50% convertible subordinated notes in accordance with a FASB standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). See 2.50% Convertible Subordinated Notes in Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Debt Obligations Non-Convertible Debt

Senior Notes

In February 2010, we issued $750.0 million aggregate principal amount of 8.125% senior notes due March 1, 2018, which are referred to as the senior notes. Interest is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2010.

The senior notes are unsecured and rank equal in right of payment to our existing or future senior debt and senior in right of payment to our existing and future subordinated debt. The senior notes will be effectively junior to any of our existing and future secured indebtedness and any indebtedness of our subsidiaries.

The senior notes are governed by an indenture which contains covenants that limit our ability and the ability of our subsidiaries to, among other things:

- incur additional debt;
- pay dividends or make other restricted payments;
- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;
- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

At any time prior to March 1, 2013, we may on any one or more occasions redeem up to 35% of the aggregate principal amount of the senior notes outstanding at a redemption price equal to 108.125% of the principal amount of the senior notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the senior notes remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after March 1, 2014, we may redeem all or a part of the 8.125% senior notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, to, but not including, the applicable redemption date, if redeemed during the one-year period beginning on March 1 of the years indicated below:

	Redemption price of the senior notes
2014	104.0625%
2015	102.0313%
2016 and thereafter	100.0000%

In addition, at any time prior to March 1, 2014, we may also redeem all or a part of the senior notes at a redemption price equal to 100% of the principal amount of the senior notes redeemed plus applicable premium plus accrued and unpaid interest, if any, to, but not including, the date of redemption.

Upon a change in control, we will be required to make an offer to purchase each holder s senior notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Capital Lease and Other Financing Obligations

We have numerous capital lease and other financing obligations with maturity dates ranging from 2011 to 2030 under which a total principal balance of $261.9 million remained outstanding as of December 31, 2010 with a weighted average effective interest rate of 8.03%. For further information on our capital leases and other financing obligations, see Capital Leases and Other Financing Obligations in Note 8 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Loans Payable

New Asia-Pacific Financing. In May 2010, our five wholly-owned subsidiaries, located in Australia, Hong Kong, Japan and Singapore, completed a new multi-currency credit facility agreement for approximately $223.6 million, which is referred to as the new Asia-Pacific financing, comprising 79.2 million Australian dollars, 370.4 million Hong Kong dollars, 99.4 million Singapore dollars and 1.5 billion Japanese yen. The new Asia-Pacific financing replaced our previously existing Asia-Pacific financing and Singapore financing. The new Asia-Pacific financing has a five-year term with semi-annual principal payments and quarterly debt service and consists of two tranches: (i) Tranche A totaling approximately $90.8 million was available for immediate drawing upon satisfaction of certain conditions precedent and was used to refinance the existing Asia-Pacific financing and Singapore financing and (ii) Tranche B totaling approximately $132.8 million is available for drawing in Australian, Hong Kong and Singapore dollars only for up to 24 months following the effective date of the new Asia-Pacific financing. The new Asia Pacific financing bears an interest rate of 3.50% above the local borrowing rates for the first 12 months and interest rates between 2.50%-3.50% above the local borrowing rates thereafter, depending on the leverage ratio within our five subsidiaries. The new Asia-Pacific financing contains four financial covenants, which we must comply with quarterly, consisting of two leverage ratios, an interest coverage ratio and a debt service ratio. The new Asia-Pacific financing is guaranteed by us and is secured by most of our five subsidiaries assets and share pledges. During the year ended December 31, 2010, our five subsidiaries used part of the proceeds from the partially-drawn down Tranche A and Tranche B under the New Asia-Pacific Financing for the prepayment and termination of the existing Asia-Pacific financing and the Singapore financing. As of December 31, 2010, our five subsidiaries had fully utilized Tranche A and utilized approximately $40.4 million of Tranche B under the new Asia-Pacific financing. The loans payable under the new Asia-Pacific financing have a final maturity date of March 2015. As of December 31, 2010, we were in compliance with all financial covenants in connection with the new Asia- Pacific financing. As of December 31, 2010, approximately $120.3 million was outstanding under the new Asia-Pacific financing at an approximate blended interest rate of 4.86% per annum, leaving approximately $92.4 million available for future borrowings under the new Asia-Pacific financing.

