

EQUINIX INC
Form 10-Q
May 02, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2014

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
(State of incorporation) **77-0487526**
(I.R.S. Employer Identification No.)
One Lagoon Drive, Fourth Floor, Redwood City, California 94065

(Address of principal executive offices, including ZIP code)

(650) 598-6000

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

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

The number of shares outstanding of the registrant's Common Stock as of March 31, 2014 was 49,822,889.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****EQUINIX, INC.****Condensed Consolidated Balance Sheets****(in thousands)**

	March 31, 2014	December 31, 2013
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 495,174	\$ 261,894
Short-term investments	322,374	369,808
Accounts receivable, net	213,560	184,840
Other current assets	54,910	72,118
Total current assets	1,086,018	888,660
Long-term investments	224,176	398,390
Property, plant and equipment, net	4,766,297	4,591,650
Goodwill	1,047,578	1,042,153
Intangible assets, net	176,914	184,182
Other assets	429,615	387,324
Total assets	\$ 7,730,598	\$ 7,492,359
Liabilities, Redeemable Non-Controlling Interests and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 293,295	\$ 263,223
Accrued property, plant and equipment	80,516	64,601
Current portion of capital lease and other financing obligations	17,880	17,214
Current portion of mortgage and loans payable	54,122	53,508
Other current liabilities	149,343	147,958
Total current liabilities	595,156	546,504
Capital lease and other financing obligations, less current portion	1,037,247	914,032
Mortgage and loans payable, less current portion	191,761	199,700
Convertible debt	728,361	724,202
Senior notes	2,250,000	2,250,000
Other liabilities	284,108	274,955
Total liabilities	5,086,633	4,909,393

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Redeemable non-controlling interests (Note 9)	126,959	123,902
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock	51	50
Additional paid-in capital	2,743,244	2,693,887
Treasury stock	(131,408)	(84,663)
Accumulated other comprehensive loss	(99,825)	(113,767)
Retained earnings (accumulated deficit)	4,944	(36,443)
Total stockholders' equity	2,517,006	2,459,064
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$ 7,730,598	\$ 7,492,359

See accompanying notes to condensed consolidated financial statements

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

	Three months ended March 31, 2014 2013 (Unaudited)	
Revenues	\$ 580,053	\$ 516,134
Costs and operating expenses:		
Cost of revenues	287,525	258,591
Sales and marketing	67,428	58,276
General and administrative	103,303	90,818
Acquisition costs	185	3,662
Total costs and operating expenses	458,441	411,347
Income from operations	121,612	104,787
Interest income	1,434	747
Interest expense	(68,820)	(60,331)
Other income (expense)	678	(459)
Income from operations before income taxes	54,904	44,744
Income tax expense	(13,567)	(11,460)
Net income	41,337	33,284
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Net income attributable to Equinix	\$ 41,387	\$ 32,843
Earnings per share (EPS) attributable to Equinix (Note 2):		
Basic EPS	\$ 0.83	\$ 0.67
Weighted-average shares	49,598	49,029
Diluted EPS	\$ 0.81	\$ 0.65
Weighted-average shares	53,386	53,480

See accompanying notes to condensed consolidated financial statements

Table of Contents**EQUINIX, INC.****Condensed Consolidated Statements of Comprehensive Income (Loss)****(in thousands)**

	Three months ended March 31, 2014 2013 (Unaudited)	
Net income	\$ 41,337	\$ 33,284
Other comprehensive income (loss), net of tax:		
Foreign currency translation gain (loss)	14,970	(72,554)
Unrealized gain on available for sale securities	839	98
Unrealized gain on cash flow hedges	200	
Total other comprehensive income (loss), net of tax	16,009	(72,456)
Comprehensive income (loss), net of tax	57,346	(39,172)
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Other comprehensive income attributable to redeemable non-controlling interests	(2,067)	(769)
Comprehensive income (loss) attributable to Equinix	\$ 55,329	\$ (40,382)

See accompanying notes to condensed consolidated financial statements

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

	Three months ended March 31,	
	2014	2013
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 41,337	\$ 33,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	107,023	100,381
Stock-based compensation	24,981	23,836
Excess tax benefits from stock-based compensation	(10,018)	(18,990)
Amortization of debt issuance costs and debt discounts	6,409	5,753
Amortization of intangible assets	6,905	6,759
Provision for allowance for doubtful accounts	1,055	813
Other items	3,919	3,735
Changes in operating assets and liabilities:		
Accounts receivable	(28,995)	(24,663)
Income taxes, net	(15,749)	(2,347)
Other assets	18,292	(20,222)
Accounts payable and accrued expenses	8,830	(27,996)
Other liabilities	7,729	3,838
Net cash provided by operating activities	171,718	84,181
Cash flows from investing activities:		
Purchases of investments	(93,423)	(296,513)
Sales of investments	212,299	37,163
Maturities of investments	102,778	26,385
Purchases of property, plant and equipment	(105,907)	(75,667)
Purchase of real estate	(16,791)	
Change in restricted cash	(71)	(833,801)
Other investing activities, net		(107)
Net cash provided by (used in) investing activities	98,885	(1,142,540)
Cash flows from financing activities:		
Purchases of treasury stock	(47,120)	
Proceeds from employee equity awards	14,387	14,368
Excess tax benefits from stock-based compensation	10,018	18,990
Proceeds from senior notes		1,500,000
Repayment of capital lease and other financing obligations	(4,250)	(3,516)

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Repayment of mortgage and loans payable	(10,317)	(14,052)
Debt issuance costs		(19,030)
Net cash provided by (used in) financing activities	(37,282)	1,496,760
Effect of foreign currency exchange rates on cash and cash equivalents	(41)	(5,595)
Net increase in cash and cash equivalents	233,280	432,806
Cash and cash equivalents at beginning of period	261,894	252,213
Cash and cash equivalents at end of period	\$ 495,174	\$ 685,019
Supplemental cash flow information:		
Cash paid for taxes	\$ 29,913	\$ 14,036
Cash paid for interest	\$ 42,385	\$ 67,975

See accompanying notes to condensed consolidated financial statements

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Equinix, Inc. (Equinix or the Company) and reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly state the financial position and the results of operations for the interim periods presented. The condensed consolidated balance sheet data as of December 31, 2013 has been derived from audited consolidated financial statements as of that date. The consolidated financial statements have been prepared in accordance with the regulations of the Securities and Exchange Commission (SEC), but omit certain information and footnote disclosure necessary to present the statements in accordance with generally accepted accounting principles in the United States of America (GAAP). For further information, refer to the Consolidated Financial Statements and Notes thereto included in Equinix's Form 10-K as filed with the SEC on February 28, 2014. Results for the interim periods are not necessarily indicative of results for the entire fiscal year.

Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Equinix and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Income Taxes

The Company's effective tax rates were 24.7% and 25.6% for the three months ended March 31, 2014 and 2013, respectively.

The Company is entitled to a deduction for federal and state tax purposes with respect to employee equity award activity. The reduction in income tax payable related to windfall tax benefits for stock based compensation awards has been reflected as an adjustment to additional paid-in capital. For the three months ended March 31, 2014, the benefits arising from employee equity award activity that resulted in an adjustment to additional paid in capital were \$9,477,000.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11). This ASU requires companies to present an unrecognized tax benefit, or a portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss or a tax credit carryforward, is not available at the reporting date under the applicable tax law or an entity does not intend to use its deferred tax asset for such purpose, the unrecognized tax benefit should be presented as a liability and not a reduction to deferred tax assets. This ASU is effective for fiscal years and interim periods beginning after December 15, 2013 with early adoption permitted. During the three months ended March 31, 2014, the Company adopted ASU 2013-11 and the

adoption did not have a significant impact on its consolidated financial statements.

[Table of Contents](#)**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****2. Earnings Per Share**

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

	Three months ended March 31,	
	2014	2013
Net income	\$ 41,337	\$ 33,284
Net (income) loss attributable to redeemable non-controlling interests	50	(441)
Net income attributable to Equinix, basic	41,387	32,843
Effect of assumed conversion of convertible debt:		
Interest expense, net of tax	1,984	1,851
Net income attributable to Equinix, diluted	\$ 43,371	\$ 34,694
Weighted-average shares used to compute basic EPS	49,598	49,029
Effect of dilutive securities:		
Convertible debt	3,371	3,613
Employee equity awards	417	838
Weighted-average shares used to compute diluted EPS	53,386	53,480
EPS attributable to Equinix:		
Basic EPS	\$ 0.83	\$ 0.67
Diluted EPS	\$ 0.81	\$ 0.65

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

**Three months ended
March 31,
2014 2013**

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Shares reserved for conversion of 4.75% convertible subordinated notes	4,432	4,432
Common stock related to employee equity awards	337	113
	4,769	4,545

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****3. Balance Sheet Components*****Cash, Cash Equivalents and Short-Term and Long-Term Investments***

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

	March 31, 2014	December 31, 2013
Cash and cash equivalents:		
Cash (1)	\$ 232,835	\$ 186,007
Cash equivalents:		
Money market funds	256,740	74,787
Commercial paper	5,599	1,100
Total cash and cash equivalents	495,174	261,894
Marketable securities:		
U.S. government securities	288,625	305,021
U.S. government agency securities	85,946	125,917
Corporate bonds	73,267	190,177
Certificates of deposit	63,175	76,152
Asset-backed securities	31,046	68,938
Commercial paper	4,491	1,993
Total marketable securities	546,550	768,198
Total cash, cash equivalents and short-term and long-term investments	\$ 1,041,724	\$ 1,030,092

(1) Excludes restricted cash.

As of March 31, 2014 and December 31, 2013, cash equivalents included investments which were readily convertible to cash and had original maturity dates of 90 days or less. The maturities of securities classified as short-term investments were one year or less as of March 31, 2014 and December 31, 2013. The maturities of securities classified as long-term investments were greater than one year and less than three years as of March 31, 2014 and December 31, 2013.

The following table summarizes the cost and estimated fair value of marketable securities based on stated effective maturities as of (in thousands):

	March 31, 2014		December 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 322,207	\$ 322,374	\$ 369,698	\$ 369,808
Due after one year through three years	224,019	224,176	398,200	398,390
Total	\$ 546,226	\$ 546,550	\$ 767,898	\$ 768,198

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)**

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

		March 31, 2014		
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government securities	\$ 288,433	\$ 192	\$	\$ 288,625
U.S. government agency securities	85,905	55	(14)	85,946
Corporate bonds	73,210	68	(11)	73,267
Certificates of deposit	63,175			63,175
Asset-backed securities	31,012	35	(1)	31,046
Commercial paper	4,491			4,491
Total	\$ 546,226	\$ 350	\$ (26)	\$ 546,550

		December 31, 2013		
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government securities	\$ 304,897	\$ 131	\$ (7)	\$ 305,021
U.S. government agency securities	125,904	35	(22)	125,917
Corporate bonds	190,068	149	(40)	190,177
Certificates of deposit	76,126	27	(1)	76,152
Asset-backed securities	68,914	33	(9)	68,938
Commercial paper	1,989	4		1,993
Total	\$ 767,898	\$ 379	\$ (79)	\$ 768,198

The following table summarizes the fair value and gross unrealized losses related to 27 available-for-sale securities with an aggregate cost basis of \$49,473,000 aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position as of March 31, 2014 (in thousands):

	Securities in a loss position for less than 12 months	
	Fair value	Gross unrealized losses
U.S. government agency securities	\$ 18,247	\$ (14)
U.S. government securities	15,028	
Corporate bonds	9,453	(11)
Asset-backed securities	5,519	(1)
	\$ 48,247	\$ (26)

As of March 31, 2014, the Company did not have any securities in a loss position for 12 months or more. While the Company does not believe that as of March 31, 2014, it holds investments that are other-than-temporarily impaired and believes that the Company's investments will mature at par, the Company's investments are subject to changes in market conditions. If market conditions were to deteriorate, the Company could sustain other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded in interest income, net, or securities markets could become inactive which could affect the liquidity of the Company's investments.

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Accounts Receivable***

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

	March 31, 2014	December 31, 2013
Accounts receivable	\$ 356,162	\$ 323,822
Unearned revenue	(135,269)	(132,342)
Allowance for doubtful accounts	(7,333)	(6,640)
	\$ 213,560	\$ 184,840

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

Other Current Assets

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

	March 31, 2014	December 31, 2013
Prepaid expenses	\$ 23,300	\$ 26,578
Taxes receivable	10,301	21,584
Deferred tax assets, net	7,442	7,442
Other receivables	2,142	4,181
Derivative instruments	7,132	4,457
Restricted cash, current	3,287	3,210
Other current assets	1,306	4,666
	\$ 54,910	\$ 72,118

Property, Plant and Equipment

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

	March 31, 2014	December 31, 2013
IBX plant and machinery	\$ 2,707,353	\$ 2,640,907
Leasehold improvements	1,069,414	1,039,847
Buildings (1)	1,968,182	1,862,562
IBX equipment	530,232	490,677
Computer equipment and software	205,615	189,714
Land	122,079	122,035
Furniture and fixtures	24,658	24,134
Construction in progress	269,584	244,254
	6,897,117	6,614,130
Less accumulated depreciation	(2,130,820)	(2,022,480)
	\$ 4,766,297	\$ 4,591,650

(1) Includes site improvements.

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)**

International Business Exchange® (IBX) plant and machinery, leasehold improvements, buildings, computer equipment and software and construction in progress recorded under capital leases aggregated \$508,434,000 and \$428,974,000 as of March 31, 2014 and December 31, 2013, respectively. Depreciation on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled \$60,130,000 and \$56,041,000 as of March 31, 2014 and December 31, 2013, respectively.

Goodwill and Intangible Assets

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

	March 31, 2014	December 31, 2013
Goodwill:		
Americas	\$ 474,914	\$ 471,845
EMEA	437,386	435,041
Asia-Pacific	135,278	135,267
	\$ 1,047,578	\$ 1,042,153
Intangible assets:		
Intangible asset customer contracts	\$ 233,353	\$ 233,038
Intangible asset favorable leases	24,683	25,147
Intangible asset licenses	9,697	9,697
Intangible asset others	8,920	8,859
	276,653	276,741
Accumulated amortization	(99,739)	(92,559)
	\$ 176,914	\$ 184,182

The Company's goodwill and intangible assets in EMEA (Europe, Middle East and Africa), denominated in the United Arab Emirates dirham, British pounds and Euros, goodwill and intangible assets in Asia-Pacific, denominated in Chinese yuan, Hong Kong dollars and Singapore dollars and certain goodwill and intangible assets in Americas, denominated in Canadian dollars and Brazilian reais, are subject to foreign currency fluctuations. The Company's foreign currency translation gains and losses, including goodwill and intangible assets, are a component of other comprehensive income and loss.

