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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-31293

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

Delaware	**77-0487526**
(State of incorporation)	**(IRS Employer Identification No.)**

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

(650) 598-6000
(Registrant's telephone number, including area code)

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

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $4.7 billion. As of January 31, 2012, a total of 46,656,593 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III—Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's 2012 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2011. Except as expressly incorporated by reference, the registrant's proxy statement shall not be deemed to be a part of this report on Form 10-K.

EQUINIX, INC.

FORM 10-K

DECEMBER 31, 2011

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PART I

ITEM 1. BUSINESS

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

Overview

Equinix, Inc. connects businesses with partners and customers around the world through a global platform of high performance data centers, containing dynamic ecosystems and a broad choice of networks. Platform Equinix connects more than 4,000 enterprises, cloud, digital content and financial companies, including more than 690 network service providers, to help them grow their businesses, improve application performance and protect their vital digital assets. Equinix operates in 38 strategic markets across the Americas, Europe, the Middle-East and Africa ("EMEA") and Asia-Pacific and continually invests in expanding its platform to power customer growth.

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

Equinix's platform offers these unique value propositions to customers:

- Reliability—Equinix delivered more than 99.9999% of uptime across its footprint in 2011.
- Scalability—More than 6.5 million square feet to ensure customers' operations can scale.
- Global reach—A broad footprint of data centers across 38 key markets in 5 continents.
- Choice—A great aggregation of 690 networks, 900 cloud and IT services providers, plus many important financial services and e-commerce industry leaders, to ensure performance and offer the power of choice.
- Technology—More than 4,000 potential partners to deploy world-class solutions.
- Proximity—More than 90% of the population of the Americas and Western Europe is located less than 10 milliseconds of network latency from an Equinix facility. Equinix also has sites in the key business centers of Asia-Pacific.

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

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

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

Equinix generates revenue by selling colocation, interconnection and managed IT infrastructure services on a global platform of 99 IBX data centers.

- Colocation services include cabinets, power, operations space and storage space for customers' colocation needs.
- Interconnection services include cross connects, as well as switch ports on the Equinix Internet Exchange and Equinix Carrier Ethernet Exchange services. These services provide scalable and reliable connectivity that allows customers to exchange traffic directly with the service provider of their choice or directly with each other, creating a performance optimized business ecosystem for the exchange of data between strategic partners.
- Managed IT infrastructure services allow customers to leverage Equinix's significant telecommunications expertise, maximize the benefits of our IBX data centers and optimize their infrastructure and resources.

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

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

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

- The continuing growth of consumer Internet traffic from new bandwidth-intensive services, such as video, voice over IP (VoIP), social media, mobile data, gaming, data-rich media, Ethernet and wireless services.
- Significant increases in power and cooling requirements for today's data center equipment. New generations of servers continue to concentrate processing capability, with associated power consumption and cooling load, into smaller footprints and many legacy-built data centers are unable to accommodate these new power and cooling demands.
- The growth of enterprise applications delivered across communications networks, such as Software-as-a-Service (SaaS), and disaster recovery, and the adoption of cloud computing technology services.
- The financial services market is experiencing tremendous growth with the shift to electronic trading and increased volume of peak messages (transactions per second), requiring optimized data exchange through business ecosystems.
- The growth of "proximity communities" that rely on immediate physical colocation and interconnection with their strategic partners and customers, such as financial exchange ecosystems for electronic trading and settlement.
- The high capital costs associated with building and maintaining "in-sourced" data centers creates an opportunity for capital savings by leveraging an outsourced colocation model.

Industry Background

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

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

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

To accommodate Internet traffic growth, the largest of these networks left the NAPs and began trading traffic by placing private circuits between each other. Peering, which once occurred at the NAP locations, was moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built quickly enough to accommodate traffic growth. This led to a need by the large carriers to find a more efficient way to exchange network traffic or peer. As a result, many customers satisfy their requirements for peering through data center service providers like Equinix because it permits them to peer with the networks they require

within one location, using simple direct connections. Their ability to peer across the room or a data center campus, instead of across a metro area, has increased the scalability of their operations while decreasing network costs.

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

In addition, the enterprise customer segment is also evolving. In the past, most enterprises opted to keep their data center requirements in house. However, several recent trends have led more and more enterprise CIOs to consider and/or choose to outsource some or all of their data center requirements. The combination of globalization, the proliferation of bandwidth intensive Internet-facing applications and rich media content, the rise of virtualization and cloud computing, business continuity and disaster recovery needs, and most importantly the recent economic downturn, have meant that enterprise CIOs must increasingly try to do more with less. Meanwhile, the biggest challenge for data center and operations managers is being out of data center space and power. With the typical in-house datacenter ranging in size from 2,000 to 40,000 square feet, and with very limited optical fiber availability, many CIOs struggle to find the necessary capital, in the current economic environment, to build out and connect their existing facilities. Industry analysts forecast growth in the colocation market to be in excess of 15% over the next three years.

Equinix Value Proposition

More than 4,000 companies, including a diversified mix of cloud and IT service providers, content providers, enterprises, financial companies, and network service providers, currently operate within Equinix IBX data centers. These companies derive specific value from the following elements of the Equinix service offering:

- ***Comprehensive global service offering:*** With 99 IBX data centers in 38 markets in the Americas, EMEA and Asia-Pacific, Equinix offers a consistent global service.
- ***Premium data centers:*** Equinix IBX data centers feature advanced design, security, power and cooling elements to provide customers with industry-leading reliability. While others in the market have business models that include additional offerings, Equinix is focused on data center services and interconnection as our core competencies.
- ***Dynamic business ecosystems:*** Equinix's network-neutral model has enabled us to attract a critical mass of networks, cloud and IT services providers and that, in turn, attracts other businesses seeking to interconnect within a single location. This ecosystem model, versus connecting to multiple partners in disparate locations, reduces costs and optimizes the performance of data exchange. As Equinix grows and attracts an even more diversified base of customers, the value of Equinix's IBX data center offering increases.
- ***Improved economics:*** Customers seeking to outsource their data center operations rather than build their own capital-intensive data centers enjoy significant capital cost savings in this credit-challenged economic environment. Customers also benefit from improved economics on account of the broad access to networks that Equinix provides. Rather than purchasing costly local loops from multiple transit providers, customers can connect directly to more than 690 networks inside Equinix's IBX data centers.
- ***Leading insight:*** With more than 13 years of industry experience, Equinix has a specialized staff of industry experts who helped build and shape the interconnection infrastructure of the Internet. This specialization and industry knowledge base offer customers a unique consultative value and a competitive advantage.