$25.0 Million Bank of America Revolving Credit Line. In February 2009, we entered into a $25.0 million revolving credit facility with Bank of America, which is referred to as the $25.0 million Bank of America revolving credit line. In February 2011, we amended the $25.0 million Bank of America revolving credit line and extended the maturity date to February 2012. The $25.0 million Bank of America revolving credit line is used primarily as a letter of credit issuing facility and to fund our working capital if so needed. The effect of issuing letters of credit under the $25.0 million Bank of America revolving credit line reduces the amount available for borrowing under the $25.0 million Bank of America revolving credit line. We may borrow, repay and reborrow under the $25.0 million Bank of America revolving credit line at either the prime rate or at a borrowing margin of 2.75% over one, three or six month LIBOR, subject to a minimum borrowing cost of

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3.00%. The $25.0 million Bank of America revolving credit line contains three financial covenants, which we must comply with quarterly, consisting of a tangible net worth ratio, a debt service ratio and a senior leverage ratio and is unsecured. As of December 31, 2010, we were in compliance with all financial covenants in connection with the $25.0 million Bank of America revolving credit line. The $25.0 million Bank of America revolving credit line has a one-year term and is renewed annually subject to mutual agreement by both parties. As of December 31, 2010, we had issued 13 irrevocable letters of credit totaling $18.3 million under the $25.0 million Bank of America revolving credit line. As a result, the amount available to borrow was $6.7 million as of December 31, 2010.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain equipment under non-cancelable lease agreements expiring through 2035. The following represents our contractual obligations as of December 31, 2010 (in thousands):

	2011	2012	2013	2014	2015	2016 and 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)	19,978	24,827	31,493	28,974	15,043		120,315
Interest (2)	101,557	97,376	92,940	89,204	78,791	161,390	621,258
Capital lease and other financing obligations (3)	27,959	28,435	28,948	29,660	30,431	237,711	383,144
Operating leases under accrued restructuring charges (4)	2,463	2,429	2,444	2,459	1,444		11,239
Operating leases (5)	112,126	116,749	117,158	112,112	94,493	538,357	1,090,995
Other contractual commitments (6)	240,040	75,391	2,044	83			317,558
Asset retirement obligations (7)	445		962	1,394	5,437	38,529	46,767
	$ 504,568	$ 595,207	$ 275,989	$ 659,872	$ 225,639	$ 2,099,737	$ 4,361,012

(1) Represents principal only.
(2) Represents interest on convertible debt, senior notes and new Asia-Pacific financing based on their approximate interest rates as of December 31, 2010.
(3) Represents principal and interest.
(4) Excludes any subrental income.
(5) Represents minimum operating lease payments, excluding potential lease renewals.
(6) Represents off-balance sheet arrangements. Other contractual commitments are described below.
(7) Represents liability, net of future accretion expense.

We entered into 13 irrevocable letters of credit totaling $18.3 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 or termination of a utility agreement. If the landlords for these IBX leases or utility provider decides to draw down on these letters of credit triggered by an event of default under the agreement, 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.

Primarily as a result of our various IBX expansion projects, as of December 31, 2010, we were contractually committed for $199.4 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 2011 and thereafter, is reflected in the table above as other contractual commitments.

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We had other non-capital purchase commitments in place as of December 31, 2010, 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 2011 and beyond. Such other purchase commitments as of December 31, 2010, which total $118.2 million, are also reflected in the table above as other contractual commitments.

In addition, although we are not contractually obligated to do so, we expect to incur additional capital expenditures of approximately $200.0 million to $250.0 million, in addition to the $199.4 million in contractual commitments discussed above as of December 31, 2010, in our various IBX expansion projects during 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.