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For the three months ended March 31, 2014 and 2013, the Company recorded amortization expense of \$6,905,000 and \$6,759,000, respectively, associated with its intangible assets. The Company's estimated future amortization expense related to its intangible assets is as follows (in thousands):

Year ending:	
2014 (nine months remaining)	\$ 22,135
2015	29,108
2016	28,638
2017	27,095
2018	24,008
Thereafter	45,930
Total	\$ 176,914

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Other Assets***

Other assets consisted of the following (in thousands):

	March 31, 2014	December 31, 2013
Deferred tax assets, net	\$ 277,026	\$ 229,975
Prepaid expenses, non-current	60,233	61,039
Debt issuance costs, net	39,634	41,847
Deposits	25,597	25,543
Restricted cash, non-current	16,203	16,178
Derivative instruments	3,678	4,118
Other assets, non-current	7,244	8,624
	\$ 429,615	\$ 387,324

The increase in deferred tax assets, net was primarily due to the depreciation and amortization recapture as a result of changing the Company's methods of depreciating and amortizing various data center assets for tax purposes in connection with the Company's plan to convert to a real estate investment trust (REIT).

Accounts Payable and Accrued Expenses

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

	March 31, 2014	December 31, 2013
Accounts payable	\$ 34,363	\$ 30,291
Accrued compensation and benefits	72,391	92,106
Accrued interest	64,382	48,310
Accrued taxes	57,725	32,047
Accrued utilities and security	30,226	31,314
Accrued professional fees	11,951	9,753
Accrued repairs and maintenance	4,798	3,557
Accrued other	17,459	15,845

\$	293,295	\$	263,223
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Other Current Liabilities

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

	March 31, 2014	December 31, 2013
Deferred tax liabilities, net	\$ 72,004	\$ 72,004
Deferred installation revenue	45,661	43,145
Customer deposits	15,428	15,174
Derivative instruments	5,865	6,515
Deferred recurring revenue	5,559	5,007
Deferred rent	2,645	3,865
Asset retirement obligations	1,306	1,290
Other current liabilities	875	958
	\$ 149,343	\$ 147,958

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Other Liabilities***

Other liabilities consisted of the following (in thousands):

	March 31, 2014	December 31, 2013
Asset retirement obligations, non-current	\$ 58,892	\$ 58,258
Deferred tax liabilities, net	69,835	69,812
Deferred installation revenue, non-current	64,315	60,947
Deferred rent, non-current	41,399	37,955
Accrued taxes, non-current	28,344	27,052
Customer deposits, non-current	4,945	5,005
Deferred recurring revenue, non-current	2,048	2,082
Other liabilities	14,330	13,844
	\$ 284,108	\$ 274,955

The Company currently leases the majority of its IBX data centers and certain equipment under non-cancelable operating lease agreements expiring through 2043. The IBX data center lease agreements typically provide for base rental rates that increase at defined intervals during the term of the lease. In addition, the Company has negotiated some rent expense abatement periods for certain leases to better match the phased build-out of its IBX data centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

4. Derivatives and Hedging Activities***Derivatives Designated as Hedging Instruments***

Cash Flow Hedges. The Company hedges its exposure to foreign currency exchange rate fluctuations for forecasted revenues and expenses in its EMEA region in order to help manage the Company's exposure to foreign currency exchange rate fluctuations between the U.S. dollar and the British pound, Euro and Swiss franc. As of March 31, 2014, the Company had a total of 102 cash flow hedge instruments with maturity dates ranging from April 2014 to January 2015 as follows (in thousands):

	Notional amount	Fair value ⁽¹⁾	Accumulated other comprehensive income (loss) ⁽²⁾
Derivative assets	\$ 139,544	\$ 1,981	\$ 1,979
Derivative liabilities	213,175	(3,532)	(3,529)
Total	\$ 352,719	\$ (1,551)	\$ (1,550)

- (1) A total of \$1,981 of derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets. A total of \$3,532 of derivative liabilities related to cash flow hedges are included in the condensed consolidated balance sheets within other current liabilities.
- (2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss).

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)**

As of December 31, 2013, the Company had a total of 69 cash flow hedge instruments with maturity dates ranging from January 2014 to January 2015 as follows (in thousands):

	Notional amount	Fair value ⁽¹⁾	Accumulated other comprehensive income (loss) ⁽²⁾
Derivative assets	\$ 127,968	\$ 2,102	\$ 2,107
Derivative liabilities	200,686	(3,855)	(3,857)
Total	\$ 328,654	\$ (1,753)	\$ (1,750)

(1) A total of \$2,099 and \$3 of derivative assets related to cash flow hedges are included in the condensed consolidated balance sheets within other current assets and other assets, respectively. A total of \$3,818 and \$37 of derivative liabilities related to cash flow hedges are included in the condensed consolidated balance sheets within other current liabilities and other liabilities, respectively.

(2) Included in the condensed consolidated balance sheets within accumulated other comprehensive income (loss). During the three months ended March 31, 2014, there were no ineffective cash flow hedges. During the three months ended March 31, 2014, the amount of gains (losses) reclassified from accumulated other comprehensive income (loss) to revenue and operating expenses were not significant. The Company did not enter into any cash flow hedges during the three months ended March 31, 2013.

Derivatives Not Designated as Hedging Instruments

Embedded Derivatives. The Company is deemed to have foreign currency forward contracts embedded in certain of the Company's customer agreements that are priced in currencies different from the functional or local currencies of the parties involved. These embedded derivatives are separated from their host contracts and carried on the Company's balance sheet at their fair value. The majority of these embedded derivatives arise as a result of the Company's foreign subsidiaries pricing their customer contracts in the U.S. dollar. Gains and losses on these embedded derivatives are included within revenues in the Company's condensed consolidated statements of operations. During the three months ended March 31, 2014, gains (losses) from these embedded derivatives were not significant. During the three months ended March 31, 2013, the Company recognized a net gain of \$2,453,000 associated with these embedded derivatives.

Economic Hedges of Embedded Derivatives. The Company uses foreign currency forward contracts to manage the foreign exchange risk associated with the Company's embedded derivatives (economic hedges of embedded derivatives). Gains and losses on these contracts are included in revenues along with gains and losses of the related

embedded derivatives. The Company entered into various economic hedges of embedded derivatives during the three months ended March 31, 2014 and gains (losses) from these contracts were not significant. The Company did not enter into any economic hedges of embedded derivatives during the three months ended March 31, 2013.

Foreign Currency Forward and Options Contracts. The Company also uses foreign currency forward and options contracts to manage the foreign exchange risk associated with certain foreign currency-denominated assets and liabilities. As a result of foreign currency fluctuations, the U.S. dollar equivalent values of the foreign currency-denominated assets and liabilities change. Gains and losses on these contracts are included in other income (expense), net, along with those foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with the foreign currency forward and options contracts. The Company entered into various foreign currency forward and options contracts during the three months ended March 31, 2014 and 2013 and gains (losses) from these foreign currency forward and options contracts were not significant during these periods.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

Offsetting Derivative Assets and Liabilities

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of March 31, 2014 (in thousands):

	Gross amounts	Gross amounts offset in the balance sheet	Net amounts ⁽¹⁾	Gross amounts not offset in the balance sheet ⁽²⁾	Net
Assets:					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 1,981	\$	\$ 1,981	\$ (1,955)	\$ 26
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	5,251		5,251		5,251
Economic hedges of embedded derivatives	518		518		518
Foreign currency forward and options contracts	3,060		3,060	(1,648)	1,412
	8,829		8,829	(1,648)	7,181
Additional netting benefit				(900)	(900)
	\$ 10,810	\$	\$ 10,810	\$ (4,503)	\$ 6,307
Liabilities:					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 3,532	\$	\$ 3,532	\$ (1,955)	\$ 1,577

*Not designated as
hedging instruments:*

Embedded derivatives	213	213	213
Economic hedges of embedded derivatives	170	170	170
Foreign currency forward and options contracts	1,994	1,994	(1,648)
	2,377	2,377	(1,648)
Additional netting benefit			(900)
	\$ 5,909	\$ 5,909	\$ (4,503)
			\$ 1,406

- (1) As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.
- (2) The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

The following table presents the fair value of derivative instruments recognized in the Company's condensed consolidated balance sheets as of December 31, 2013 (in thousands):

	Gross amounts	Gross amounts offset in the balance sheet	Net amounts ⁽¹⁾	Gross amounts not offset in the balance sheet ⁽²⁾	Net
Assets:					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 2,102	\$	\$ 2,102	\$ (2,102)	\$
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	6,296		6,296		6,296
Foreign currency forward and options contracts	177		177	(177)	
	6,473		6,473	(177)	6,296
	\$ 8,575	\$	\$ 8,575	\$ (2,279)	\$ 6,296
Liabilities:					
<i>Designated as hedging instruments:</i>					
Foreign currency forward contracts	\$ 3,855	\$	\$ 3,855	\$ (2,102)	\$ 1,753
<i>Not designated as hedging instruments:</i>					
Embedded derivatives	115		115		115
Economic hedges of embedded derivatives	1,315		1,315		1,315
Foreign currency forward and options	1,289		1,289	(177)	1,112

contracts									
					</				

- (1) As presented in the Company's condensed consolidated balance sheets within other current assets, other assets, other current liabilities and other liabilities.
- (2) The Company enters into master netting agreements with its counterparties for transactions other than embedded derivatives to mitigate credit risk exposure to any single counterparty. Master netting agreements allow for individual derivative contracts with a single counterparty to offset in the event of default.

[Table of Contents](#)**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****5. Fair Value Measurements**

The Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2014 were as follows (in thousands):

	Fair value at March 31, 2014	Fair value measurement using	
		Level 1	Level 2
Assets:			
Cash	\$ 232,835	\$ 232,835	\$
Money market and deposit accounts	256,740	256,740	
U.S. government securities	288,625	288,625	
U.S. government agency securities	85,946		85,946
Corporate bonds	73,267		73,267
Certificates of deposit	63,175		63,175
Asset-backed securities	31,046		31,046
Commercial paper	10,090		10,090
Derivative instruments (1)	10,810		10,810
	\$ 1,052,534	\$ 778,200	\$ 274,334
Liabilities:			
Derivative instruments (1)	\$ 5,909	\$	\$ 5,909

- (1) Includes embedded derivatives, economic hedges of embedded derivatives and foreign currency forward and options contracts. Amounts are included within other current assets, other assets, other current liabilities and other liabilities in the Company's accompanying condensed consolidated balance sheet.

The Company did not have any Level 3 financial assets or financial liabilities as of March 31, 2014.

Valuation Methods

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

Cash, Cash Equivalents and Investments. The fair value of the Company's investments in money market funds approximates their face value. Such instruments are included in cash equivalents. The Company's U.S. government securities and money market funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted prices for identical instruments in active markets. The fair value of the Company's other investments approximate their face value, including certificates of deposit and available-for-sale debt investments related to the Company's investments in the securities of other public companies, governmental units and other agencies. The fair value of these investments is priced based on the quoted market price for similar instruments or nonbinding market prices that are corroborated by observable market data. Such instruments are classified within Level 2 of the fair value hierarchy. The Company determines the fair values of its Level 2 investments by using inputs such as actual trade data, benchmark yields, broker/dealer quotes, and other similar data, which are obtained from quoted market prices, custody bank, third-party pricing vendors or other sources. The Company uses such pricing data as the primary input to make its assessments and determinations as to the ultimate valuation of its investment portfolio and has not made, during the periods presented, any material adjustments to such inputs. The Company is responsible for its consolidated financial statements and underlying estimates.

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)**

The Company determined that the major security types held as of March 31, 2014 were primarily cash and money market funds, U.S. government and agency securities, corporate bonds, certificate of deposits, commercial paper and asset-backed securities. The Company uses the specific identification method in computing realized gains and losses. Short-term and long-term investments are classified as available-for-sale and are carried at fair value with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income or loss, net of any related tax effect. The Company reviews its investment portfolio quarterly to determine if any securities may be other-than-temporarily impaired due to increased credit risk, changes in industry or sector of a certain instrument or ratings downgrades over an extended period of time.

Derivative Assets and Liabilities. For derivatives, including cash flow hedges, embedded derivatives and economic hedges of embedded derivatives, the Company uses forward contract models employing market observable inputs, such as spot currency rates and forward points with adjustments made to these values utilizing published credit default swap rates of its foreign exchange trading counterparties. The Company has determined that the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, therefore the derivatives are categorized as Level 2.

During the three months ended March 31, 2014, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

6. Related Party Transactions

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

	Three months ended March 31,	
	2014	2013
Revenues	\$ 2,121	\$ 8,476
Costs and services	161	2,465
	As of March 31,	
	2014	2013
Accounts receivable	\$ 1,690	\$ 5,089
Accounts payable		443

In connection with the acquisition of ALOG Data Centers do Brasil S.A. and its subsidiaries ("ALOG") (the "ALOG Acquisition"), the Company acquired a lease for one of the Brazilian IBX data centers in which the lessor is a member of ALOG management. This lease contains an option to purchase the underlying property for fair market value on the date of purchase. The Company accounts for this lease as a financing obligation as a result of structural building work pursuant to the accounting standard for lessee's involvement in asset construction. As of March 31, 2014, the Company

had a financing obligation liability totaling approximately \$3,807,000 related to this lease on its condensed consolidated balance sheet. This amount is considered a related party liability, which is not reflected in the related party data presented above.

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****7. Leases*****Capital Lease and Other Financing Obligations******Silicon Valley 2 Capital Lease***

In March 2014, the Company entered into a lease amendment to extend the lease term of the Company's Silicon Valley 2 IBX data center (the "Silicon Valley 2 Lease"). The lease was originally accounted for as an operating lease. Pursuant to the accounting standard for leases, the Company reassessed the lease classification of the Silicon Valley 2 Lease as a result of the lease amendment and determined that upon the amendment the lease should be accounted for as a capital lease (the "Silicon Valley 2 Capital Lease"). The Company recorded a capital lease asset totaling approximately \$81,542,000 and a capital lease liability totaling approximately \$82,000,000 during the three months ended March 31, 2014. Monthly payments under the Silicon Valley 2 Capital Lease commenced in March 2014 and will be made through September 2029. The Company has certain renewal options available after September 2029, which have not been included in the lease term.