Our Strategy

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

Improve customer performance through interconnection. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the information-driven world. This critical mass is a key selling point for companies that want to connect with a diverse set of networks to provide the best connectivity to their end-customers and network companies that want to sell bandwidth to companies and interconnect with other networks in the most efficient manner available. Currently, we service more than 690 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that serve more than 90% of global Internet routes. We have a growing mass of key players in the cloud and IT services, enterprise and financial sectors, such as Bloomberg, Facebook, The GAP, IBM, Salesforce.com, SONY and others. We expect these segments will continue to grow as they seek to leverage our critical mass of network providers and interconnect directly with each other to improve performance.

Streamline ease of doing business globally. Data center reliability, power availability and network choice are the most important attributes considered by our customers when they are choosing a data center provider in a particular location. We have long been recognized as a leader in these areas and our performance continues to improve against these criteria. Our power infrastructure delivered 99.9999% uptime globally in 2011.

In 2011, more than half of our revenue came from customers with deployments across two or more of our global regions, and as globalization continues, seamless global services will become an increasingly important data center selection criteria. We continue to focus on our global product, pricing and contracts harmonization initiatives to meet these global demands.

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

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

Accelerate global reach and scale. We continue to evaluate expansion opportunities in select markets based on customer demand. In April 2011, we successfully acquired an approximately 53% indirect, controlling equity interest in ALOG Data Centers do Brazil S.A. This extended our presence into the Sao Paulo and Rio de Janeiro markets in Brazil.

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

Our Customers

Our customers include carriers and other bandwidth providers, cloud and IT services providers, content providers, financial companies and global enterprises. We offer each customer a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2011, we had more than 4,000 customers worldwide.

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

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

Customers typically sign renewable contracts of one or more years in length. No single customer accounted for 10% or more of our revenues for the years ended December 31, 2011, 2010 or 2009.

Our Services

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

Colocation Services

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

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

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

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

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

Interconnection Services

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

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

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

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

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

Ethernet Exchange Services. We offer the Ethernet Exchange service which is similar to the Equinix Internet Exchange in 17 markets where customers can connect via a central switching fabric to interconnect between multiple Carrier Ethernet Providers rather than creating individual Network to Network interfaces (NNIs) between individual carriers. The service builds on the benefits of the Internet community and extends the ability to interconnect to the high growth Ethernet industry. The service is priced per IBX data center with an initial fee and a monthly recurring charge.

Managed IT Infrastructure Services

With the continued growth in Internet traffic, networks, cloud providers, service providers, enterprises and content providers are challenged to deliver fast and reliable service, while lowering costs. With more than 690 Internet Service Providers (ISPs) and carriers located in our IBX data centers, we leverage the value of network choice with our set of multi-network management and other outsourced IT services, including:

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

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

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

Sales and Marketing

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

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

Marketing. To support our sales effort and to actively promote our brand in the Americas, Asia-Pacific and Europe, we conduct comprehensive marketing programs. Our marketing strategies include active public relations and ongoing customer communications programs. Our marketing efforts are focused on major business and trade publications, online media outlets, industry events and sponsored activities. Our staff holds leadership positions in key networking organizations, and we participate in a variety of Internet, Carrier Ethernet, computer and financial industry conferences, placing our officers and employees in keynote speaking engagements at these conferences. We also regularly measure customer satisfaction levels and host key customer forums to ensure customer needs are understood and incorporated in product and service planning efforts. From a brand

perspective, we build recognition through sponsoring or leading industry technical forums, participating in Internet industry standard-setting bodies and through advertising and online campaigns. We continue to develop and host industry educational forums focused on peering technologies and practices for ISPs and content providers.

Our Competition

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

Colocation Providers

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

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

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

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

Carrier-Neutral Colocation Providers

In addition to data center space and power, colocation providers also offer interconnection services. Certain of these providers, known as network or carrier-neutral colocation providers, can offer customers the choice of hundreds of network service providers, or ISPs, to choose from. Typically, customers use interconnection services to buy Internet connectivity, connect VoIP telephone networks, perform financial exchange and settlement functions or perform business-to-business e-commerce. Carrier-neutral data centers are often located in key network hubs around the world like New York; Ashburn, Virginia; London; Amsterdam; Singapore, and Hong Kong. Two types of data center facilities offering carrier-neutral colocation are used for many network-to-network interconnections:

- A Meet Me Room (MMR) is typically a smaller space, generally 5,000 square feet or less, located in a major carrier hotel and often found in a wholesale data center facility.
- A carrier-neutral data center is generally larger than a MMR and may be a stand-alone building separate from existing carrier hotels.

In addition to Equinix, other providers that we believe could be defined as offering carrier-neutral colocation include CoreSite, Interxion, Telecity Group, Telx, Global Switch, TELEHOUSE and Terremark.

Wholesale Data Center Providers

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

Sample wholesale data center providers include Digital Realty Trust and DuPont Fabros Technology, e-Shelter and Sentrum.