Other Off-Balance-Sheet Arrangements

We have various guarantor arrangements with both our directors and officers and third parties, including customers, vendors and business partners (see Guarantor Arrangements in Note 13 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K). As of December 31, 2010, there were no significant liabilities recorded for these arrangements.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The preparation of our financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and 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. On an ongoing basis, management evaluates the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. Management bases its assumptions, estimates and judgments on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results may differ from these assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. Management believes that the following critical accounting policies and estimates, among others, are the most critical to aid in fully understanding and evaluating our consolidated financial statements, and they require significant judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain:

- Accounting for income taxes;
- Accounting for business combinations;
- Accounting for impairment of goodwill; and
- Accounting for property, plant and equipment.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Income Taxes. Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid. The accounting standard for income taxes requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined by the accounting standard as a likelihood of more than 50 percent) such assets will not be realized.	The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns. Our accounting for deferred tax consequences represents our best estimate of those future events. In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. If, based on the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, we record a valuation allowance. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. This assessment, which is completed on a taxing jurisdiction basis, takes into account a number of types of evidence, including the following: 1) the nature, frequency and severity of current and cumulative financial reporting losses, 2) sources of future taxable income and 3) tax planning strategies.	As of December 31, 2010 and 2009, we had total net deferred tax liabilities of $49.1 million and net deferred tax assets of $25.2 million, respectively. As of December 31, 2010 and 2009, we had a total valuation allowance of $42.0 million and $34.4 million, respectively. During the year ended December 31, 2010, we decided to release our valuation allowance associated with one entity each in Germany and Singapore, which resulted in an income tax benefit of $5.2 million and $2.1 million, respectively, in our results of operations. During the year ended December 31, 2009, we decided to release our valuation allowance associated with our Hong Kong operations and one entity in U.K. operations, which resulted in an income tax benefit of $3.1 million and $5.2 million, respectively, in our results of operations. Our decisions to release our valuation allowances were based on our belief that the operations of these regions had achieved a sufficient level of profitability and will sustain a sufficient level of profitability in the future to support the release of these valuation allowances based on relevant facts and circumstances. However, if our assumptions on the future performance of these jurisdictions prove not to be correct and these jurisdictions are not able to sustain a sufficient level of profitability to support the associated deferred tax assets on our consolidated balance sheet, we will have to impair our deferred tax assets through an additional valuation allowance, which would impact our financial position and results of operations in the period such a determination is made.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
		Our remaining valuation allowances as of December 31, 2010, totaling $42.0 million, primarily relates to certain of our subsidiaries outside of North America. If and when we release our remaining valuation allowances, it will have an impact to our financial position and results of operations in the periods such determinations are made. We will continue to assess the need for our valuation allowances, by country or location, in the future.
Accounting for Business Combinations		
In accordance with the accounting guidance for business combinations, we allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, is recorded as goodwill. We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets such as customer contracts, leases and any other significant assets or liabilities. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date if we obtain more information regarding asset valuations and liabilities assumed.	Our purchase price allocation methodology contains uncertainties because it requires assumptions and management s judgment to estimate the fair value of assets acquired and liabilities assumed at the acquisition date. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Our estimates are inherently uncertain and subject to refinement. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies.	During the last three years, we have completed several business combinations, the most significant of which was the Switch and Data acquisition for a purchase price of $700.0 million in April 2010. Subsequent to the acquisition, we adjusted the purchase price allocation due to changes in estimates and assumptions; however, in the aggregate, these adjustments had an insignificant impact to our financial statements as of and for the eight months ended December 31, 2010. As fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, the purchase price allocation for the Switch and Data acquisition was completed in the fourth quarter of 2010.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
		We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we used to complete the purchase price allocation and the fair value of assets acquired and liabilities assumed. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material, which would be recorded in our statements of operations commencing in 2011.
Accounting for Impairment of Goodwill		