Dallas IBX Financing

In January 2014, the Company took possession of additional space under the terms of an existing lease agreement in a property in Dallas where the Company operates its Dallas 1, Dallas 2, Dallas 3 and Dallas 6 IBX data centers. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the accounting owner of the assets during the construction phase due to the building work that the Company undertook. As a result, the Company recorded an incremental financed asset and a corresponding financing obligation liability totaling approximately \$13,908,000 during the three months ended March 31, 2014 (the "Dallas IBX Financing"). Monthly payments under the Dallas IBX Financing will be made through December 2029.

Maturities of Capital Lease and Other Financing Obligations

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

	Capital lease obligations	Other financing obligations	Total
2014 (nine months remaining)	\$ 34,702	\$ 35,388	\$ 70,090
2015	52,139	55,148	107,287
2016	52,817	59,627	112,444
2017	54,025	59,576	113,601
2018	55,722	62,377	118,099

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Thereafter	776,516	571,984	1,348,500
Total minimum lease payments	1,025,921	844,100	1,870,021
Plus amount representing residual property value		404,357	404,357
Less estimated building costs		(32,566)	(32,566)
Less amount representing interest	(542,895)	(643,790)	(1,186,685)
Present value of net minimum lease payments	483,026	572,101	1,055,127
Less current portion	(9,108)	(8,772)	(17,880)
	\$ 473,918	\$ 563,329	\$ 1,037,247

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****8. Debt Facilities*****Mortgage and Loans Payable***

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

	March 31, 2014	December 31, 2013
U.S. term loan	\$ 130,000	\$ 140,000
ALOG financings	70,799	67,882
Mortgage payable	43,202	43,497
Other loans payable	1,882	1,829
	245,883	253,208
Less current portion	(54,122)	(53,508)
	\$ 191,761	\$ 199,700

Convertible Debt

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

	March 31, 2014	December 31, 2013
3.00% Convertible Subordinated Notes	\$ 395,986	\$ 395,986
4.75% Convertible Subordinated Notes	373,723	373,724
	769,709	769,710
Less amount representing debt discount	(41,348)	(45,508)
	\$ 728,361	\$ 724,202

3.00% Convertible Subordinated Notes

In September 2007, the Company issued \$395,986,000 aggregate principal amount of 3.00% Convertible Subordinated Notes due October 15, 2014 (the 3.00% Convertible Subordinated Notes). 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 the Company's 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 the Company's 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 the Company's common stock or a total of 4,711,283 shares of the Company's common stock. As of March 31, 2014, had the holders of the 3.00% Convertible Subordinated Notes converted their notes, the 3.00% Convertible Subordinated Notes would have been convertible into 3,375,463 shares of the Company's common stock.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4.75% Convertible Subordinated Notes

In June 2009, the Company issued \$373,750,000 aggregate principal amount of 4.75% Convertible Subordinated Notes due June 15, 2016 (the "4.75% Convertible Subordinated Notes"). Upon conversion, holders will receive, at the Company's election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. However, the Company may at any time irrevocably elect for the remaining term of the 4.75% Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the 4.75% Convertible Subordinated Notes converted, with any remaining amount to be satisfied, at the Company's election, in shares of its common stock or a combination of cash and shares of its common stock. Upon conversion, if the Company elects to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the \$373,750,000 of gross proceeds received will be required.

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. Holders of the 4.75% Convertible Subordinated Notes may convert their notes at any time prior to the close of business on the business day immediately preceding the maturity date under the following circumstances:

during any fiscal quarter (and only during that fiscal quarter) ending after December 31, 2009, if the sale price of the Company's 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 \$109.62 per share (the "Stock Price Condition Conversion Clause");

subject to certain exceptions, during the five business day period following any 10 consecutive trading day period in which the trading price of the 4.75% Convertible Subordinated Notes for each day of such period was less than 98% of the product of the sale price of the Company's common stock and the conversion rate;

upon the occurrence of specified corporate transactions described in the 4.75% Convertible Subordinated Notes Indenture, such as a consolidation, merger or binding share exchange in which the Company's common stock would be converted into cash or property other than securities; or

at any time on or after March 15, 2016.

Holders of the 4.75% Convertible Subordinated Notes were eligible to convert their notes during the three months ended March 31, 2014 and are eligible to convert their notes during the three months ended June 30, 2014, since the

Stock Price Condition Conversion Clause was met during the applicable periods. As of March 31, 2014, had the holders of the 4.75% Convertible Subordinated Notes converted their notes, the 4.75% Convertible Subordinated Notes would have been convertible into a maximum of 4,432,328 shares of the Company's common stock.

Senior Notes

The Company's senior notes consisted of the following as of (in thousands):

	March 31, 2014	December 31, 2013
5.375% senior notes due 2023	\$ 1,000,000	\$ 1,000,000
7.00% senior notes due 2021	750,000	750,000
4.875% senior notes due 2020	500,000	500,000
	\$ 2,250,000	\$ 2,250,000

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Maturities of Debt Facilities***

The following table sets forth maturities of the Company's debt, including mortgage and loans payable, convertible debt and senior notes, as of March 31, 2014 (in thousands):

Year ending:	
2014 (nine months remaining)	\$ 439,692
2015	58,030
2016(1)	435,662
2017	35,695
2018	9,447
Thereafter	2,287,066
	\$ 3,265,592

(1) Gross of \$41,348 debt discount from the 4.75% Convertible Subordinated Notes.

Fair Value of Debt Facilities

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

	March 31, 2014	December 31, 2013
Mortgage and loans payable	\$ 252,050	\$ 254,607
Convertible debt	1,044,273	1,009,744
Senior notes	2,375,625	2,302,290

The Company has determined that the inputs used to value its debt facilities fall within Level 2 of the fair value hierarchy.

Interest Charges

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

	Three months ended March 31,	
	2014	2013
Interest expense	\$ 68,820	\$ 60,331
Interest capitalized	3,406	2,892
Interest charges incurred	\$ 72,226	\$ 63,223

9. Redeemable Non-Controlling Interests

The following table provides a summary of the activities of the Company's redeemable non-controlling interests (in thousands):

Balance as of December 31, 2013	\$ 123,902
Net loss attributable to redeemable non-controlling interests	(50)
Other comprehensive income attributable to redeemable non-controlling interests	2,067
Impact of foreign currency exchange	1,040
Balance as of March 31, 2014	\$ 126,959

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)****10. Commitments and Contingencies*****Purchase Commitments***

Primarily as a result of the Company's various IBX expansion projects, as of March 31, 2014, the Company was contractually committed for \$240,091,000 of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided, in connection with the work necessary to open these IBX data centers and make them available to customers for installation. In addition, the Company had numerous other, non-capital purchase commitments in place as of March 31, 2014, such as commitments to purchase power in select locations through the remainder of 2014 and thereafter, and other open purchase orders for goods or services to be delivered or provided during the remainder of 2014 and thereafter. Such other miscellaneous purchase commitments totaled \$209,075,000 as of March 31, 2014.

11. Stockholders' Equity***Accumulated Other Comprehensive Loss***

The components of accumulated other comprehensive loss, net of tax, are as follows (in thousands):

	Balance as of December 31, 2013	Net change	Balance as of March 31, 2014
Foreign currency translation gain (loss)	\$ (132,881)	\$ 14,970	\$ (117,911)
Unrealized gain (loss) on cash flow hedges	(1,750)	200	(1,550)
Unrealized gain (loss) on available for sale securities	(257)	839	582
Other comprehensive loss (income) attributable to redeemable non-controlling interests	21,121	(2,067)	19,054
	\$ (113,767)	\$ 13,942	\$ (99,825)

Changes in foreign currencies can have a significant impact to the Company's consolidated balance sheets (as evidenced above in the Company's foreign currency translation gain or loss), as well as its consolidated results of operations, as amounts in foreign currencies are generally translating into more U.S. dollars when the U.S. dollar weakens or less U.S. dollars when the U.S. dollar strengthens. As of March 31, 2014, the U.S. dollar was generally weaker relative to certain of the currencies of the foreign countries in which the Company operates. This overall weakness of the U.S. dollar had an overall positive impact on the Company's consolidated financial position because the foreign denominations translated into more U.S. dollars as evidenced by a decrease in foreign currency translation

loss for the three months ended March 31, 2014 as reflected in the above table. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which the Company operates could have a significant impact on its consolidated financial position and results of operations including the amount of revenue that the Company reports in future periods.

Treasury Stock

During the three months ended March 31, 2014, the Company repurchased a total of 266,585 shares of its common stock in the open market at an average price of \$176.75 per share for total consideration of \$47,120,000 under a share repurchase program that was approved by the Company's Board of Directors in December 2013 (the "2013 Share Repurchase Program"). As of March 31, 2014, the Company may purchase up to an additional \$404,081,000 in value of the Company's common stock through December 31, 2014 under this share repurchase program.

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)*****Stock-Based Compensation***

In March 2014, the Compensation Committee and the Stock Award Committee of the Company's Board of Directors approved the issuance of an aggregate of 613,560 shares of restricted stock units to certain employees, including executive officers, pursuant to the 2000 Equity Incentive Plan, as part of the Company's annual refresh program. These equity awards are subject to vesting provisions and have a weighted-average grant date fair value of \$179.18 and a weighted-average requisite service period of 3.34 years. The valuation of restricted stock units with only a service condition or a service and performance condition requires no significant assumptions as the fair value for these types of equity awards is based solely on the fair value of the Company's stock price on the date of grant. The Company uses a Monte Carlo simulation option-pricing model to determine the fair value of restricted stock units with a service and market condition. There were no significant changes in the assumptions used to determine the fair value of restricted stock units with a service and market condition that were granted during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

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

	Three months ended March 31,	
	2014	2013
Cost of revenues	\$ 1,870	\$ 1,602
Sales and marketing	7,000	5,721
General and administrative	16,111	16,513
	\$ 24,981	\$ 23,836

12. Segment Information

While the Company has a single line of business, which is the design, build-out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three reportable segments. The Company defines adjusted EBITDA as income from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs as presented below (in thousands):

	Three months ended March 31,	
	2014	2013
Adjusted EBITDA:		
Americas	\$ 149,563	\$ 144,517
EMEA	63,205	48,729
Asia-Pacific	47,620	47,642
Total adjusted EBITDA	260,388	240,888
Depreciation, amortization and accretion expense	(113,610)	(108,603)
Stock-based compensation expense	(24,981)	(23,836)
Acquisitions costs	(185)	(3,662)
Income from operations	\$ 121,612	\$ 104,787

Table of Contents**EQUINIX, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Unaudited)**

The Company also provides the following additional segment disclosures (in thousands):

	Three months ended March 31,	
	2014	2013
Total revenues:		
Americas	\$ 330,033	\$ 305,792
EMEA	151,430	119,969
Asia-Pacific	98,590	90,373
	\$ 580,053	\$ 516,134
Total depreciation and amortization:		
Americas	\$ 60,027	\$ 62,597
EMEA	29,712	22,875
Asia-Pacific	24,254	21,733
	\$ 113,993	\$ 107,205
Capital expenditures:		
Americas	\$ 67,515	\$ 44,841
EMEA	15,564	16,569
Asia-Pacific	39,619	14,257
	\$ 122,698	\$ 75,667

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

	March 31, 2014	December 31, 2013
Americas	\$ 2,679,496	\$ 2,549,863
EMEA	1,174,049	1,188,559
Asia-Pacific	912,752	853,228
	\$ 4,766,297	\$ 4,591,650

Revenue information by category is as follows (in thousands):

	Three months ended March 31,	
	2014	2013
Colocation	\$ 434,623	\$ 394,831
Interconnection	87,026	75,991
Managed infrastructure	25,384	23,120
Rental	2,670	580
Recurring revenues	549,703	494,522
Non-recurring revenues	30,350	21,612
	\$ 580,053	\$ 516,134

No single customer accounted for 10% or greater of the Company's revenues for the three months ended March 31, 2014 and 2013. No single customer accounted for 10% or greater of the Company's gross accounts receivable as of March 31, 2014 and December 31, 2013.

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EQUINIX, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Subsequent Events

From April 1, 2014 through May 1, 2014, the Company repurchased a total of 186,503 shares of its common stock in the open market at an average price of \$175.95 per share for a total consideration of \$32,815,000 under the 2013 Share Repurchase Program.

In April and May 2014, the Company entered into agreements with certain note holders to exchange an aggregate of \$170,137,000 of the principal amount of the 4.75% Convertible Subordinated Notes for 2,017,806 shares of the Company's common stock and cash payments totaling approximately \$17,636,000. As a result, the Company will recognize a loss on debt extinguishment of approximately \$38,000,000 in the second quarter of 2014 upon the exchange of the 4.75% Convertible Subordinated Notes.

In April 2014, the Company, Riverwood Capital L.P. ("Riverwood"), and the other parties thereto, amended the shareholders agreement governing their investment in ALOG to extend the time period granted to the Company in 2014 to exercise its right to purchase Riverwood's interest in ALOG, along with the approximate 10% of ALOG owned by ALOG management, to May 31, 2014. Such purchase by the Company would result in the Company owning 100% of the outstanding shares of ALOG upon completion of the transaction. Should the Company not exercise its right by May 31, 2014, subsequent exercise periods begin on April 1 and end on April 30 of each of 2015 and 2016.

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Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The words "Equinix", "we", "our", "ours", "us" and the "Company" refer to Equinix, Inc. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes", "anticipates", "plans", "expects", "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources" below and "Risk Factors" in Item 1A of Part II of this Quarterly Report on Form 10-Q. All forward-looking statements in this document are based on information available to us as of the date of this report and we assume no obligation to update any such forward-looking statements.

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

Overview

Results of Operations

Non-GAAP Financial Measures

Liquidity and Capital Resources

Contractual Obligations and Off-Balance-Sheet Arrangements

Critical Accounting Policies and Estimates

Recent Accounting Pronouncements

Overview

In April and May 2014, as more fully described in Note 13 of Notes to Condensed Consolidated Financial Statements in Item 1 of this Quarterly Report on Form 10-Q, we entered into agreements with certain note holders to exchange an aggregate of \$170.1 million of the principal amount of the 4.75% convertible subordinated notes for 2,017,806 shares

of our common stock and cash payments totaling approximately \$17.6 million. As a result, we will recognize a loss on debt extinguishment of approximately \$38.0 million in the second quarter of 2014 upon the exchange of the 4.75% convertible subordinated notes.