Managed Hosters

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

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

- Application hosting by organizations of any size, including large enterprises
- Hosted or managed messaging, including Microsoft Exchange and other complex messaging applications
- Complex or highly scalable web hosting or e-commerce web sites
- Managed storage solutions (including large drive arrays or backup robots)
- Server disaster recovery and business continuity, including clustering and global server load balancing
- Database servers, applications and services

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

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

Our Business Segment Financial Information

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

Employees

As of December 31, 2011, we had 2,709 employees. We had 1,763 employees based in the Americas, 570

accounts, which would negatively impact our results. The uncertain economic environment could also have an impact on our foreign exchange forward contracts if our counterparties' credit deteriorates further or they are otherwise unable to perform their obligations. Finally, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so which could have an impact on our flexibility to pursue additional expansion opportunities and maintain our desired level of revenue growth in the future.

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

Since January 1, 2011, the closing sale price of our common stock on the NASDAQ Global Select Market has ranged from $82.00 to $136.55 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 or business strategy;
- our 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 emerging telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock. Furthermore, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and/or damages, and divert management's attention from other business concerns, which could seriously harm our business.

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

Our capital expenditures, together with ongoing operating expenses and obligations to service our debt, will be a substantial drain on our cash flow and may decrease our cash balances. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. Our inability to obtain additional debt and/or equity financing or to generate sufficient cash from operations may require us to prioritize projects or curtail capital expenditures which could adversely affect our results of operations.

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

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates. To date, the majority of our revenues and costs are denominated in U.S. dollars; however, the majority of revenues and

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

Although we have in the past, and may decide in the future, to undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. For example, while we hedge certain of our foreign currency assets and liabilities on our consolidated balance sheet, we do not hedge revenue. Therefore, any weakness of the U.S. dollar may have a positive impact on our consolidated results of operations because the currencies in the foreign countries in which we operate may translate into more U.S. dollars. However, if the U.S. dollar strengthens relative to the currencies of the foreign countries in which we operate our consolidated financial position and results of operations may be negatively impacted as amounts in foreign currencies will generally translate into fewer U.S. dollars. For additional information on foreign currency risk, refer to our discussion of foreign currency risk in "Quantitative and Qualitative Disclosures About Market Risk" included in Part II, Item 7A of this Annual Report.

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

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

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

A customer's decision to license cabinet space in one of our IBX data centers and to purchase additional services typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX data centers until they are confident that the IBX data center has adequate carrier connections. As a result, we have a long sales cycle. Furthermore, we may expend significant time and resources in pursuing a particular sale or customer that does not result in revenue. We have also significantly expanded our sales force in the past year. It will take time for these new hires to become fully productive.

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

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

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

Our business depends on providing customers with highly reliable service. We must protect our customers' infrastructure and equipment located in our IBX data centers. While we own certain of our IBX data centers,

others are leased by us, and we rely on the landlord for basic maintenance of the property. If such landlord has not maintained a leased property sufficiently, we may be forced into an early exit from the center which could be disruptive to our business. Furthermore, we continue to acquire IBX data centers not built by us. If we discover that these IBX data centers and their infrastructure assets are not in the condition we expected when they were acquired, we may be required to incur substantial additional costs to repair or upgrade the centers.

The services we provide in each of our IBX data centers are subject to failure resulting from numerous factors, including:

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

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

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

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

providers fail to provide the required services, our business, financial condition and results of operations could be materially and adversely impacted.

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

In order to sustain our growth in certain of our existing and new markets, we must either expand an existing data center, lease a new facility or acquire suitable land with or without structures to build new IBX data centers from the ground up. Expansions or new builds are currently underway, or being contemplated, in many of our markets. Any related construction requires us to carefully select and rely on the experience of one or more 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 services to interconnect these two centers. Should these services not provide the necessary reliability to sustain service, this could result in lower interconnection revenue and lower margins and could have a negative impact on customer retention over time.

Environmental regulations may impose upon us new or unexpected costs.

We are subject to various federal, state, local and 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 United States, federal legislative proposals have been considered that would, if adopted,

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

Several states within the United States have adopted laws intended to limit fossil fuel consumption and/or encourage renewable energy development for the same purpose. For example, California enacted AB-32, the Global Warming Solutions Act of 2006, prescribing a statewide cap on global warming pollution with a goal of reaching 1990 GHG emission levels by 2020 and establishing a mandatory emissions reporting program. On October 27, 2011, the California Air Resources Board adopted final regulations establishing a cap-and-trade program to implement AB-32, which will establish an auction to allocate allowances for GHG emissions, and will establish a minimum price for such allowances. This cap-and-trade regulation took effect January 1, 2012, and will require allowances to be surrendered for emissions of GHGs commencing January 1, 2013. This first phase of the cap-and-trade program will increase our electricity costs by an amount that cannot yet be determined, but could exceed 5% of our costs of electricity at our California locations. 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.

Federal, regional, state and international regulatory programs to address climate change are still developing. In their final form, they may include a tax on carbon, a carbon "cap-and-trade" market, and/or other restrictions on carbon and GHG emissions.

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

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

We must continue to identify, hire, train and retain IT professionals, technical engineers, operations employees, and sales, 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 telecom companies, carriers, internet service providers and managed services providers, and with large real estate investment trusts, or REITs, who also operate in our market, and may enjoy a cost advantage in providing services similar to those provided by our IBX data centers. We may experience competition from our landlords, some of which are REITs, 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.

Some of our competitors may adopt aggressive pricing policies, especially if they are not highly leveraged or have lower return thresholds that 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. 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 electrical power outages or shortages, increased costs of energy or general lack of availability of electrical resources.

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

Power outages, such as those that occurred in California during 2001, the Northeast in 2003, from the tornados on the U.S. east coast in 2004, and relating to the earthquake and tsunami in Japan in 2011, could harm our customers and our business. We attempt to limit exposure to system downtime by using backup generators and power supplies; however, we may not be able to limit our exposure entirely even with these protections in place, as was the case with the power outages we experienced in our Chicago and Washington, D.C. metro area IBX data centers in 2005, London metro area IBX data centers in 2007 and Paris metro area IBX data centers in 2009.