In accordance with the accounting standard for goodwill and other intangible assets, we perform goodwill impairment reviews annually, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. During the year ended December 31, 2010, we completed annual goodwill impairment reviews of the North America reporting unit, the Europe reporting unit and the Asia-Pacific reporting unit and concluded that there was no impairment as the fair value of these reporting units exceeded their carrying value.	We use both the income and market approach in step one of our goodwill impairment reviews and weight the results of both equally. Under the income approach, we develop a five-year cash flow forecast and use our weighted-average cost of capital applicable to our reporting units as discount rates. This requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. These assumptions require significant management judgment and are inherently subject to uncertainties.	Future events, changing market conditions and any changes in key assumptions may result in an impairment charge. While we have never recorded an impairment charge against our goodwill to date, the development of adverse business conditions in our North America, European or Asia-Pacific reporting units, such as higher than anticipated customer churn or significantly increased operating costs, or significant deterioration of our market comparables that we use in the market approach, could result in an impairment charge in future periods. As of December 31, 2010, goodwill attributable to the North America reporting unit, the Europe reporting unit and the Asia-Pacific reporting unit was $408.7 million, $345.5 million and $20.1 million, respectively. Any potential impairment charge against our goodwill would not exceed the amounts recorded on our consolidated balance sheets.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Property, Plant and Equipment		
We have a substantial amount of property, plant and equipment recorded on our consolidated balance sheet. The vast majority of our property, plant and equipment represent the costs incurred to build out or acquire our IBX data centers around the world. Our IBX data centers are long-lived assets. The majority of our IBX data centers are in properties that are leased. We depreciate our property, plant and equipment using the straight-line method over the estimated useful lives of the respective assets (subject to the term of the lease in the case of leased assets or leasehold improvements). Accounting for property, plant and equipment involves a number of accounting issues including determining the appropriate period in which to depreciate such assets, making assessments for leased properties to determine whether they are capital or operating leases, capitalizing interest during periods of construction and assessing the asset retirement obligations required for certain leased properties that require us to return the leased properties back to their original condition at the time we decide to exit a leased property.	While there are numerous judgments and uncertainties involved in accounting for property, plant and equipment that are significant, arriving at the estimated useful life of an asset requires the most critical judgment for us and changes to these estimates would have the most significant impact to our financial position and results of operations. When we lease a property for our IBX data centers, we generally enter into long-term arrangements with initial lease terms of at least 8-10 years and with renewal options generally available to us. During the next several years, a number of leases for our IBX data centers will come up for renewal. As we start approaching the ends of these initial lease terms, we will need to reassess the estimated useful lives of our property, plant and equipment. In addition, we may find that our estimates for the useful lives of non-leased assets may also need to be revised periodically. In many cases, we arrived at these estimates during 1999 when we opened our first three IBX data centers. We reassessed the estimated useful lives of certain of our property, plant and equipment during the third quarter of 2009 and we expect we will continue to periodically review such estimates and further changes in the future are possible.	During the third quarter of 2009, we revised the estimated useful lives of certain of our property, plant and equipment. As a result, we recorded $12.0 million of lower depreciation expense for the year ended December 31, 2009 due to extending the estimated useful lives of certain of our property, plant and equipment. We undertook this review due to our determination that we were generally using certain of our existing assets longer than originally anticipated and, therefore, the estimated useful lives of certain of our property, plant and equipment has been lengthened. This change was accounted for as a change in accounting estimate on a prospective basis effective July 1, 2009 under the accounting standard for change in accounting estimates. In addition, in the fourth quarter of 2009, we recorded a $4.2 million decrease in depreciation expense as an out-of-period adjustment related to incorrectly depreciating certain assets. This $4.2 million out-of-period adjustment represents the correction of errors attributable to the nine months ended September 30, 2009 and the years ended December 31, 2008 and 2007, which we have concluded were not material to any previously-reported historical quarterly periods or results of operations for the nine months ended September 30, 2009 and to any previously-reported historical annual or quarterly periods for the years ended December 31, 2008 or 2007.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
	Another area of judgment for us in connection with our property, plant and equipment is related to lease accounting. Most of our IBX data centers are leased. Each time we enter into a new lease or lease amendment for one of our IBX data centers, we analyze each lease or lease amendment for the proper accounting. This requires certain judgments on our part such as establishing the initial lease term to include in a lease test, establishing the remaining estimated useful life of the underlying property or equipment and estimating the fair value of the underlying property or equipment. All of these judgments are inherently uncertain. Different assumptions or estimates could result in a different accounting treatment for a lease.	As of December 31, 2010 and 2009, we had property, plant and equipment of $2.7 billion and $1.8 billion, respectively, and for the years ended December 31, 2010, 2009 and 2008, we recorded depreciation expense of $246.5 million, $168.0 million and $152.4 million, respectively. Further changes in our estimated useful lives of our property, plant and equipment could have a significant impact to our results of operations.