Equinix provides global data center offerings that protect and connect the world's most valued information assets. Global enterprises, financial services companies and content and network service providers rely upon Equinix's leading insight and data centers in 32 markets around the world for the safehousing 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 solutions: (i) premium data center colocation, (ii) interconnection and (iii) exchange and outsourced IT infrastructure services. As of March 31, 2014, we operated or had partner International Business Exchange® (IBX) data centers in the Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, Miami, New York, Philadelphia, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, Toronto and Washington, D.C. metro areas in the Americas region; France, Germany, Italy, the Netherlands, Switzerland, the United Arab Emirates and the United Kingdom in the Europe, Middle East and Africa (EMEA) region; and Australia, China, Hong Kong, Indonesia, Japan and Singapore in the Asia-Pacific region.

We leverage our global data centers in 32 markets around the world as a global platform which allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global 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 offerings. These partners, in turn, pull in their business partners, creating a marketplace for their services. Our global 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 platform, combined with our strong financial position, continues to drive new customer growth and bookings as we drive scale into our global business.

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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 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 solutions in the U.S. alone. Each of these data center solutions providers can bundle various colocation, interconnection and network offerings, and outsourced IT infrastructure services. We are able to offer our customers a global platform that supports global reach to 15 countries, proven operational reliability, improved application performance and network choice, and a highly scalable set of offerings.

Our customer count increased to approximately 6,047 as of March 31, 2014 versus approximately 5,550 as of March 31, 2013, an increase of 9%. This increase was due to organic growth in our business. Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available, taking into account power limitations. Our utilization rate was approximately 75% as of March 31, 2014 and March 31, 2013; 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 80% as of March 31, 2014. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our IBX data 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 IBX data 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 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 on a free cash flow basis and in-place customers. Like our recent expansions and acquisitions, the right combination of these factors may be attractive to us. Depending on the circumstances, these transactions may require additional capital expenditures funded by upfront cash payments or through long-term financing arrangements in order to bring these properties up to Equinix standards. Property expansion may be in the form of purchases of real property, long-term leasing arrangements or acquisitions. Future purchases, construction or acquisitions may be completed by us or with partners or potential customers to minimize the outlay of cash, which can be significant.

Our business is based on a recurring revenue model comprised of colocation and related interconnection and managed infrastructure offerings. We consider these offerings recurring because 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.

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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 because they are billed typically once 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 expected life of the customer installation. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is recognized when no remaining performance obligations exist and collectability is reasonably assured, to the extent that the revenue has not previously been recognized. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

Our Americas revenues are derived primarily from colocation and related interconnection offerings, and our EMEA and Asia-Pacific revenues are derived primarily from colocation and managed infrastructure offerings.

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 generally increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth in consumption by our customers. 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 revenues 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 about our results of operations. However, for cost of revenues, this trend may periodically be impacted when a large expansion project opens or is acquired and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region compared to either the EMEA or Asia-Pacific region, as well as a higher cost structure outside of the Americas, particularly in EMEA. While we expect all three regions to continue to see lower cost of revenues as a percentage of revenues in future periods, we expect the trend of the Americas having the lowest cost of revenues as a percentage of revenues to continue. As a result, to the extent that revenue growth outside the Americas grows in greater proportion than revenue growth in the Americas, our overall cost of revenues as a percentage of revenues may

increase in future periods. Sales and marketing expenses and general and administrative expenses may also periodically increase as a percentage of revenues as we continue to scale our operations to support our growth.

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Potential REIT Conversion

In September 2012, we announced that our Board of Directors approved a plan for Equinix to pursue conversion to a real estate investment trust (REIT). We have begun implementation of the REIT conversion, and we plan to make a tax election for REIT status for the taxable year beginning January 1, 2015. Any REIT election made by us must be effective as of the beginning of a taxable year; therefore, as a calendar year taxpayer, if we are unable to convert to a REIT by January 1, 2015, the next possible conversion date would be January 1, 2016.

If we are able to convert to and qualify as a REIT, we will generally be permitted to deduct from federal income taxes the dividends we pay to our stockholders. The income represented by such dividends would not be subject to federal taxation at the entity level but would be taxed, if at all, at the stockholder level. Nevertheless, the income of our domestic taxable REIT subsidiaries, or TRS, which will hold our U.S. operations that may not be REIT-compliant, will be subject, as applicable, to federal and state corporate income tax. Likewise, our foreign subsidiaries will continue to be subject to foreign income taxes in jurisdictions in which they hold assets or conduct operations, regardless of whether held or conducted through TRS or through qualified REIT subsidiaries, or QRS. We will also be subject to a separate corporate income tax on any gains recognized during a specified period (generally 10 years) following the REIT conversion that are attributable to built-in gains with respect to the assets that we own on the date we convert to a REIT. Our ability to qualify as a REIT will depend upon our continuing compliance following our REIT conversion with various requirements, including requirements related to the nature of our assets, the sources of our income and the distributions to our stockholders. If we fail to qualify as a REIT, we will be subject to federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some federal, state, local and foreign taxes on our income and property in addition to taxes owed with respect to our TRS operations. In particular, while state income tax regimes often parallel the federal income tax regime for REITs described above, many states do not completely follow federal rules and some may not follow them at all.

The REIT conversion implementation currently includes seeking a private letter ruling, or PLR, from the U.S. Internal Revenue Service, or IRS. Our PLR request has multiple components, and our timely conversion to a REIT will require favorable rulings from the IRS on certain technical tax issues. We submitted the PLR request to the IRS in the fourth quarter of 2012. In June 2013, we disclosed that we had been informed that the IRS had convened an internal working group to study what constitutes real estate for purposes of the REIT provisions of the U.S. Internal Revenue Code of 1986, as amended (the Code) and that, pending the completion of the study, the IRS was unlikely to respond definitively to our pending PLR request. In November 2013, the IRS informed us that it was actively resuming work on our PLR request and would respond in due course. We do not expect that this delay will affect the timing of our plan to elect REIT status for the taxable year beginning January 1, 2015. We currently expect to receive a favorable PLR from the IRS in 2014 and combined with Board of Directors approval and completion of other necessary conversion actions, we thereafter would commit to a final REIT conversion plan. Once we reach this commitment, the financial statements for 2014 will reflect the necessary accounting adjustments including an adjustment to eliminate the U.S. deferred tax assets and liabilities balances discussed below as well as any tax consequences for the shareholder distributions also discussed below.

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We currently estimate that we will incur approximately \$75.0 to \$85.0 million in costs to support the REIT conversion, of which \$47.8 million has been incurred to date, in addition to related tax liabilities associated with a change in our methods of depreciating and amortizing various data center assets for tax purposes from our prior methods to current methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately \$360.0 to \$380.0 million, which amount became and is generally payable over a four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including failure to obtain a favorable PLR response. To date, we have settled \$192.9 million of the estimated federal and state tax liability related to the recapture of depreciation and amortization expenses. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability has been and will continue to be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of 2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional \$5.0 to \$10.0 million in annual compliance costs in future years. We expect to pay between \$145.0 to \$200.0 million in cash taxes during 2014 which includes taxes on our operations and any tax impacts required by our plan to convert to a REIT.

In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated earnings and profits (E&P) of approximately \$700.0 million to \$1.1 billion (the E&P distribution), which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. The estimated E&P distribution may change due to potential changes in certain factors impacting the calculations, such as finalization of the 2013 E&P amounts, the actual financial year 2014 performance of the entities to be included in the REIT structure and the impact of any other transactions we may undertake during the fiscal year. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS, obtaining Board of Directors approval and completion of other necessary REIT conversion actions. The Company anticipates making an E&P distribution before 2015 with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

In connection with our contemplated REIT conversion, we expect to reassess the deferred tax assets and liabilities of our U.S. operations to be included in the REIT structure during 2014 at the point in time when it is determined that all significant actions to effect the REIT conversion have occurred and we are committed to that course of action. The reevaluation will result in de-recognizing the deferred tax assets and liabilities of our REIT's U.S. operations excluding the deferred tax liabilities associated with the depreciation and amortization recapture. The depreciation and amortization recapture is necessary as part of our REIT conversion efforts. The de-recognition of the deferred tax assets and liabilities of our REIT's U.S. operations will occur because the expected recovery or settlement of the related assets and liabilities will not result in deductible or taxable amounts in any post-REIT conversion periods. As a result of the de-recognition of the aforementioned deferred tax assets and liabilities of our REIT's U.S. operations and the continuing recognition of deferred tax liabilities associated with the depreciation and amortization recapture to be taxed in 2014 and 2015, we expect to record a significant tax provision expense in 2014.

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Revenues. Our revenues for the three months ended March 31, 2014 and 2013 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas:						
Recurring revenues	\$ 314,980	54%	\$ 295,098	57%	7%	9%
Non-recurring revenues	15,053	3%	10,694	2%	41%	42%
	330,033	57%	305,792	59%	8%	10%
EMEA:						
Recurring revenues	142,125	25%	113,282	22%	25%	17%
Non-recurring revenues	9,305	1%	6,687	1%	39%	23%
	151,430	26%	119,969	23%	26%	17%
Asia-Pacific:						
Recurring revenues	92,598	16%	86,142	17%	7%	14%
Non-recurring revenues	5,992	1%	4,231	1%	42%	44%
	98,590	17%	90,373	18%	9%	15%
Total:						
Recurring revenues	549,703	95%	494,522	96%	11%	12%
Non-recurring revenues	30,350	5%	21,612	4%	40%	36%
	\$ 580,053	100%	\$ 516,134	100%	12%	13%

Americas Revenues. Growth in Americas revenues was primarily due to (i) \$ 6.9 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago, Dallas, New York, Rio de Janeiro, São Paulo, Seattle, Silicon Valley and Washington, D.C. metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the U.S. dollar was generally stronger relative to the Canadian dollar and Brazilian real than during the three months ended March 31, 2013, resulting in approximately \$7.8 million of unfavorable foreign currency impact to our Americas revenues during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data centers or IBX data center expansions and additional expansions currently taking place in the New York, Philadelphia, Toronto and São Paulo metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues

attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

EMEA Revenues. Our revenues from the U.K., the largest revenue contributor in the EMEA region for the period, represented approximately 37% and 36%, respectively, of the regional revenues during the three months ended March 31, 2014 and 2013. Our EMEA revenue growth was primarily due to (i) approximately \$14.9 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Frankfurt, London and Zurich metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the impact of foreign currency fluctuations resulted in approximately \$10.8 million of favorable foreign currency impact to our EMEA revenues primarily due to a generally weaker U.S. dollar relative to the British pound and Euro during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. We expect that our EMEA 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 and London metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, customer churn or changes or amendments to customers' contracts.

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Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 37% of the regional revenues for the three months ended March 31, 2014 and 2013. Our Asia-Pacific revenue growth was primarily due to (i) approximately \$5.2 million of revenue generated from our recently-opened IBX data center expansions in the Osaka, Singapore, Sydney and Tokyo metro areas and (ii) an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above. During the three months ended March 31, 2014, the U.S. dollar was generally stronger relative to the Australian dollar, Japanese yen and Singapore dollar, than during the three months ended March 31, 2013, resulting in approximately \$5.6 million of unfavorable foreign currency impact to our Asia-Pacific revenues during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data center expansions and additional expansions currently taking place in the Hong Kong, Melbourne, Osaka, Shanghai and Singapore metro areas, which are expected to open during the remainder of 2014 and 2015. Our estimates of future revenue growth take account of expected changes in recurring revenues attributed to customer bookings, or changes or amendments to customers' contracts.

Cost of Revenues. Our cost of revenues for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$ 141,765	49%	\$ 142,875	55%	(1%)	3%
EMEA	86,531	30%	63,701	25%	36%	32%
Asia-Pacific	59,229	21%	52,015	20%	14%	20%
Total	\$ 287,525	100%	\$ 258,591	100%	11%	14%

	Three months ended March 31,	
	2014	2013
<i>Cost of revenues as a percentage of revenues:</i>		
Americas	43%	47%
EMEA	57%	53%
Asia-Pacific	60%	58%
Total	50%	50%

Americas Cost of Revenues. Our Americas cost of revenues for the three months ended March 31, 2014 and 2013 included \$50.4 million and \$53.0 million, respectively, of depreciation expense. The decrease in depreciation expense was primarily due to \$5.8 million of lower depreciation expense resulting from the increase in the useful lives of certain fixed assets when we entered into lease amendments to extend the lease term for certain IBX data centers, partially offset by an increase in depreciation expense due to our IBX data center expansion activity. Excluding depreciation expense, the increase in our Americas cost of revenues was primarily due to \$3.8 million of higher utility costs and \$2.8 million of higher costs associated with certain custom services provided to our customers, partially offset by \$4.4 million of lower rent and facility costs primarily as a result of either certain leases no longer being subject to operating lease treatment or the purchase of previously-leased sites. During the three months ended

March 31, 2014, the impact of foreign currency fluctuations to our Americas cost of revenues resulted in approximately \$5.3 million of favorable foreign currency impact to our Americas cost of revenues primarily due to generally stronger U.S. dollar relative to the Canadian dollar and Brazilian real during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

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EMEA Cost of Revenues. Our EMEA cost of revenues for the three months ended March 31, 2014 and 2013 included \$25.8 million and \$19.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our EMEA cost of revenues was primarily due to (i) the impact of an acquisition of a carrier hotel in Frankfurt, Germany, also referred to as the Frankfurt Kleyer 90 Carrier Hotel acquisition, which resulted in \$2.6 million of incremental cost of revenues for the three months ended March 31, 2014, (ii) \$9.8 million of higher utility, rent and facilities costs and (iii) \$4.6 million of higher costs associated with certain custom services provided to our customers, compensation expense and professional fees to support our growth. During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our EMEA cost of revenues resulted in approximately \$2.5 million of net unfavorable foreign currency impact to our EMEA cost of revenues primarily due to a generally weaker U.S. dollar relative to the British pound and Euro during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. We expect EMEA cost of revenues to increase as we continue to grow our business.