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

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

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

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

Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to evaluate their internal control over financial reporting. Although we received an unqualified opinion regarding the effectiveness of our internal control over financial reporting as of December 31, 2011, in the course of our ongoing evaluation we have identified certain areas where we would like to improve and we are in the process of evaluating and designing enhanced processes and controls to address such areas, none of which we believe constitutes a material change. However, we cannot be certain that our efforts will be effective or sufficient for us, or our independent registered public accounting firm, to issue unqualified reports in the future, especially as our business continues to grow and evolve and as we acquire other businesses.

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

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

For the years ended December 31, 2011, 2010 and 2009, we recognized 40%, 38% and 39%, respectively, of our revenues outside the U.S. We currently operate outside of the U.S. in Canada, Brazil, and in the EMEA and Asia-Pacific regions.

To date, the network neutrality of our IBX data centers and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our acquired IBX data centers in the Asia-Pacific region the limited number of carriers available reduces that advantage. As a result, we may need to adapt our key revenue-generating services and pricing to be competitive in those markets. In addition, we are currently undergoing expansions or evaluating expansion opportunities 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; and
- compliance with evolving governmental regulation with which we have little experience.

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

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

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

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

Customers are increasing their use of high-density electrical power equipment, such as blade servers, in our IBX data centers which has significantly increased the demand for power on a per cabinet basis. Because many of our IBX data centers were built a number of years ago, the current demand for electrical power may exceed the designed electrical capacity in these centers. As electrical power, not space, is a limiting factor in many of our IBX data centers, our ability to fully utilize those IBX data centers may be limited. The availability of sufficient

power may also pose a risk to the successful operation of our new IBX data centers. The ability to increase the power capacity of an IBX data center, should we decide to, is dependent on several factors including, but not limited to, the local utility's ability to provide additional power; the length of time required to provide such power; and/or whether it is feasible to upgrade the electrical infrastructure of an IBX data center to deliver additional power to customers. Although we are currently designing and building to a much higher power specification, there is a risk that demand will continue to increase and our IBX data centers could become obsolete sooner than expected.

We expect our operating results to fluctuate.

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

- fluctuations of foreign currencies in the markets in which we operate;
- the timing and magnitude of depreciation and interest expense or other expenses related to the acquisition, purchase or construction of additional IBX data centers or the upgrade of existing IBX data centers;
- demand for space, power and services at our IBX data centers;
- changes in general economic conditions, such as the current economic downturn, and specific market conditions in the telecommunications and Internet industries, both of which may have an impact on our customer base;
- charges to earnings resulting from past acquisitions due to, among other things, impairment of goodwill or intangible assets, reduction in the useful lives of intangible assets acquired, identification of additional assumed contingent liabilities or revised estimates to restructure an acquired company's operations;
- the duration of the sales cycle for our services and our ability to ramp our newly-hired sales persons to full productivity within the time period we have forecasted;
- restructuring charges or reversals of existing restructuring charges, which may be necessary due to revised sublease assumptions, changes in strategy or otherwise;
- acquisitions or dispositions we may make;
- the financial condition and credit risk of our customers;
- the provision of customer discounts and credits;
- the mix of current and proposed products and services and the gross margins associated with our products and services;
- the timing required for new and future centers to open or become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- increasing repair and maintenance expenses in connection with aging IBX data centers;
- lack of available capacity in our existing IBX data centers to generate new revenue or delays in opening up new or acquired IBX data centers that delay our ability to generate new revenue in markets which have otherwise reached capacity;
- changes in rent expense as we amend our IBX data center leases in connection with extending their lease terms when their initial lease term expiration dates approach or changes in shared operating costs in connection with our leases, which are commonly referred to as common area maintenance expenses;

- the timing and magnitude of other operating expenses, including taxes, expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets;
- the cost and availability of adequate public utilities, including power;
- changes in employee stock-based compensation;
- overall inflation;
- increasing interest expense due to any increases in interest rates and/or potential additional debt financings;
- our stock repurchase program;
- 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 December 31, 2011, our accumulated deficit was $255.1 million. Although we have generated net income for each fiscal year since 2008, which was our first full year of net income since our inception, we are also currently investing heavily in our future growth through the build-out of multiple additional IBX data centers and IBX data center expansions as well as acquisitions of complementary businesses. As a result, we will incur higher depreciation and other operating expenses, as well as acquisition costs and interest expense, that may negatively impact our ability to sustain profitability in future periods unless and until these new IBX data centers generate enough revenue to exceed their operating costs and cover our additional overhead needed to scale our business for this anticipated growth. The current global financial crisis may also impact our ability to sustain profitability if we cannot generate sufficient revenue to offset the increased costs of our recently-opened IBX data centers or IBX data centers currently under construction. In addition, costs associated with the acquisition and integration of any acquired companies, as well as the additional interest expense associated with debt financing we have undertaken to fund our growth initiatives, may also negatively impact our ability to sustain profitability. Finally, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

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

While we own certain of our IBX data centers, others are leased under long-term arrangements with lease terms expiring at various dates ranging from 2011 to 2035. These leased centers have all been subject to significant development by us in order to convert them from, in most cases, vacant buildings or warehouses into IBX data centers. Most of our IBX data center leases have renewal options available to us. However, many of these renewal options provide for rent set at then-prevailing market rates. To the extent that then-prevailing market rates are higher than present rates, these higher costs may adversely impact our business and results of operations.