Recent Accounting Pronouncements

See Recent Accounting Pronouncements in Note 1 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

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

Investment Portfolio Risk

All of our marketable securities are designated as available-for-sale and are therefore recorded at fair value on our consolidated balance sheets with the unrealized gains or losses reported as a separate component of other comprehensive income or loss. We consider various factors in determining whether we should recognize an impairment charge for our securities, including the length of time and extent to which the fair value has been less than our cost basis and our intent and ability to hold the investment for a period of time sufficient to allow for

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any anticipated recovery. As more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, during the years ended December 31, 2009 and 2008, we incurred an other-than-temporary impairment loss of $2.6 million and $1.5 million, respectively, from our investment portfolio (consisting of a single money market account), of which $3.6 million was recovered during the year ended December 31, 2010. If market conditions continue to deteriorate and liquidity constraints become even more pronounced, we could sustain more losses from our investment portfolio. As our securities mature, we have been increasing our holdings in U.S. government securities, such as Treasury bills and Treasury notes of a short-term duration and lower yield. As a result, we expect our interest income to remain low in the forseeable future.

As of December 31, 2010, our investment portfolio of cash equivalents and marketable securities consisted of money market fund investments, corporate bonds, asset backed securities and U.S government and agency obligations. Excluding the U.S. government holdings which carry a lower risk and lower return in comparison to other securities in the portfolio, the remaining amount in our investment portfolio that could be more susceptible to market risk totaled $200.9 million.

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio and a variable-rate financing in the Asia-Pacific region. The fair value of our marketable securities could be adversely impacted due to a rise in interest rates, but we do not believe such impact would be material. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities and as of December 31, 2010 the average duration of our portfolio was less than three months. If current interest rates were to increase or decrease by 10% from their position as of December 31, 2010, the fair value of our investment portfolio could increase or decrease by approximately $14,000.

An immediate 10% increase or decrease in current interest rates from their position as of December 31, 2010 would not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our new Asia-Pacific financing, which bears interest at variable rates tied to local cost of funds, could be affected. For every 100 basis point change in interest rates, our annual interest expense could increase or decrease by a total of approximately $1.0 million based on the total balance of our borrowings under the new Asia-Pacific financing as of December 31, 2010. As of December 31, 2010, we had no outstanding interest rate swaps.

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The fair value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. These interest rate changes may affect the fair value of the fixed interest rate debt but do not impact our earnings or cash flows. The fair value of the Company s convertible debt, which is traded in the market, is based on quoted market prices. The fair value of the Company s mortgage and loans payable, which are not traded in the market, is estimated by considering the Company s credit rating, current rates available to the Company for debt of the same remaining maturities and the terms of the debt. The following represents the estimated fair value of our mortgage and loans payable, senior notes and convertible debt and as of (in thousands):

	December 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mortgage and Loans Payable:				
New Asia-Pacific financing	$ 120,315	$ 126,958	$	$
European financing			130,058	111,375
Chicago IBX financing			109,991	109,700
Mortgage payable			91,756	83,406
Asia-Pacific financing			64,559	60,827
Singapore financing			24,559	21,739
Netherlands financing			9,311	7,941
	$ 120,315	$ 126,958	$ 430,234	$ 394,988
Senior Notes:				
Senior Notes	$ 750,000	$ 816,270	$	$
Convertible Debt:				
2.50% convertible subordinated notes (1)	$ 234,185	$ 246,280	$ 222,943	$ 228,935
3.00% convertible subordinated notes	395,986	399,946	395,986	461,324
4.75% convertible subordinated notes (2)	286,166	348,786	274,777	307,248
	$ 916,337	$ 995,012	$ 893,706	$ 997,507

(1) Total debt principal is $250.0 million, which is subject to a FASB standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). See Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

(2) Total debt principal is $373.8 million, which is subject to a FASB standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement). See Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

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

Foreign Currency Risk

The majority of our revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 38% of both our revenues and operating costs are attributable to Canada and the Europe and Asia-Pacific regions and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the British pound, Canadian dollar, Euro, Swiss franc, Singapore dollar, Japanese yen, Hong Kong dollar and Australian dollar. As a result, our operating results and cash flows are impacted by currency fluctuations relative to the U.S. dollar. To protect against certain reductions in value caused by changes in currency exchange rates, we have established a risk management program to offset some of the risk of carrying assets and liabilities denominated in foreign currencies. As a result, we enter into foreign currency forward contracts to manage the risk associated with certain foreign currency-denominated assets and liabilities. Our risk management program reduces, but does not entirely eliminate, the impact of currency exchange rate movements and its impact on the consolidated statements of operations. As of December 31, 2010, the outstanding foreign currency forward contracts had maturities of less than one year.