Asia-Pacific Cost of Revenues. Our Asia-Pacific cost of revenues for the three months ended March 31, 2014 and 2013 included \$23.3 million and \$20.5 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX data center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily due to \$2.5 million of higher costs associated with certain custom services provided to our customers and higher utility costs. During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific cost of revenues resulted in approximately \$3.4 million of net favorable foreign currency impact to our Asia-Pacific cost of revenues primarily due to a generally stronger U.S. dollar relative to Australian dollar, Japanese yen and Singapore dollar during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. 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 three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$ 41,074	61%	\$ 35,576	61%	15%	18%
EMEA	17,084	25%	15,904	27%	7%	3%
Asia-Pacific	9,270	14%	6,796	12%	36%	43%
Total	\$ 67,428	100%	\$ 58,276	100%	16%	17%

	Three months ended	
	March 31,	2013
	2014	2013
<i>Sales and marketing expenses as a percentage of revenues:</i>		
Americas	12%	12%
EMEA	11%	13%
Asia-Pacific	9%	8%
Total	12%	11%

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Americas Sales and Marketing Expenses. The increase in our Americas sales and marketing expenses was primarily due to \$3.8 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (413 Americas sales and marketing employees as of March 31, 2014 versus 347 as of March 31, 2013). During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Americas sales and marketing expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our Americas sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Americas sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in Americas sales and marketing initiatives, we believe our Americas sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year but should ultimately decrease as we continue to grow our business.

EMEA Sales and Marketing Expenses. Our EMEA sales and marketing expenses did not materially change and the impact of foreign currency fluctuations to our EMEA sales and marketing expenses for the three months ended March 31, 2014 was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our EMEA sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our EMEA sales and marketing expenses as a percentage of revenues have increased. Although we anticipate that we will continue to invest in EMEA sales and marketing initiatives, we believe our EMEA sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

Asia-Pacific Sales and Marketing Expenses. The increase in our Asia-Pacific sales and marketing expenses was primarily due to \$2.1 million of higher professional fees to support our growth and higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (125 Asia-Pacific sales and marketing employees as of March 31, 2014 versus 108 as of March 31, 2013). For the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific sales and marketing expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the past several years, we have been investing in our Asia-Pacific sales and marketing initiatives to further increase our revenue. These investments have included the hiring of additional headcount and new product innovation efforts and, as a result, our Asia-Pacific sales and marketing expenses have increased. Although we anticipate that we will continue to invest in Asia-Pacific sales and marketing initiatives, we believe our Asia-Pacific sales and marketing expenses as a percentage of revenues will remain at approximately current levels over the next year or two but should ultimately decrease as we continue to grow our business.

General and Administrative Expenses. Our general and administrative expenses for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$ 75,357	73%	\$ 64,564	71%	17%	18%
EMEA	17,829	17%	17,744	20%	0%	(4%)
Asia-Pacific	10,117	10%	8,510	9%	19%	23%
Total	\$ 103,303	100%	\$ 90,818	100%	14%	14%

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	Three months ended March 31,	
	2014	2013
<i>General and administrative expenses as a percentage of revenues:</i>		
Americas	23%	21%
EMEA	12%	15%
Asia-Pacific	10%	9%
Total	18%	18%

Americas General and Administrative Expenses. The increase in our Americas general and administrative expenses was primarily due to \$6.7 million of higher professional fees to support our growth and our REIT conversion process and \$2.4 million of higher compensation costs, including general salaries, bonuses and headcount growth (699 Americas general and administrative employees as of March 31, 2014 versus 688 as of March 31, 2013). During the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Americas general and administrative expenses was not significant when compared to average exchange rates for the three months ended March 31, 2013. Over the course of the past year, we have been investing in our Americas general and administrative functions to scale this region effectively for growth, which has included additional investments into improving our back office systems. We expect our current efforts to improve our back office systems will continue over the next several years. We are also incurring costs to support our REIT conversion process. Collectively, these investments in our back office systems and our REIT conversion process have resulted in increased professional fees. Going forward, although we are carefully monitoring our spending, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including these investments in our back office systems and the REIT conversion process.

EMEA General and Administrative Expenses. Our EMEA general and administrative expenses did not materially change and the impact of foreign currency fluctuations to our EMEA general and administrative expenses for the three months ended March 31, 2014 was not significant when compared to average exchange rates of the three months ended March 31, 2013. Over the course of the past year, we have been investing in our EMEA general and administrative functions as a result of our ongoing efforts to scale this region effectively for growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect our EMEA general and administrative expenses to increase in future periods as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (211 Asia-Pacific general and administrative employees as of March 31, 2014 versus 186 as of March 31, 2013). For the three months ended March 31, 2014, the impact of foreign currency fluctuations to our Asia-Pacific general and administrative expenses was not significant when compared to average exchange rates of the three months ended March 31, 2013. 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.

Acquisition Costs. During the three months ended March 31, 2014 and 2013, we recorded acquisition costs totaling \$185,000 and \$3.7 million, respectively, primarily attributed to Americas region.

Interest Income. Interest income increased to \$1.4 million for the three months ended March 31, 2014 from \$747,000 for the three months ended March 31, 2013. Interest income increased primarily due to higher invested balances and

higher yields on foreign invested balances. The average annualized yield for the three months ended March 31, 2014 was 0.44% versus 0.27% for the three months ended March 31, 2013.

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Interest Expense. Interest expense increased to \$68.8 million for the three months ended March 31, 2014 from \$60.3 million for the three months ended March 31, 2013. This increase in interest expense was primarily due to the impact of our \$1.5 billion senior notes offering in March 2013 and additional financings such as various capital lease and other financing obligations to support our expansion projects. During the three months ended March 31, 2014 and 2013, we capitalized \$3.4 million and \$2.9 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 \$1.5 billion senior notes offering, partially offset by the redemption of our 8.125% senior notes in April 2013, which will contribute approximately \$17.7 million in incremental interest expense annually. However, we may incur additional indebtedness to support our growth, resulting in higher interest expense.

Other Income (Expense). We recorded \$678,000 of other income and \$459,000 of other expense, respectively, for the three months ended March 31, 2014 and 2013, primarily due to foreign currency exchange gains and losses during the periods.

Income Taxes. For the three months ended March 31, 2014 and 2013, we recorded \$13.6 million and \$11.5 million of income tax expenses, respectively. Our effective tax rates were 24.7% and 25.6% for the three months ended March 31, 2014 and 2013, respectively. We expect to recognize a higher income tax provision in 2014 due to certain jurisdictions becoming profitable in 2014, which incurred losses in prior years. In addition, we expect cash income taxes during the remainder of 2014 to increase primarily related to the impact of recognizing the depreciation and amortization recapture as a result of the change of our method of depreciating and amortizing various data center assets for tax purposes in connection with our REIT conversion plan. The cash taxes for 2014 and 2013 are primarily for U.S. federal and state income taxes and foreign income taxes in certain foreign jurisdictions.

Adjusted EBITDA. Adjusted EBITDA is a key factor in how we assess the performance of each segment, measure the operational cash generating abilities of each segment and develop regional growth strategies such as IBX data center expansion decisions. We define adjusted EBITDA as income or loss from operations plus depreciation, amortization, accretion, stock-based compensation expense, restructuring charges, impairment charges and acquisition costs. Our adjusted EBITDA for the three months ended March 31, 2014 and 2013 were split among the following geographic regions (dollars in thousands):

	Three months ended March 31,				% change	
	2014	%	2013	%	Actual	Constant currency
Americas	\$ 149,563	57%	\$ 144,517	60%	3%	5%
EMEA	63,205	25%	48,729	20%	30%	13%
Asia-Pacific	47,620	18%	47,642	20%	0%	6%
Total	\$ 260,388	100%	\$ 240,888	100%	8%	7%

Americas Adjusted EBITDA. The increase in our Americas adjusted EBITDA was due to higher revenues as result of our IBX data center expansion activity and organic growth as described above. During the three months ended March 31, 2014, currency fluctuations resulted in approximately \$2.7 million of unfavorable foreign currency impact on our Americas adjusted EBITDA primarily due to the generally stronger U.S. dollar relative to the Brazilian real and Canadian dollar during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

EMEA Adjusted EBITDA. The increase in our EMEA adjusted EBITDA was primarily due to higher revenues as result of our IBX data center expansion activity and organic growth as described above, partially offset by higher adjusted operating expenses as a percentage of revenues primarily attributable to higher cost of revenues, utilities costs and compensation costs, including general salaries, bonuses and headcount growth to support our growth. During the three months ended March 31, 2014, currency fluctuations resulted in approximately \$8.2 million of net favorable foreign currency impact to our EMEA adjusted EBITDA primarily due to generally weaker U.S. dollar relative to the Euro and British pound during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

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Asia-Pacific Adjusted EBITDA. Our Asia-Pacific adjusted EBITDA did not materially change during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The U.S. dollar was generally stronger relative to the Australian dollar, Japanese yen and Singapore dollar compared to the three months ended March 31, 2013, resulting in approximately \$2.9 million of net unfavorable foreign currency impact to our Asia-Pacific adjusted EBITDA during the three months ended March 31, 2014 when compared to average exchange rates of the three months ended March 31, 2013.

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 to evaluate our operations. 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.

Adjusted EBITDA

We use adjusted EBITDA to evaluate our operations and 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, impairment charges and acquisition costs. 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 stock-based compensation expense as it primarily 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. We also exclude impairment charges related to certain long-lived assets. The impairment charges are related to expense recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets are not recoverable. Finally, we 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, impairment charges and

acquisition costs are non-core transactions; however, these types of costs will or may occur in future periods.

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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 those of other companies. In addition, whenever we use non-GAAP financial measures, we provide a reconciliation of the non-GAAP financial measure to the most closely applicable GAAP financial measure. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure.

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

	Three months ended March 31,	
	2014	2013
Income from operations	\$ 121,612	\$ 104,787
Depreciation, amortization and accretion expense	113,610	108,603
Stock-based compensation expense	24,981	23,836
Acquisitions costs	185	3,662
Adjusted EBITDA	\$ 260,388	\$ 240,888

Our adjusted EBITDA results have improved each year and in each region in total dollars due to the improved operating results discussed earlier in Results of Operations, as well as due to the nature of our business model which consists of a recurring revenue stream and a cost structure which has a large base that is fixed in nature as discussed earlier in Overview. Although we have also been investing in our future growth as described above (e.g. through additional IBX data center expansions, acquisitions and increased investments in sales and marketing expenses), we believe that our adjusted EBITDA results will continue to improve in future periods as we continue to grow our business.

Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian real, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen, Singapore dollar and United Arab Emirates dirham. In order to provide a framework for assessing how each of our

business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities with functional currencies other than the U.S. dollar are converted into U.S. dollars at the exchange rates in effect for the comparable prior period rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the three months ended March 31, 2013 are used as exchange rates for the three months ended March 31, 2014 when comparing the three months ended March 31, 2014 with the three months ended March 31, 2013).

Table of Contents**Liquidity and Capital Resources**

As of March 31, 2014, our total indebtedness was comprised of (i) convertible debt principal totaling \$769.7 million from 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 \$3.6 billion consisting of (a) \$2.3 billion of principal from our 7.00%, 5.375% and 4.875% senior notes, (b) \$245.9 million of principal from our mortgage and loans payable and (c) \$1.1 billion 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 the current portion of our debt as it becomes due, payment of tax liabilities related to the decision to convert to a REIT (see below) and completion of our publicly-announced expansion projects. As of March 31, 2014, we had \$1.0 billion of cash, cash equivalents and short-term and long-term investments, of which approximately \$796.0 million was held in the U.S. We believe that our current expansion activities in the U.S. can be funded with our U.S.-based cash and cash equivalents and investments. Besides our investment portfolio, additional liquidity available to us from the \$550.0 million revolving credit facility that forms part of our \$750.0 million credit facility, referred to as the U.S. financing, any further financing activities we may pursue, and 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 March 31, 2014, we had 21 irrevocable letters of credit totaling \$34.6 million issued and outstanding under the U.S. revolving credit line; as a result, we had a total of approximately \$515.4 million of additional liquidity available to us under the U.S. 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 data center 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, and have also announced our planned conversion to a REIT (see below). While we expect to fund these plans with our existing resources, additional financing, either debt or equity, may be required to pursue certain new or unannounced additional plans, including acquisitions. 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.

Impact of REIT Conversion

We currently estimate that we will incur approximately \$75.0 to \$85.0 million in costs to support the REIT conversion, of which \$47.8 million has been incurred to date, in addition to related tax liabilities associated with a change in our methods of depreciating and amortizing various data center assets for tax purposes from our prior methods to current methods that are more consistent with the characterization of such assets as real property for REIT purposes. The total recapture of depreciation and amortization expenses across all relevant assets is expected to result in federal and state tax liability of approximately \$360.0 to \$380.0 million, which amount became and is generally payable over a four-year period starting in 2012 even if we abandon the REIT conversion for any reason, including failure to obtain a favorable PLR response. To date, we have settled \$192.9 million of the estimated federal and state tax liability related to the recapture of depreciation and amortization expenses. Prior to the decision to convert to a REIT, our balance sheet reflected our income tax liability as a non-current deferred tax liability. As a result of the decision to convert to a REIT, our non-current tax liability has been and will continue to be gradually and proportionally reclassified from non-current to current over the four-year period, which started in the third quarter of

2012. The current liability reflects the tax liability that relates to additional taxable income expected to be recognized within the twelve-month period from the date of the balance sheet. If the REIT conversion is successful, we also expect to incur an additional \$5.0 to \$10.0 million in annual compliance costs in future years. We expect to pay between \$145.0 to \$200.0 million in cash taxes during 2014 which includes taxes on our operations and any tax impacts required by our plan to convert to a REIT.

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In accordance with tax rules applicable to REIT conversions, we expect to issue special distributions to our stockholders of undistributed accumulated E&P of approximately \$700.0 million to \$1.1 billion, which we expect to pay out in a combination of up to 20% in cash and at least 80% in the form of our common stock. The estimated E&P distribution may change due to potential changes in certain factors impacting the calculations, such as finalization of the 2013 E&P amounts, the actual financial year 2014 performance of the entities to be included in the REIT structure and the impact of any other transactions we may undertake during the fiscal year. We expect to make the E&P distribution only after receiving a favorable PLR from the IRS, obtaining Board of Directors approval and completion of other necessary REIT conversion actions. The Company anticipates making an E&P distribution before 2015 with the balance distributed in 2015. In addition, following the completion of the REIT conversion, we intend to declare regular distributions to our stockholders.