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

The presence of diverse telecommunications carriers' fiber networks in our IBX data centers is critical to our ability to retain and attract new customers. We are not a telecommunications carrier, and as such we rely on third parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers' customers to encourage them to invest the capital and operating resources required to connect from their centers to our IBX data centers. Carriers will likely evaluate the revenue opportunity of an IBX data center based on the assumption that the environment will be highly competitive. We cannot provide assurance that each and every carrier will elect to offer its services within our IBX data centers or that once a carrier has decided to provide Internet connectivity to our IBX data centers that it will continue to do so for any period of time.

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

If the establishment of highly diverse Internet connectivity to our IBX data centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected.

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

A party who is able to compromise the security measures on our networks or the security of our infrastructure could misappropriate either our proprietary information or the personal information of our customers, or cause interruptions or malfunctions in our operations 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 their respective agencies. Some of these customers may terminate all or part of their contracts at any time, without cause.

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

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

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

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

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

We are subject to various legal proceedings as described in Note 13 to Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. In addition, we may, in the future, be subject to other litigation. For example, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Litigation can be lengthy, expensive, and divert management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in litigation could result in monetary damages or injunctive relief that could seriously harm our business, results of operations, financial condition or cash flows.

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

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

Government regulation may adversely affect our business.

Various laws and governmental regulations, both in the U.S. and abroad, governing Internet related services, related communications services and information technologies remain largely unsettled, even in areas where there has been some legislative action. For example, the Federal Communications Commission 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 have both sought comments regarding the regulation of independent data centers, such as Equinix, which provide colocation services 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 services.

It also may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services and taxation, apply to the Internet and to related services such as ours and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad that may impose additional burdens on companies conducting business online and their service providers.

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

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

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 may not have adequate property and liability insurance to cover catastrophic events or attacks.

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

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

ITEM 2. PROPERTIES

Our executive offices are located in Redwood City, California, and we also have sales offices in several cities throughout the United States. Our Asia-Pacific headquarters office is located in Hong Kong and we also

20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding our business and financial results. The suit is purportedly brought on behalf of purchasers of our common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants filed a motion to dismiss on November 7, 2011 and a hearing on the motion to dismiss is set for February 24, 2012.

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

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC was filed in the United States District Court for the Northern District of California, purportedly on behalf of Equinix, against the members of our board of directors. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action, and asserts causes of action against the individual defendants for breach of fiduciary duty for allegedly disseminating false and misleading information, breach of fiduciary duty for allegedly failing to maintain internal controls, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the court signed an order relating this case to the federal securities class action. Plaintiffs filed an amended complaint on December 14, 2011. By agreement, all other proceedings in this case have been temporarily stayed pending the outcome of Defendants' motion to dismiss in the class action.

Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of these matters, and are unable at this time to determine whether the outcome of the litigation would have a material impact on our results of operations, financial condition or cash flows.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

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

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

	Low	High
Fiscal 2011:		
Fourth Fiscal Quarter	$84.27	$104.21
Third Fiscal Quarter	82.03	105.87
Second Fiscal Quarter	91.42	101.40
First Fiscal Quarter	82.00	92.43
Fiscal 2010:		
Fourth Fiscal Quarter	$70.34	$105.09
Third Fiscal Quarter	78.57	103.31
Second Fiscal Quarter	79.45	103.29
First Fiscal Quarter	91.76	109.56

As of January 31, 2012, we had 46,656,593 shares of our common stock outstanding held by approximately 245 registered holders.

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

During the year ended December 31, 2011, we did not issue or sell any securities on an unregistered basis.

Purchases of Equity Securities by Issuer

The following table sets forth a summary of our stock repurchases under our share repurchase program for the three months ended December 31, 2011:

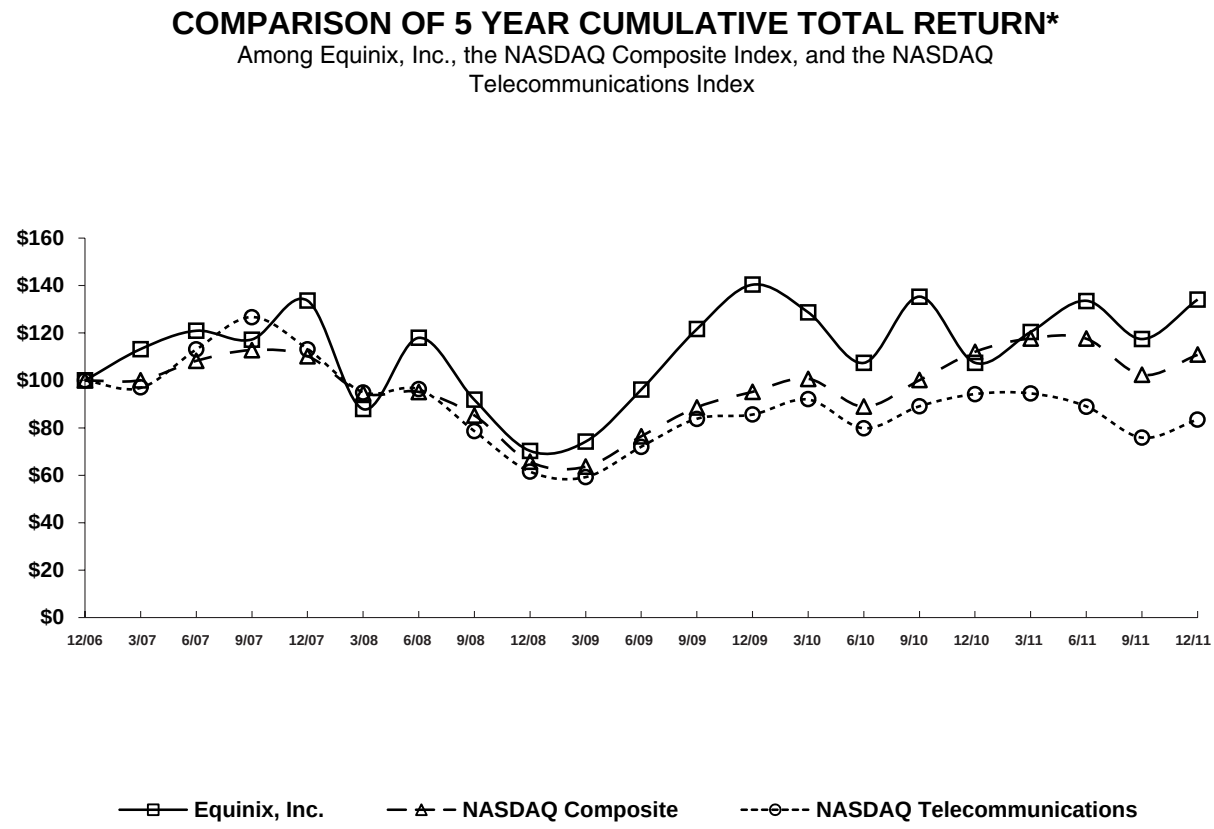
	Number of shares purchased	Average price per share	Number of shares purchased under publicly announced programs	Approximate dollar value that may yet be purchased under the programs (in thousands)
Beginning balance available under the share repurchase program as of November 1, 2011 **(1)**	—	$ —	—	$250,000
Shares repurchased:				
November 2011	414,300	98.78	414,300	(40,925)
December 2011	456,121	100.28	456,121	(45,741)
Total	870,421	99.57	870,421	(86,666)
Ending balance available under the share repurchase program as of December 31, 2011				$163,334