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For the foreseeable future, we anticipate that approximately 35-45% of our revenues and operating costs will continue to be generated and incurred outside of the U.S. in currencies other than the U.S. dollar. While we hedge certain of our balance sheet foreign currency assets and liabilities, we do not hedge revenue. During the second half of 2008 and through the first quarter of 2009, the U.S. dollar strengthened relative to certain of the currencies of the foreign countries in which we operate. This significantly impacted our consolidated financial position and results of operations as amounts in foreign currencies translated into less U.S. dollars. However, during the second half of 2009 and fiscal 2010, the U.S. dollar has been generally weaker relative to certain of the currencies of the foreign countries in which we operate. This overall weakness of the U.S. dollar had a positive impact on our consolidated results of operations because the foreign denominations translated into more U.S. dollars. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which we do business could have a significant impact on our consolidated financial position and results of operations including the amount of revenue that we report in future periods.

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

Commodity Price Risk

Certain operating costs incurred by us are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of price changes are electricity, supplies and equipment used in our IBX data centers. We closely monitor the cost of electricity at all of our locations. We have entered into several power contracts to purchase power at fixed prices during 2011 and beyond in certain locations in the U.S., Australia, France, Germany, Japan, Netherlands, Singapore and the United Kingdom.

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this Item 8 are listed in Item 15(a)(1) and begin at page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There is no disclosure to report pursuant to Item 9.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

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Management s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2010. There were no significant changes in internal control over financial reporting during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein on page F-1 of this Annual Report on Form 10-K.

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.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal controls over financial reporting during the fourth quarter of fiscal 2010 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

There is no disclosure to report pursuant to Item 9B.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders.

We have adopted a Code of Ethics applicable for the Chief Executive Officer and Senior Financial Officers and a Code of Business Conduct. This information is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders and is also available on our website, www.equinix.com.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2011 Annual Meeting of Stockholders.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

(a)(2) All schedules have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) Exhibits:

		Incorporated by Reference			
Exhibit Number	Exhibit Description	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 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	12/22/08	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).				

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		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**Filing Date/ Period End Date**	**Exhibit**	**Filed Herewith**
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).				
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	

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		Incorporated by Reference			
Exhibit Number	Exhibit Description	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	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/09	10.39	
10.17	Form of Restricted Stock Unit Agreement for all other executive officers.	10-Q	3/31/09	10.40	
10.18	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	
10.19	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	
10.20	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	
10.21	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	
10.22	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	
10.23	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	
10.24	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	

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
10.25	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	
10.26	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	
10.27	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	
10.28	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	
10.29	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	
10.30	Offer Letter from Equinix, Inc. to Charles Meyers dated September 28, 2010.	10-Q	9/30/10		
10.31	Restricted Stock Unit Agreement for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/10		
10.32	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30. 2010.	10-Q	9/30/10		
10.33	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Appleby, Ferris, Meyers, Smith, Taylor and Van Camp.				X
10.34	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.				X

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
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
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				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
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of December 31, 2010 and December 31, 2009, (ii) Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008, (iii) Consolidated Statements of Stockholders Equity and Other Comprehensive Income (Loss) for the years ended December 31, 2010, 2009 and 2008 (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008 and (iv) Notes to Consolidated Financial Statements, tagged as blocks of text.				X

(b) Exhibits.
See (a) (3) above.

(c) Financial Statement Schedule.
See (a) (2) above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

EQUINIX, INC.