Sources and Uses of Cash

	Three Months Ended March 31,	
	2014	2013
Net cash provided by operating activities	\$ 171,718	\$ 84,181
Net cash provided by (used in) investing activities	98,885	(1,142,540)
Net cash provided by (used in) financing activities	(37,282)	1,496,760

Operating Activities. The increase in net cash provided by operating activities was primarily due to improved operating results, favorable working capital activities such as decreased payments of certain accounts payable, accrued expenses and interest and a reduction in excess tax benefits from stock-based compensation, partially offset by an increase in income tax payments. Although our collections remain strong, it is possible for some large customer receivables that were anticipated to be collected in one quarter to slip to the next quarter. For example, some large customer receivables that were anticipated to be collected in March 2014 were instead collected in April 2014, which negatively impacted cash flows from operating activities for the three months ended March 31, 2014. We expect that we will continue to generate cash from our operating activities during the remainder of 2014 and beyond.

Investing Activities. The net cash provided by investing activities for the three months ended March 31, 2014 was primarily due to \$315.1 million of sales and maturities of investments, partially offset by \$93.4 million of purchases of investments, \$105.9 million of capital expenditures primarily as a result of expansion activity and \$16.8 million for the purchase of a plot of land in Melbourne, Australia. The net cash used in investing activities for the three months ended March 31, 2013 was primarily due to the deposit of \$836.4 million of proceeds from the senior notes offering in March 2013 into a restricted cash account for the redemption of the 8.125% senior notes, \$296.5 million of purchases of investments and \$75.7 million of capital expenditures primarily as a result of expansion activity. During 2014, we expect that our IBX expansion construction activity will be similar to our 2013 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.

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In April 2014, we, along with Riverwood Capital L.P. ("Riverwood"), and the other parties thereto, amended the shareholders agreement governing our investment in ALOG to extend the time period granted to us in 2014 to exercise our right to purchase Riverwood's interest in ALOG, along with the approximate 10% of ALOG owned by ALOG management, to May 31, 2014. Such purchase by us would result in us owning 100% of the outstanding shares of ALOG upon completion of the transaction. Should we not exercise our right by May 31, 2014, subsequent exercise periods begin on April 1 and end on April 30 of each of 2015 and 2016. As a result, we may complete the purchase some time in 2014.

Financing Activities. The net cash used in financing activities for the three months ended March 31, 2014 was primarily due to \$47.1 million of purchases of treasury stock under our share repurchase program that was approved by our Board of Directors in December 2013 and \$14.6 million of repayments of various long-term debt and capital lease and other financing obligations, partially offset by \$14.4 million of proceeds from employee equity awards and \$10.0 million of excess tax benefits from stock-based compensation. The net cash provided by financing activities for the three months ended March 31, 2013 was primarily due to \$1.5 billion of proceeds from the senior notes offering in March 2013, \$14.4 million of proceeds from employee equity awards and \$19.0 million of excess tax benefits from stock-based compensation, partially offset by \$19.0 million of debt issuance costs and \$17.6 million of repayments of various long-term debt and capital lease and other financing obligations. Going forward, we expect that our financing activities will consist primarily of repayment of our debt and additional financings needed to support expansion opportunities, additional acquisitions or joint ventures, or our conversion to a REIT.

Table of Contents**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 2053. The following represents our debt maturities, financings, leases and other contractual commitments as of March 31, 2014 (in thousands):

	2014 (9 months)	2015	2016	2017	2018	Thereafter	Total
Convertible debt ⁽¹⁾	\$ 395,986	\$	\$ 373,723	\$	\$	\$	\$ 769,709
Senior notes ⁽²⁾						2,250,000	2,250,000
U.S. term loan ⁽²⁾	30,000	40,000	40,000	20,000			130,000
ALOG financings ⁽²⁾	12,615	16,399	20,182	13,879	7,724		70,799
ALOG loans payable ⁽²⁾		357	428	428	428	72	1,713
Mortgage payable ⁽²⁾	921	1,274	1,330	1,387	1,447	36,843	43,202
Other loans payable ⁽²⁾	169						169
Interest ⁽³⁾	168,089	157,577	145,998	134,323	132,836	441,351	1,180,174
Capital lease and other financing obligations ⁽⁴⁾	70,090	107,287	112,444	113,601	118,099	1,348,500	1,870,021
Operating leases ⁽⁵⁾	69,114	89,713	86,607	82,446	79,144	607,030	1,014,054
Other contractual commitments ⁽⁶⁾	352,630	70,183	2,841	2,724	2,157	18,632	449,167
Asset retirement obligations ⁽⁷⁾	1,525	2,026	554	7,900	3,278	44,915	60,198
ALOG acquisition contingent consideration ⁽⁸⁾	1,998	2,021	3,583				7,602
Redeemable non-controlling interests	126,959						126,959
	\$ 1,230,096	\$ 486,837	\$ 787,690	\$ 376,688	\$ 345,113	\$ 4,747,343	\$ 7,973,767

(1) Represents principal only. As of March 31, 2014, had the holders of the 3.00% convertible subordinated notes due 2014 converted their notes, the 3.00% convertible subordinated notes would have been convertible into approximately 3.4 million shares of our common stock, which would have a total value of \$623.9 million based on the closing price of our common stock on March 31, 2014. As of March 31, 2014, had the holders of the 4.75% convertible subordinated notes due 2016 converted their notes, the 4.75% convertible subordinated notes would have been convertible into approximately 4.4 million shares of our common stock, which would have a total value of \$819.3 million based on the closing price of our common stock on March 31, 2014.

(2) Represents principal only.

(3) Represents interest on convertible debt, senior notes, U.S. term loan, ALOG financings, ALOG loans payable, mortgage payable and other loans payable based on their approximate interest rates as of March 31, 2014.

(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.

(8) Represents unaccrued ALOG acquisition contingent consideration, subject to reduction for any post-closing balance sheet adjustments and any claims for indemnification, and includes the portion of the contingent consideration that will be funded by Riverwood Capital L.P., who has an indirect, non-controlling equity interest in ALOG. As of March 31, 2014, we accrued approximately \$611 of ALOG acquisition contingent consideration. In connection with certain of our leases and other contracts requiring deposits, we entered into 21 irrevocable letters of credit totaling \$34.6 million under the senior revolving credit line. These letters of credit were provided in lieu of cash deposits under the senior revolving credit line. If the landlords for these IBX leases decide to draw down on these letters of credit triggered by an event of default under the lease, we will be required to fund these letters of credit either through cash collateral or borrowing under the senior revolving credit line. These contingent commitments are not reflected in the table above.

We had accrued liabilities related to uncertain tax positions totaling approximately \$28.3 million as of March 31, 2014. These liabilities, which are reflected on our balance sheet, are not reflected in the table above since it is unclear when these liabilities will be paid.

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Primarily as a result of our various IBX data center expansion projects, as of March 31, 2014, we were contractually committed for \$240.1 million of unaccrued capital expenditures, primarily for IBX equipment not yet delivered and labor not yet provided in connection with the work necessary to complete construction and open these IBX data centers prior to making them available to customers for installation. This amount, which is expected to be paid during the remainder of 2014 and thereafter, is reflected in the table above as other contractual commitments.

We had other non-capital purchase commitments in place as of March 31, 2014, 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 2013 and beyond. Such other purchase commitments as of March 31, 2014, which total \$209.1 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 \$240.0 million, in addition to the \$240.1 million in contractual commitments discussed above as of March 31, 2014, in our various IBX data center expansion projects during 2014 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

Critical Accounting Policies and Estimates

Equinix's financial statements and accompanying notes are prepared in accordance with GAAP. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are affected by management's application of accounting policies. On an ongoing basis, management evaluates its estimates and judgments. Critical accounting policies for Equinix that affect our more significant judgment and estimates used in the preparation of our condensed consolidated financial statements include accounting for income taxes, accounting for business combinations, accounting for impairment of goodwill and accounting for property, plant and equipment, which are discussed in more detail under the caption Critical Accounting Policies and Estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in Part II Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2013.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

While there have been no significant changes in our market risk, investment portfolio risk, interest rate risk, foreign currency risk and commodity price risk exposures and procedures during the three months ended March 31, 2014 as compared to the respective risk exposures and procedures disclosed in Quantitative and Qualitative Disclosures About Market Risk, set forth in Part II Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2013, the U.S. dollar strengthened relative to certain of the currencies of the foreign countries in which we operate during the three months ended March 31, 2014. This has significantly impacted our consolidated financial position and results of operations during this period, including the amount of revenue that we reported. Continued strengthening or weakening of the U.S. dollar will continue to have a significant impact to us in future periods.

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Item 4. Controls and Procedures

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

(b) ***Changes in Internal Control over Financial Reporting.*** There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None

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:

Risks Related to REIT Conversion

Although we have chosen to pursue conversion to a REIT, we may not be successful in converting to a REIT effective January 1, 2015, or at all.

In September 2012, our Board of Directors approved a plan for us to convert to a REIT. There are significant implementation and operational complexities to address before we can timely convert to a REIT, including obtaining a favorable PLR from the IRS, completing internal reorganizations, modifying accounting, information technology and real estate systems, receiving stockholder approvals and making required stockholder payouts. Even if we are able to satisfy the existing REIT requirements or any future REIT requirements, the tax laws, regulations and interpretations governing REITs may change at any time in ways that could be disadvantageous to us.

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Additionally, several conditions must be met in order to complete the conversion to a REIT, and the timing and outcome of many of these conditions are beyond our control. For example, we cannot provide assurance that the IRS will ultimately provide us with a favorable PLR or that any favorable PLR will be received in a timely manner for us to convert successfully to a REIT as of January 1, 2015. Even if the transactions necessary to implement REIT conversion are effected, our Board of Directors may decide not to elect REIT status, or to delay such election, if it determines in its sole discretion that it is not in the best interests of us or our stockholders. We can provide no assurance if or when conversion to a REIT will be successful. Furthermore, the effective date of the REIT conversion could be delayed beyond January 1, 2015, in which event we could not elect REIT status until the taxable year beginning January 1, 2016, at the earliest. Failure to timely convert to a REIT or maintain REIT status could result in dissatisfaction in our stockholder base.

We may not realize the anticipated benefits to stockholders, including the achievement of significant tax savings for us and regular distributions to our stockholders.

Even if we convert to a REIT and elect REIT status, we cannot provide assurance that our stockholders will experience benefits attributable to our qualification and taxation as a REIT, including our ability to reduce our corporate level U.S. federal income tax through distributions to stockholders and to make regular distributions to stockholders. The realization of the anticipated benefits to stockholders will depend on numerous factors, many of which are outside our control. In addition, future cash distributions to stockholders will depend on our cash flows, as well as the impact of alternative, more attractive investments as compared to dividends.

We may not qualify or remain qualified as a REIT.

Although we plan to operate in a manner consistent with the REIT qualification rules if we convert to a REIT, we cannot provide assurance that we will, in fact, qualify as a REIT or remain so qualified. REIT qualification involves the application of highly technical and complex provisions of the Code to our operations as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions.

If we fail to qualify as a REIT, we still will have incurred substantial costs to support our REIT conversion and may still be subject to federal and state tax liability of approximately \$360.0 to \$380.0 million resulting from the recapture of depreciation and amortization expenses. If we fail to qualify as a REIT in any taxable year after the REIT conversion, we will be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates with respect to each such taxable year for which the statute of limitations remains open. In addition, we will be subject to monetary penalties for the failure. This treatment would significantly reduce our net earnings and cash flow because of our additional tax liability and the penalties for the years involved, which could significantly impact our financial condition.

Legislative, administrative, regulatory or other actions affecting REITs, including positions taken by the IRS, could have a negative effect on us.

The rules dealing with U.S. federal income taxation are continually under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the "Treasury"). New legislation, Treasury regulations, administrative interpretations or court decisions could, with retroactive effect, significantly and negatively affect our ability to qualify to be taxed as a REIT. Further, such actions could, with retroactive effect, also significantly and negatively affect the U.S. federal income tax consequences to our stockholders and us.

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Complying with REIT qualification requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. For example, under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of our TRS, and other nonqualifying assets. This limitation may affect our ability to make large investments in other non-REIT qualifying operations or assets. In addition, in order to maintain qualification as a REIT, annually we will be required to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains. Even if we maintain our qualification as a REIT, we will be subject to U.S. federal income tax at regular corporate rates for our undistributed REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, as well as U.S. federal income tax at regular corporate rates for income recognized by our TRS. Because of these distribution requirements, we will likely not be able to fund future capital needs and investments from operating cash flow. As such, compliance with REIT tests may hinder our ability to make certain attractive investments, including the purchase of significant nonqualifying assets and the material expansion of non-real estate activities.

There are uncertainties relating to our estimate of our undistributed accumulated earnings and profits (E&P) distribution, as well as the timing of such E&P distribution and the percentage of common stock and cash we may distribute.

We have provided an estimated range of the E&P distribution. We are in the process of conducting a study of our pre-REIT accumulated earnings and profits as of the close of our 2012 taxable year using our historic tax returns and other available information. This is a very involved and complex study, which is not yet complete, and the actual results of the study relating to our pre-REIT accumulated earnings and profits as of the close of our 2012 taxable year may be materially different from our current estimates. In addition, the estimated range of our E&P distribution is based on our estimated and projected taxable income for our 2013 and 2014 taxable years and our current business plans and performance, but our actual earnings and profits (and the actual E&P distribution) will vary depending on, among other items, the timing of certain transactions, our actual taxable income and performance for 2013 and 2014 and possible changes in legislation or tax rules and IRS revenue procedures relating to distributions of earnings and profits. For these reasons and others, our actual E&P distribution may be materially different from our estimated range.

We anticipate distributing a significant portion of the E&P distribution in 2014, with the balance distributed in 2015, but the timing of the planned E&P distribution, which may or may not occur, may be affected by potential tax law changes, the completion of various phases of the REIT conversion process and other factors beyond our control.

We also anticipate paying up to 20% of the E&P distribution in the form of cash and at least 80% in the form of common stock. We may in fact decide, based on our cash flows and strategic plans, IRS revenue procedures relating to distributions of earnings and profits, leverage and other factors, to pay these amounts in a different mix of cash and common stock.

We may restructure or issue debt or raise equity to satisfy our E&P distribution and other conversion costs.