(1) On November 17, 2011, we announced a share repurchase program to repurchase up to $250.0 million in value of our common stock in the open market or private transactions through December 31, 2012, which is referred to as the share repurchase program (see "Share Repurchase Program" in Note 10 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K).

Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on Equinix's common stock between December 31, 2006 and December 31, 2011 with the cumulative total return of (i) The NASDAQ Composite Index and (ii) The NASDAQ Telecommunications Index. This graph assumes the investment of $100.00 on December 31, 2006 in Equinix's common stock, in The NASDAQ Composite Index, and in The NASDAQ Telecommunications Index, and assumes the reinvestment of dividends, if any.

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



*$100 invested on 12/31/06 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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

ITEM 6. SELECTED FINANCIAL DATA

The following consolidated statement of operations data for the five years ended December 31, 2011 and the consolidated balance sheet data as of December 31, 2011, 2010, 2009, 2008 and 2007 have been derived from our audited consolidated financial statements and the related notes. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected consolidated financial data for the three years ended December 31, 2011 and as of December 31, 2011 and 2010, should be read in conjunction with our audited consolidated financial statements and the related notes in Item 8 of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. In addition, in April 2011 and April 2010, we completed our acquisition of an indirect controlling interest in ALOG Data Centers do Brasil S.A. and acquisition of Switch & Data Facilities Company, Inc., respectively. For further information on these acquisitions, refer to Note 2 of our Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

	Years ended December 31,				
	2011	2010	2009	2008	2007
	(dollars in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenues	$ 1,606,842	$1,220,334	$ 882,509	$ 704,680	$ 419,442
Costs and operating expenses:					
Cost of revenues	867,641	674,667	483,420	414,799	263,768
Sales and marketing	159,091	111,104	63,584	66,913	40,719
General and administrative	265,932	220,781	155,324	146,564	105,794
Restructuring charges	3,481	6,734	(6,053)	3,142	407
Acquisition costs	3,534	12,337	5,155	—	—
Gains on asset sales	—	—	—	—	(1,338)
Total costs and operating expenses	1,299,679	1,025,623	701,430	631,418	409,350
Income from operations	307,163	194,711	181,079	73,262	10,092
Interest income	2,280	1,515	2,384	8,940	15,406
Interest expense	(181,303)	(140,475)	(74,232)	(61,677)	(32,014)
Other-than-temporary impairment recovery (loss) on investments	—	3,626	(2,590)	(1,527)	—
Other income	2,821	690	2,387	1,307	3,047
Loss on debt extinguishment and conversion and interest rate swaps, net	—	(10,187)	—	—	(5,949)
Income tax benefit (expense)	(38,351)	(12,999)	(39,597)	87,619	(473)
Net income (loss)	92,610	36,881	69,431	107,924	(9,891)
Net loss attributable to redeemable non-controlling interests	1,394	—	—	—	—
Net income (loss) attributable to Equinix	$ 94,004	$ 36,881	$ 69,431	$ 107,924	$ (9,891)
Earnings (loss) per share attributable to Equinix, after adjustments related to redeemable non-controlling interests:					
Basic	$ 1.76	$ 0.84	$ 1.80	$ 2.91	$ (0.30)
Weighted average shares—basic	46,956	43,742	38,488	37,120	32,595
Diluted	$ 1.72	$ 0.82	$ 1.75	$ 2.79	$ (0.30)
Weighted average shares—diluted	47,898	44,810	39,676	41,582	32,595
Other Financial Data (1):					
Net cash provided by operating activities	$ 587,609	$ 392,872	$ 355,492	$ 267,558	$ 120,020
Net cash used in investing activities	(1,499,444)	(600,969)	(558,178)	(478,040)	(1,054,725)
Net cash provided by financing activities	748,728	309,686	323,598	145,106	1,145,013

	As of December 31,				
	2011	2010	2009	2008	2007
	(dollars in thousands)				
Consolidated Balance Sheet Data:					
Cash, cash equivalents and short-term and long-term investments	$1,076,345	$ 592,839	$ 604,367	$ 307,945	$ 383,900
Accounts receivable, net	139,057	116,358	64,767	66,029	60,089
Property, plant and equipment, net	3,225,912	2,650,953	1,808,115	1,492,830	1,164,613
Total assets	5,785,324	4,448,009	3,038,150	2,434,736	2,182,296
Capital lease and other financing obligations, excluding current portion	390,269	253,945	154,577	133,031	93,604
Mortgage and loans payable, excluding current portion	168,795	100,337	371,322	386,446	313,915
Senior notes	1,500,000	750,000	—	—	—
Convertible debt, excluding current portion	694,769	916,337	893,706	608,510	631,104
Redeemable non-controlling interests	67,601	—	—	—	—
Total stockholders' equity	1,952,212	1,880,515	1,182,483	916,661	861,992

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

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

The following commentary should be read in conjunction with the financial statements and related notes contained elsewhere in this Annual Report on Form 10-K. The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in "Liquidity and Capital Resources" and "Risk Factors" elsewhere in this Annual Report on Form 10-K. All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements.