(Registrant)

February 25, 2011 By /s/ STEPHEN M. SMITH

Stephen M. Smith

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stephen M. Smith or Keith D. Taylor, or either of them, each with the power of substitution, their attorney-in-fact, to sign any amendments to this Annual Report on Form 10-K (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ STEPHEN M. SMITH **Stephen M. Smith**	President and Chief Executive Officer (Principal Executive Officer)	February 25, 2011
/s/ KEITH D. TAYLOR **Keith D. Taylor**	Chief Financial Officer (Principal Financial and Accounting Officer)	February 25, 2011
/s/ PETER F. VAN CAMP **Peter F. Van Camp**	Executive Chair	February 25, 2011
/s/ STEVEN T. CLONTZ **Steven T. Clontz**	Director	February 25, 2011
/s/ GARY F. HROMADKO **Gary F. Hromadko**	Director	February 25, 2011
/s/ SCOTT G. KRIENS **Scott G. Kriens**	Director	February 25, 2011

/s/ WILLIAM LUBY	Director	February 25, 2011
William Luby		
/s/ IRVING F. LYONS, III	Director	February 25, 2011
Irving F. Lyons, III		
/s/ CHRISTOPHER B. PAISLEY	Director	February 25, 2011
Christopher B. Paisley		

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INDEX TO EXHIBITS

Exhibit Number	Description of Document
10.33	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Appleby, Ferris, Meyers, Smith, Taylor and Van Camp.
10.34	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.
21.1	Subsidiaries of Equinix, Inc.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Stockholders of Equinix, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders equity and other comprehensive income (loss), and of cash flows present fairly, in all material respects, the financial position of Equinix, Inc. (the Company) and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010 based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

San Jose, CA

February 25, 2011

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EQUINIX, INC.

Consolidated Balance Sheets

(in thousands, except share and per share data)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 442,841	$ 346,056
Short-term investments	147,192	248,508
Accounts receivable, net of allowance for doubtful accounts of $3,808 and $1,720	116,358	64,767
Current portion of deferred tax assets, net	38,696	46,822
Other current assets	32,961	21,734
Total current assets	778,048	727,887
Long-term investments	2,806	9,803
Property, plant and equipment, net	2,650,953	1,808,115
Goodwill	774,365	381,050
Intangible assets, net	150,945	51,015
Deferred tax assets, net	16,955	5,171
Other assets	73,937	55,109
Total assets	$ 4,448,009	$ 3,038,150
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 145,854	$ 99,053
Accrued property, plant and equipment	91,667	109,876
Current portion of capital lease and other financing obligations	7,988	6,452
Current portion of mortgage and loans payable	19,978	58,912
Other current liabilities	52,628	41,166
Total current liabilities	318,115	315,459
Capital lease and other financing obligations, less current portion	253,945	154,577
Mortgage and loans payable, less current portion	100,337	371,322
Convertible debt	916,337	893,706
Senior notes	750,000	
Deferred tax liabilities, net	103,717	25,937
Other liabilities	125,043	94,666
Total liabilities	2,567,494	1,855,667
Commitments and contingencies (Note 13)		
Stockholders equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized in 2010 and 2009; zero shares issued and outstanding in 2010 and 2009		
Common stock, $0.001 par value per share; 300,000,000 shares authorized in 2010 and 2009; 46,166,689 and 39,315,250 shares issued and outstanding in 2010 and 2009	46	39
Additional paid-in capital	2,341,586	1,665,662
Accumulated other comprehensive loss	(112,018)	(97,238)
Accumulated deficit	(349,099)	(385,980)

Total stockholders equity	1,880,515	1,182,483
Total liabilities and stockholders equity	$ 4,448,009	$ 3,038,150

See accompanying notes to consolidated financial statements.

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EQUINIX, INC.

Consolidated Statements of Operations

(in thousands, except per share data)

	Years ended December 31, 2010	2009	2008
Revenues	$ 1,220,334	$ 882,509	$ 704,680
Costs and operating expenses:			
Cost of revenues	674,667	483,420	414,799
Sales and marketing	111,104	63,584	66,913
General and administrative	220,781	155,324	146,564
Restructuring charges	6,734	(6,053)	3,142
Acquisition costs	12,337	5,155	
Total costs and operating expenses	1,025,623	701,430	631,418
Income from operations	194,711	181,079	73,262
Interest income	1,515	2,384	8,940
Interest expense	(140,475)	(74,232)	(61,677)
Other-than-temporary impairment recovery (loss) on investments	3,626	(2,590)	(1,527)
Other income	690	2,387	1,307
Loss on debt extinguishment and interest rate swaps, net	(10,187)		
Income before income taxes	49,880	109,028	20,305
Income tax benefit (expense)	(12,999)	(39,597)	87,619
Net income	$ 36,881	$ 69,431	$ 107,924
Earnings per share:			