Depending on the ultimate size and timing of the E&P distribution and the cash outlays associated with our conversion to a REIT, we may restructure or issue debt and/or issue equity to fund these disbursements, even if the then-prevailing market conditions are not favorable for these transactions. Whether we issue debt or equity, at what

price and amount and other terms of any such issuances will depend on many factors, including alternative sources of capital, our then existing leverage, our need for additional capital, market conditions and other factors beyond our control. If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock ownership by our existing stockholders may be reduced. In addition, new equity securities or convertible debt securities could have rights, preferences, and privileges senior to those of our current stockholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares in order to raise the capital we deem necessary to execute our long-term strategy, and our stockholders may experience dilution in the value of their shares as a result. Furthermore, satisfying our E&P distribution and other conversion costs may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. As a result, our indebtedness could increase. See **Other Risks** for further information regarding our substantial indebtedness.

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There are uncertainties relating to the costs associated with implementing the REIT conversion.

We have provided an estimated range of our tax and other costs to convert to a REIT, including estimated tax liabilities associated with a change in our methods of depreciating and amortizing various assets and annual compliance costs. Our estimate of these taxes and other costs, however, may not be accurate, and such costs may actually be higher than our estimates due to unanticipated outcomes in the process of obtaining a PLR, changes in our business support functions and support costs, the unsuccessful execution of internal planning, including restructurings and cost reduction initiatives, or other factors.

Restrictive loan covenants could prevent us from satisfying REIT distribution requirements.

If we are successful in converting to a REIT, restrictions in our credit facility and our indentures may prevent us from satisfying our REIT distribution requirements, and we could fail to qualify for taxation as a REIT. If these limits do not jeopardize our qualification for taxation as a REIT but nevertheless prevent us from distributing 100% of our REIT taxable income, we would be subject to federal corporate income tax, and potentially a nondeductible excise tax, on the retained amounts. See **Other Risks** for further information on our restrictive loan covenants.

We have no experience operating as a REIT, which may adversely affect our business, financial condition or results of operations if we successfully convert to a REIT.

We have no experience operating as a REIT, and our senior management has no experience operating a REIT. Our pre-REIT operating experience may not be sufficient to prepare us to operate successfully as a REIT. Our inability to operate successfully as a REIT, including the failure to maintain REIT status, could adversely affect our business, financial condition or results of operations.

Other Risks

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

Over the last several years, we have completed several acquisitions, including that of Switch & Data Facilities Company, Inc. (Switch and Data) in 2010, ALOG in 2011, Asia Tone Limited and ancotel GmbH in 2012, an acquisition of a Dubai IBX data center in 2012 and the Frankfurt Kleyer 90 Carrier Hotel acquisition in 2013. We may make additional acquisitions in the future, which may include (i) acquisitions of businesses, products, services or technologies that we believe to be complementary, (ii) acquisitions of new IBX data centers or real estate for development of new IBX data centers or (iii) acquisitions through investments in local data center operators. We may pay for future acquisitions by using our existing cash resources (which may limit other potential uses of our cash), incurring additional debt (which may increase our interest expense, leverage and debt service requirements) and/or issuing shares (which may dilute our existing stockholders and have a negative effect on our earnings per share). Acquisitions expose us to potential risks, including:

the possible disruption of our ongoing business and diversion of management's attention by acquisition, transition and integration activities;

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our potential inability to successfully pursue or realize some or all of the anticipated revenue opportunities associated with an acquisition or investment;

the possibility that we may not be able to successfully integrate acquired businesses, or businesses in which we invest, or achieve anticipated operating efficiencies or cost savings;

the possibility that announced acquisitions may not be completed, due to failure to satisfy the conditions to closing or for other reasons;

the dilution of our existing stockholders as a result of our issuing stock in transactions, such as our acquisition of Switch and Data, where 80% of the consideration payable to Switch and Data's stockholders consisted of shares of our common stock;

the possibility of customer dissatisfaction if we are unable to achieve levels of quality and stability on par with past practices;

the possibility that our customers may not accept either the existing equipment infrastructure or the look-and-feel of a new or different IBX data center;

the possibility that additional capital expenditures may be required or that transaction expenses associated with acquisitions may be higher than anticipated;

the possibility that required financing to fund an acquisition may not be available on acceptable terms or at all;

the possibility that we may be unable to obtain required approvals from governmental authorities under antitrust and competition laws on a timely basis or at all, which could, among other things, delay or prevent us from completing an acquisition, limit our ability to realize the expected financial or strategic benefits of an acquisition or have other adverse effects on our current business and operations;

the possible loss or reduction in value of acquired businesses;

the possibility that future acquisitions may present new complexities in deal structure, related complex accounting and coordination with new partners;

the possibility that future acquisitions may be in geographies and regulatory environments, to which we are unaccustomed;

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 liability or asbestos liability, for which insurance coverage may be insufficient or unavailable.

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

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

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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 may need to incur additional debt to support our growth. Additional debt may also be incurred to fund future acquisitions, the E&P distribution or the other cash outlays associated with conversion to a REIT. As of March 31, 2014, our total indebtedness was approximately \$4.3 billion, our stockholders equity was \$2.5 billion and our cash and investments totaled \$1.0 billion. In addition, as of March 31, 2014, we had approximately \$515.4 million of additional liquidity available to us from our \$550.0 million revolving credit facility as part of a \$750.0 million credit facility agreement entered into with a group of lenders in the U.S. Some of our debt contains covenants which may limit our operating flexibility. In addition to our substantial debt, we lease a majority of our IBX data centers and certain equipment under non-cancellable lease agreements, the majority of which are accounted for as operating leases. As of March 31, 2014, our total minimum operating lease commitments under those lease agreements, excluding potential lease renewals, was approximately \$1,014.1 million, which represents off-balance sheet commitments.

Our substantial amount of debt and related covenants, and our off-balance sheet commitments, could have important consequences. For example, they could:

require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt and in respect of other off-balance sheet arrangements, 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 operating flexibility through covenants with which we must comply, such as limiting our ability to repurchase shares of our common stock;

limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity, which would also limit our ability to further expand our business; and

make us more vulnerable to increases in interest rates because of the variable interest rates on some of our borrowings to the extent we have not entirely hedged such variable rate debt.

The occurrence of any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition. In addition, the performance of our stock price may trigger events that would

require the write-off of a significant portion of our debt issuance costs related to our convertible debt, which may have a material adverse effect on our results of operations.

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

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Global economic uncertainty and debt issues could adversely impact our business and financial condition.

The varying pace of global economic recovery continues to create uncertainty and unpredictability and add risk to our future outlook. An uncertain global economy could also result in churn in our customer base, reductions in revenues from our offerings, longer sales cycles, slower adoption of new technologies and increased price competition, adversely affecting our liquidity. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates or they are otherwise unable to perform their obligations. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

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

Since January 1, 2013, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from \$155.18 to \$229.67 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 us or others, or speculations about our future plans, may also have a significant impact on the market price of our common stock. These may relate to:

our operating results or forecasts;

new issuances of equity, debt or convertible debt by us;

changes to our capital allocation, tax planning or business strategy;

our planned conversion to a REIT;

a stock repurchase program;

developments in our relationships with corporate customers;

announcements by our customers or competitors;

changes in regulatory policy or interpretation;

governmental investigations;

changes in the ratings of our debt or stock by rating agencies or securities analysts;

our purchase or development of real estate and/or additional IBX data centers;

our acquisitions of complementary businesses; or

the operational performance of our IBX data centers.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for 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. In addition, if we are unsuccessful in our planned conversion to a REIT, the market price of our common stock may decrease, and the decrease may be material. 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.

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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, obligations to service our debt and the cash outlays associated with our REIT conversion, 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 and revenues could be adversely affected by declines in foreign currencies relative to the U.S. dollar, thereby making our offerings 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 currently undertake, and may decide in the future to further undertake, foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. 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 Item 3 of this Quarterly Report on Form 10-Q.

Changes in U.S. or foreign tax laws, regulations, or interpretations thereof, including changes to tax rates, may adversely affect our financial statements and cash taxes.

We are a U.S. company with global subsidiaries and are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe that we have adequately assessed and accounted for our potential tax liabilities, and that our tax estimates are reasonable, there can be no certainty that additional taxes will not be due upon audit of our tax returns or as a result of changes to the tax laws and interpretations thereof. The U.S. Congress as well as the governments of many of the countries in which we operate are actively discussing changes to the corporate recognition and taxation of worldwide income. The nature and timing of any changes to each jurisdiction's tax laws and the impact on our future tax liabilities cannot be predicted with any accuracy but could materially and adversely impact our results of operations and financial position including cash flows.

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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 offerings have a long sales cycle that may harm our revenues and operating results.

A customer's decision to purchase our service offerings 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 devote significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in the past year, and it will take time for these new hires to become fully productive.

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 and cause volatility in our stock price.

Any failure of our physical infrastructure or offerings 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 solutions. We must safehouse our customers infrastructure and equipment located in our IBX data centers. We own certain of our IBX data centers, but others are leased by us, and we rely on the landlord for basic maintenance of our leased IBX data centers. 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 offerings 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.

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Problems at one or more of our IBX data centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX data centers could result in difficulty maintaining service level commitments to these customers and potential claims related to such failures. Because our IBX data centers are critical to many of our customers' businesses, service interruptions or significant equipment damage in our IBX data centers could also result in lost profits or other indirect or consequential damages to our customers. We cannot guarantee that a court would enforce any contractual limitations on our liability in the event that one of our customers brings a lawsuit against us as a result of a problem at one of our IBX data centers. In addition, any loss of service, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

Furthermore, we are dependent upon Internet service providers, telecommunications carriers and other website operators in the Americas, Asia-Pacific and EMEA regions and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Our customers may in the future experience difficulties due to system failures unrelated to our systems and offerings. 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.

We are currently making significant investments in our back office information technology systems, including those surrounding the customer experience from initial quote to customer billing, and upgrading our worldwide financial application suite. Difficulties, distractions or disruptions to these efforts may interrupt our normal operations and adversely affect our business and operating results.

Commencing in 2012, we began a significant project to overhaul our back office systems that support the customer experience from initial quote to customer billing. Additionally, commencing in 2013, we began to devote significant resources to the upgrade of our worldwide financial application suite from Oracle's version 11i to R12. Both projects have continued into 2014. Oracle has already begun to discontinue its support for our current business application suite. As a result of that discontinued support and our continued work on these projects, we may experience difficulties with our systems, management distraction and significant business disruptions. Difficulties with our systems may interrupt our ability to accept and deliver customer orders and impact our overall financial operations, including our accounts payable, accounts receivables, general ledger, close processes, internal financial controls and our ability to otherwise run and track our business. We may need to expend significant attention, time and resources to correct problems or find alternative sources for performing these functions. Such significant investments in our back office systems may take longer to complete and cost more than originally planned. In addition, we may not realize the full benefits we hoped to achieve and there is a risk of an impairment charge if we decide that portions of these projects will not ultimately benefit the company or are de-scoped. Any such difficulty or disruption may adversely affect our business and operating results.

The insurance coverage that we purchase may prove to be inadequate.

We carry liability, property, business interruption and other insurance policies to cover insurable risks to our company. We select the types of insurance, the limits and the deductibles based on our specific risk profile, the cost of the insurance coverage versus its perceived benefit and general industry standards. Our insurance policies contain industry standard exclusions for events such as war and nuclear reaction. We purchase minimal levels of earthquake insurance for certain of our IBX data centers, but for most of our data centers, including many in California, we have elected to self-insure. The earthquake and flood insurance that we do purchase would be subject to high deductibles

and any of the limits of insurance that we purchase could prove to be inadequate, which could materially and adversely impact our business, financial condition and results of operations.

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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 expand an existing data center, lease a new facility or acquire suitable land, with or without structures, to build new IBX data centers from the ground up. Expansions or new builds are currently underway, or being contemplated, in many of our markets. Any related construction requires us to carefully select and rely on the experience of one or more designers, general contractors, and associated subcontractors during the design and construction process. Should a designer, general contractor, 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/or other negative impacts to our expected returns.

Site selection is also a critical factor in our expansion plans. There may not be suitable properties available in our markets with the necessary combination of high power capacity and fiber connectivity, or selection may be limited. Thus, while we may prefer to locate new IBX data centers adjacent to our existing locations it may not always be possible. In the event we decide to build new IBX data centers separate from our existing IBX data centers, we may provide interconnection solutions to connect these two centers. Should these solutions not provide the necessary reliability to sustain connection, 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 international environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of our locations, hazardous substances or regulated materials are known to be present in soil or groundwater, and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. At some of our locations, there are land use restrictions in place relating to earlier environmental cleanups that do not materially limit our use of the sites. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from our property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial.

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

Fossil fuel combustion creates greenhouse gas (GHG) emissions that are linked to global climate change. Regulations to limit GHG emissions are in force in the European Union in an effort to prevent or reduce climate change. In the U.S., the U.S. Environmental Protection Agency (EPA) regulates GHG emissions from major stationary sources under

the Clean Air Act. Current regulations apply to large sources of GHGs, such as, for example, fossil-fueled electricity generating facilities, the construction of new facilities that emit 100,000 tons per year or more of carbon dioxide equivalent (CO₂e , a unit of measurement for GHGs) and the modification of any existing facility that results in an increase of GHG emissions by 75,000 tons per year of CO₂e. Our facilities are currently not directly subject to the EPA regulations. The EPA may develop permitting requirements for smaller sources of GHGs after April 30, 2016, which could potentially affect our facilities. We will continue to monitor the developments of this regulatory program to evaluate its impact on our facilities and business.

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Several states within the U.S. 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 established a mandatory emissions reporting program. Regulations adopted by the California Air Resources Board, require allowances to be surrendered for emissions of GHGs. This first phase of the cap-and-trade program commenced on January 1, 2013, and could increase our electricity costs. The effect on the price we pay for electricity cannot yet be determined, but the increase could exceed 5% of our costs of electricity at our California locations. In 2015, a second phase of the program will begin, imposing allowance obligations upon suppliers of most forms of fossil fuels, which will increase the costs of our petroleum fuels used for transportation and emergency generators.

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

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

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

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

We must be able to differentiate our IBX data centers and product offerings from those of our competitors. In addition to competing with other neutral colocation providers, we compete with traditional colocation providers, including telecommunications companies, carriers, internet service providers, managed services providers and large REITs who also operate in our market and may enjoy a cost advantage in providing offerings similar to those provided by our IBX data centers. We may experience competition from our landlords which could also reduce the amount of space available to us for expansion in the future. 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, blurring the line between retail and wholesale space. We may also face competition from existing competitors or new entrants to the market seeking to replicate our global IBX data center concept by building or acquiring data centers, offering colocation on neutral terms or by replicating our strategy and messaging. Finally, customers may also decide it is cost-effective for them to build out their own data centers. Once customers have an established data center footprint, either through a relationship with one of our competitors or through in-sourcing, it may be extremely difficult to convince them to relocate to our IBX data centers.