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

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

On April 25, 2011, as more fully described in Note 2 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, Zion RJ Participações S.A., referred to as Zion, a Brazilian joint-stock company controlled by our wholly-owned subsidiary and co-owned by RW Brasil Fundo de Investimento em Participações, a subsidiary of Riverwood Capital L.P., referred to as Riverwood, completed the acquisition of approximately 90% of the outstanding capital stock of ALOG Data Centers do Brasil S.A. and its subsidiaries, referred to as ALOG, which resulted in Equinix acquiring an indirect, controlling interest in ALOG of approximately 53%. This transaction is referred to as the ALOG acquisition.

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

In November 2011, our board of directors, referred to as the board, approved a share repurchase program to repurchase up to $250.0 million in value of our common stock in the open market or private transactions through December 31, 2012, which is referred to as the share repurchase program. The share repurchase program was designed to return value to our stockholders and minimize dilution from stock issuances.

Overview

Equinix provides global data center services that protect and connect the world's most valued information assets. Global enterprises, financial services companies, and content and network service providers rely upon Equinix's leading insight and data centers in 38 markets around the world for the safeguarding of their critical IT

equipment and the ability to directly connect to the networks that enable today's information-driven economy. Equinix offers the following data center services: premium data center colocation, interconnection and exchange services, and outsourced IT infrastructure services. As of December 31, 2011, we operated or had partner IBX data centers in the Atlanta, Boston, Buffalo, Chicago, Cleveland, Dallas, Denver, Detroit, Indianapolis, Los Angeles, Miami, Nashville, New York, Philadelphia, Phoenix, Pittsburgh, Rio De Janeiro, Sao Paulo, Seattle, Silicon Valley, St. Louis, Tampa, Toronto and Washington, D.C. metro areas in the Americas region; France, Germany, Italy, the Netherlands, Switzerland and the United Kingdom in the Europe, Middle East, Africa (EMEA) region; and Australia, Hong Kong, Japan, China and Singapore in the Asia-Pacific region.

We leverage our global data centers in 38 markets around the world as a global service delivery platform which serves more than 90% of the world's Internet routes and allows our customers to increase information and application delivery performance while significantly reducing costs. Based on our global delivery platform and the quality of our IBX data centers, we believe we have established a critical mass of customers. As more customers locate in our IBX data centers, it benefits their suppliers and business partners to colocate as well in order to gain the full economic and performance benefits of our services. These partners, in turn, pull in their business partners, creating a "marketplace" for their services. Our global delivery platform enables scalable, reliable and cost-effective colocation, interconnection and traffic exchange thus lowering overall cost and increasing flexibility. Our focused business model is based on our critical mass of customers and the resulting "marketplace" effect. This global delivery platform, combined with our strong financial position, continues to drive new customer growth and bookings as we drive scale into our global business.

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

Excluding the ALOG acquisition, our customer count increased to 4,724 as of December 31, 2011 versus 4,300 as of December 31, 2010, an increase of 10%. This increase was due to organic growth in our business. Our utilization rate represents the percentage of our cabinet space billing versus net sellable cabinet space available taking into account power limitations. Excluding the impact of the ALOG acquisition, our utilization rate increased to approximately 80% as of December 31, 2011 versus approximately 74% as of December 31, 2010; however, excluding the impact of our IBX data center expansion projects that have been open for less than four full quarters, our utilization rate would have increased to approximately 85% as of December 31, 2011. Our utilization rate varies from market to market among our IBX data centers across the Americas, EMEA and Asia-Pacific regions. We continue to monitor the available capacity in each of our selected markets. To the extent we have limited capacity available in a given market it may limit our ability for growth in that market. We perform demand studies on an ongoing basis to determine if future expansion is warranted in a market. In addition, power and cooling requirements for most customers are growing on a per unit basis. As a result, customers are consuming an increasing amount of power per cabinet. Although we generally do not control the amount of power our customers draw from installed circuits, we have negotiated power consumption limitations with certain of our high power demand customers. This increased power consumption has driven the requirement to build out our new IBX data centers to support power and cooling needs twice that of previous IBX data centers. We could face power limitations in our centers even though we may have additional physical cabinet capacity available within a specific IBX data center. This could have a negative impact on the available utilization capacity of a given center, which could have a negative impact on our ability to grow revenues, affecting our financial performance, operating results and cash flows.

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

Our business is based on a recurring revenue model comprised of colocation, interconnection and managed infrastructure services. We consider these services recurring as our customers are generally billed on a fixed and recurring basis each month for the duration of their contract, which is generally one to three years in length. Our recurring revenues have comprised more than 90% of our total revenues during the past three years. In addition, during the past three years, in any given quarter, greater than half of our monthly recurring revenue bookings came from existing customers, contributing to our revenue growth.

Our non-recurring revenues are primarily comprised of installation services related to a customer's initial deployment and professional services that we perform. These services are considered to be non-recurring as they are billed typically once and upon completion of the installation or professional services work performed. The majority of these non-recurring revenues are typically billed on the first invoice distributed to the customer in connection with their initial installation. However, revenues from installation services are deferred and recognized ratably over the longer of the term of the related contract or expected life of the services. Additionally, revenue from contract settlements, when a customer wishes to terminate their contract early, is generally recognized on a cash basis, when no remaining performance obligations exist, to the extent that the revenue has not previously been recognized. As a percentage of total revenues, we expect non-recurring revenues to represent less than 10% of total revenues for the foreseeable future.