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Some of our competitors may adopt aggressive pricing policies, especially if they are not highly leveraged or have lower return thresholds than we do. As a result, we may suffer from pricing pressure that would adversely affect our ability to generate revenues. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services or cloud services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX data centers. Similarly, with growing acceptance of cloud-based technologies, Equinix is at risk losing customers that may decide to fully leverage cloud infrastructure offerings instead of managing their own. Competitors could also operate more successfully or form alliances to acquire significant market share.

Failure to compete successfully may materially adversely affect our financial condition, cash flows and results of operations.

Our business could be harmed by prolonged 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, power shortages, planned or unplanned power outages and limitations, especially internationally, on the availability of adequate power resources.

Power outages, such as those relating to the earthquake and tsunami in Japan in 2011 or Superstorm Sandy, which hit the U.S. East Coast in 2012, could harm our customers and our business. We attempt to limit our 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. Some of our IBXs are located in leased buildings where, depending upon the lease requirements and number of tenants involved, we may or may not control some or all of the infrastructure including generators and fuel tanks. As a result, in the event of a power outage, we may be dependent upon the landlord, as well as the utility company, to restore the power.

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 power our customers draw from their installed circuits. This means that we could face power limitations in our IBX data 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.

If our internal controls are found to be ineffective, our financial results or our stock price may be adversely affected.

Our most recent evaluation of our controls resulted in our conclusion that, as of December 31, 2013, in compliance with Section 404 of the Sarbanes-Oxley Act of 2002, our internal controls over financial reporting were effective. Our ability to manage our operations and growth, and to successfully implement our proposed REIT conversion and other

systems upgrades designed to support our growth, will require us to develop our controls and reporting systems and implement or amend new controls and reporting systems. If, in the future, our internal control over financial reporting is found to be ineffective, or if a material weakness is identified in our controls over financial reporting, our financial results may be adversely affected. Investors may also lose confidence in the reliability of our financial statements which could adversely affect our stock price.

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In addition, in May 2013, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued a new version of its internal control framework, which will be deemed by COSO to supersede the 1992 version of the framework effective December 15, 2014. We have not developed our plan for transition to application of the 2013 edition of the framework to our assessment of our internal control over financial reporting. It is possible that during the course of the transition to the new framework and its application to our assessment of our internal controls, we may determine that deficiencies exist in our internal controls, possibly rising to the level of material weakness. Such an occurrence, or a failure to effectively remedy such a deficiency, could harm investor confidence in the accuracy and timeliness of our financial reports and negatively impact the market price of our common stock.

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, 2013, 2012 and 2011, we recognized approximately 46%, 44% and 41%, respectively, of our revenues outside the U.S. For the three months ended March 31, 2014, we recognized approximately 48% of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, EMEA and Asia-Pacific.

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 offerings and pricing to be competitive in those markets. In addition, we are currently undergoing expansions or evaluating expansion opportunities outside of the U.S. 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;

compliance with economic and trade sanctions enforced by the Office of Foreign Assets Control of the U.S. Department of Treasury; and

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

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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, economic and trade sanctions, U.S. laws such as the Foreign Corrupt Practices Act and local laws which also prohibit corrupt payments to governmental officials. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our offerings in one or more countries, could delay or prevent potential acquisitions, and could also materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, our business and our operating results. Our success depends, in part, on our ability to anticipate and address these risks and manage these difficulties.

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

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

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

Some customers have increased their use of high power density equipment, such as blade servers, in our IBX data centers which has 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 power may exceed the designed electrical capacity in these centers. As 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 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 higher power specification than that of many of our older IBX data centers, there is a risk that demand will continue to increase and our IBX data centers could become underutilized 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;

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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 an economic downturn, or 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 offerings and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;

restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;

acquisitions or dispositions we may make;

the financial condition and credit risk of our customers;

the provision of customer discounts and credits;

the mix of current and proposed products and offerings and the gross margins associated with our products and offerings;

the timing required for new and future IBX data 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 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;

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increasing interest expense due to any increases in interest rates and/or potential additional debt financings;

our proposed REIT conversion, including the timing of expenditures and other cash outlays associated with the REIT conversion;

changes in our tax planning strategies or failure to realize anticipated benefits from such strategies;

changes in income tax benefit or expense; and

changes in or new generally accepted accounting principles (GAAP) in the U.S. as periodically released by the Financial Accounting Standards Board (FASB).

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

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

As of March 31, 2014, our retained earnings were \$4.9 million. Although we have generated net income for each fiscal year since 2008, which was our first full year of net income since our inception, we are also currently investing heavily in our future growth through the build out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial uncertainty may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

The failure to obtain favorable terms when we renew our IBX data center leases, or the failure to renew such 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 through 2053. 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 the rent to be 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, or we may decide against renewing the lease. In the event that an IBX data center lease does not have a renewal option, we may not be successful in negotiating a renewal of the lease with the landlord. A failure to renew a lease could force us to exit a building prematurely, which could be disruptive to our business, harm our customer relationships, expose us to liability under our customer contracts, cause us to take impairment charges and negatively affect our operating results.

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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 or our customers' operations. As we provide assurances to our customers that we provide the highest level of security, such a compromise could be particularly harmful to our brand and reputation. We may be required to expend significant capital and resources to protect against such threats or to alleviate problems caused by breaches in security. As techniques used to breach security change frequently, and are generally not recognized until launched against a target, we may not be able to implement security measures in a timely manner or, if and when implemented, we may not be able to determine the extent to which these measures could be circumvented. Any breaches that may occur could expose us to increased risk of lawsuits, regulatory penalties, loss of existing or potential customers, harm to our reputation and increases in our security costs, which could have a material adverse effect on our financial performance and operating results.

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 foreign governments. 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, grow and retain this base of customers could harm our business and operating results.

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including enterprises, cloud, digital content and financial companies, and network service providers. We consider certain of these customers to be key magnets in that they draw in other customers. The more balanced the customer base within each IBX data center, the better we will be able to generate significant interconnection revenues, which in turn increases our overall revenues. Our ability to attract customers to our IBX data centers will depend on a variety of factors, including the presence of multiple carriers, the mix of our offerings, 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 offerings. 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 offerings, 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 may be subject to securities class action and other litigation, which may harm our business and results of operations.

We may be subject to securities class action or 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 make assurances 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 is considering proposed Internet rules and regulation of broadband that may result in material changes in the regulations and contribution regime affecting us

and our customers. Likewise, as part of a review of the current equity market structure, the Securities and Exchange Commission and the Commodity Futures Trading Commission (CFTC) have both sought comments regarding the regulation of independent data centers, such as us, which provide colocation for financial markets and exchanges. The CFTC is also considering regulation of companies that use automated and high-frequency trading systems. Any such regulation may ultimately affect our provision of offerings.

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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 offerings 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.

If customers combine businesses, they may require less colocation space, which could lead to churn in our customer base. Regional competitors may also consolidate to become a global competitor. Consolidation of our customers and/or our competitors may present a risk to our business model and have a negative impact on our revenues.

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 have various mechanisms in place that may discourage takeover attempts.

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

authorization for the issuance of blank check preferred stock;

the prohibition of cumulative voting in the election of directors;

limits on the persons who may call special meetings of stockholders;

limits on stockholder action by written consent; and

advance notice requirements for nominations to the Board of Directors 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.

Table of Contents**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Period End Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/02	3.1	
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/14/11	3.1	
3.3	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	8-K	6/11/13	3.1	
3.4	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.5	Amended and Restated Bylaws of the Registrant.	10-K	12/31/13	3.5	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4 and 3.5.				
4.2	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	
4.3	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.2).				
4.4	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	
4.5	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.4).				

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End Date			Filed Herewith
		Form	Date	Exhibit	
4.6	Indenture dated July 13, 2011 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	7/13/11	4.1	
4.7	Form of 7.00% Senior Note due 2021 (see Exhibit 4.6)	8-K	7/13/11	4.2	
4.8	Indenture for the 2020 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/13	4.1	
4.9	Form of 4.875% Senior Note due 2020 (see Exhibit 4.8)	8-K	3/5/13	4.2	
4.10	Indenture for the 2023 Notes dated March 5, 2013 by and between Equinix, Inc. and U.S. Bank National Association as trustee	8-K	3/5/13	4.3	
4.11	Form of 5.375% Senior Note due 2023 (see Exhibit 4.10)	8-K	3/5/13	4.4	
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-Q	3/31/12	10.2	
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- 186873)	2/26/13	99.1	
10.6	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/08	10.31	
10.7	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/08	10.32	
10.8	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.33	
10.9	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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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End			Filed Herewith
		Form	Date	Exhibit	
10.10	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.35	
10.11	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	
10.12	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	
10.13	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	
10.14	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	
10.15	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	
10.16	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	
10.17	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	
10.18	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	
10.19	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	

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End Date			Filed Herewith
		Form	Date	Exhibit	
10.20	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	
10.21	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30, 2010.	10-Q	9/30/10	10.42	
10.22	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Ferris, Meyers, Smith, Taylor and Van Camp.	10-K	12/31/10	10.33	
10.23	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/10	10.34	
10.24	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/11	10.34	
10.25	Form of Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/11	10.35	
10.26	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.38	
10.27	Form of 2012 Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.39	
10.28	Form of 2012 TSR Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/12	10.40	
10.29	Form of 2012 TSR Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/12	10.41	

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End		Filed	
		Form	Date	Exhibit	Herewith
10.30	Credit Agreement, by and among Equinix, Inc., as borrower, Equinix Operating Co., Inc., Equinix Pacific, Inc., Switch & Data Facilities Company, Inc., Switch & Data Holdings, Inc. and Equinix Services, Inc., as guarantors, the Lenders (defined therein), Bank of America, N.A., as administrative agent, a Lender and L/C issuer, Wells Fargo Bank, National Association, as syndication agent, the Co-Documentation Agents (defined therein) and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as sole lead arranger and sole book manager, dated June 28, 2012.	10-Q	6/30/12	10.39	
10.31	English Translation of Shareholders Agreement, dated as of October 31, 2012, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações, Sidney Victor da Costa Breyer and Antonio Eduardo Zago de Carvalho, and as intervening party, Alog Soluções de Tecnologia em Informática s.a., and, for the limited purposes set forth herein, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P., Riverwood Capital Partners (Parallel A) L.P. and Riverwood Capital Partners (Parallel B) L.P.	10-K	12/31/12	10.39	
10.32	Lease Agreement, by and between 271 Front Inc. and Equinix Canada Ltd., dated November 30, 2012.	10-K	12/31/12	10.40	
10.33	Indemnity Agreement, by Equinix, Inc. in favor of 271 Front Inc., dated November 30, 2012.	10-K	12/31/12	10.41	
10.34	Third Amendment to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of February 27, 2013.	8-K	3/5/13	10.1	

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End Form Date			Filed Herewith
		Form	Date	Exhibit	
10.35	Offer Letter from Equinix, Inc. to Sara Baack dated July 31, 2012.	10-Q	3/31/13	10.42	
10.36	Restricted Stock Unit Agreement for Sara Baack under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/13	10.43	
10.37	Change in Control Severance Agreement by and between Sara Baack and Equinix, Inc. dated July 31, 2012.	10-Q	3/31/13	10.44	
10.38	Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/13	10.46	
10.39	Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/13	10.47	
10.40	Form of TSR Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/13	10.48	
10.41	Form of TSR Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/13	10.49	
10.42	Agreement to Develop and Lease, by and between Equinix Singapore Pte Ltd and Mapletree Industrial Trust, dated March 27, 2013.	10-Q	3/31/13	10.50	
10.43	International Long-Term Assignment Letter by and between Equinix, Inc. and Eric Schwartz, dated May 21, 2013.	10-Q	6/30/13	10.51	
10.44	Fourth Amendment, Consent, Limited Release and Substitution Agreement to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of May 31, 2013.	10-Q	6/30/13	10.52	
10.45	Fifth Amendment to Credit Agreement by and among Equinix, Inc., the lenders party thereto, and Bank of America, N.A., as Administrative Agent and L/C Issuer thereunder, dated as of September 26, 2013.	10-Q	9/30/13	10.53	

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End			Filed Herewith
		Form	Date	Exhibit	
10.46	Employment Agreement by and between Equinix (EMEA) B.V. and Eric Schwartz, dated as of August 7, 2013.	10-Q	9/30/13	10.54	
10.47	Restricted Stock Unit Agreement dated August 14, 2013 for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/13	10.55	
10.48	Equinix, Inc. 2014 Incentive Plan.				X
10.49	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.				X
10.50	Restricted Stock Unit Agreement for Karl Strohmeyer under the Equinix, Inc. 2000 Equity Incentive Plan.				X
10.51	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.				X
10.52	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.				X
10.53	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.				X
10.54	2014 Form of TSR Restricted Stock Unit Agreement for CEO and CFO.				X
10.55	2014 Form of TSR Restricted Stock Unit Agreement for all other Section 16 officers.				X
10.56	Lease between Digital 1350 Duane, LLC and Equinix LLC, dated March 27, 2014.				X
18.2	Preferable Accounting Principles Letter from Pricewaterhouse Coopers LLP, Independent Registered Public Accounting Firm, dated April 24, 2013.	10-Q	3/31/13	18.2	
21.1	Subsidiaries of Equinix, Inc.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X

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Exhibit Number	Exhibit Description	Incorporated by Reference Filing Date/ Period End Form Date Exhibit			Filed Herewith
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.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Document.				X
101.DEF	XBRL Taxonomy Extension Definition Document.				X
101.LAB	XBRL Taxonomy Extension Labels Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Document.				X

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EQUINIX, INC.

SIGNATURES

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

EQUINIX, INC.

Date: May 2, 2014

By: /s/ KEITH D. TAYLOR
Chief Financial Officer
(Principal Financial and Accounting Officer)

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INDEX TO EXHIBITS

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Number	Description of Document
10.48	Equinix, Inc. 2014 Incentive Plan.
10.49	Offer Letter from Equinix, Inc. to Karl Strohmeyer dated October 28, 2013.
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10.51	Change in Control Severance Agreement by and between Karl Strohmeyer and Equinix, Inc. dated December 2, 2013.
10.52	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for CEO and CFO.
10.53	2014 Form of Revenue/Adjusted EBITDA Restricted Stock Unit Agreement for all other Section 16 officers.
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