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

The largest components of our cost of revenues are depreciation, rental payments related to our leased IBX data centers, utility costs, including electricity and bandwidth, IBX data center employees' salaries and benefits, including stock-based compensation, repairs and maintenance, supplies and equipment and security services. A substantial majority of our cost of revenues is fixed in nature and should not vary significantly from period to period, unless we expand our existing IBX data centers or open or acquire new IBX data centers. However, there are certain costs which are considered more variable in nature, including utilities and supplies, that are directly related to growth in our existing and new customer base. We expect the cost of our utilities, specifically electricity, will increase in the future on a per-unit or fixed basis in addition to the variable increase related to the growth in consumption by the customer. In addition, the cost of electricity is generally higher in the summer months as compared to other times of the year. To the extent we incur increased utility costs, such increased costs could materially impact our financial condition, results of operations and cash flows. Furthermore, to the extent we incur increased electricity costs as a result of either climate change policies or the physical effects of climate change, such increased costs could materially impact our financial condition, results of operations and cash flows.

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

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

Due to our recurring revenue model, and a cost structure which has a large base that is fixed in nature and generally does not grow in proportion to revenue growth, we expect our cost of revenues, sales and marketing expenses and general and administrative expenses to decline as a percentage of revenue over time, although we expect each of them to grow in absolute dollars in connection with our growth. This is evident in the trends noted below in our discussion on our results of operations. However, for cost of revenues, this trend may periodically be impacted when a large expansion project opens or is acquired and before it starts generating any meaningful revenue. Furthermore, in relation to cost of revenues, we note that the Americas region has a lower cost of revenues as a percentage of revenue than either EMEA or Asia-Pacific. This is due to both the increased scale and maturity of the Americas region compared to either EMEA or Asia-Pacific, as well as a higher cost structure outside of 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 revenue and EMEA having the highest 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 revenue as we continue to scale our operations to support our growth.

Constant Currency Presentation

Our revenues and certain operating expenses (cost of revenues, sales and marketing and general and administrative expenses) from our international operations have represented and will continue to represent a significant portion of our total revenues and certain operating expenses. As a result, our revenues and certain operating expenses have been and will continue to be affected by changes in the U.S. dollar against major international currencies such as the Brazilian reais, British pound, Canadian dollar, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present period-over-period percentage changes in our revenues and certain operating expenses on a constant currency basis in addition to the historical amounts as reported. Presenting constant currency results of operations is a non-GAAP financial measure and is not meant to be considered in isolation or as an alternative to GAAP results of operations. However, we have presented this non-GAAP financial measure to provide investors with an additional tool to evaluate our operating results. To present this information, our current and comparative prior period revenues and certain operating expenses from entities reporting in currencies other than the U.S. dollar are converted into U.S. dollars at constant exchange rates rather than the actual exchange rates in effect during the respective periods (i.e. average rates in effect for the year ended December 31, 2010 are used as exchange rates for the year ended December 31, 2011 when comparing the year ended December 31, 2011 with the year ended December 31, 2010 and average rates in effect for the year ended December 31, 2009 are used as exchange rates for the year ended December 31, 2010 when comparing the year ended December 31, 2010 with the year ended December 31, 2009).

Results of Operations

Our results of operations for the year ended December 31, 2011 include the operations of ALOG from April 25, 2011. Our results of operations for the year ended December 31, 2010 include the operations of Switch & Data Facilities Company, Inc., which is referred to as Switch and Data, from May 1, 2010.

Years Ended December 31, 2011 and 2010

Revenues. Our revenues for the years ended December 31, 2011 and 2010 were generated from the following revenue classifications and geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas:						
Recurring revenues	$ 996,015	62%	$ 748,648	61%	33%	33%
Non-recurring revenues	36,758	2%	27,527	3%	34%	33%
	1,032,773	64%	776,175	64%	33%	33%
EMEA:						
Recurring revenues	328,355	20%	256,570	21%	28%	22%
Non-recurring revenues	29,867	2%	25,223	2%	18%	13%
	358,222	22%	281,793	23%	27%	21%
Asia-Pacific:						
Recurring revenues	204,152	13%	155,200	13%	32%	24%
Non-recurring revenues	11,695	1%	7,166	0%	63%	54%
	215,847	14%	162,366	13%	33%	25%
Total:						
Recurring revenues	1,528,522	95%	1,160,418	95%	32%	29%
Non-recurring revenues	78,320	5%	59,916	5%	31%	27%
	$1,606,842	100%	$1,220,334	100%	32%	29%

Americas Revenues. Growth in Americas revenues was primarily due to (i) additional revenues resulting from acquisitions, including $98.0 million of incremental revenue from Switch and Data ($251.0 million of full-year revenue contributions from Switch and Data during the year ended December 31, 2011 as compared to $153.0 million of partial-year revenue contributions during the year ended December 31, 2010) and $46.9 million of additional revenue resulting from the ALOG acquisition, (ii) $8.9 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago and Dallas metro areas and (iii) 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. We expect that our Americas revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Dallas, New York, Seattle and Washington, D.C. metro areas, which are expected to open during 2012 and 2013. Our estimates of future revenue growth take account of expected changes in recurring revenues attributable to customer bookings, customer churn or changes or amendments to customers' contracts.

The following table presents our Americas revenues excluding the impact of acquisitions (dollars in thousands):

	Years ended December 31,		Change	
	2011	2010	$	%
Americas:				
Recurring revenues	$706,462	$598,860	$107,602	18%
Non-recurring revenues	28,430	24,355	4,075	17%
	$734,892	$623,215	$111,677	18%

EMEA Revenues. During the year ended December 31, 2011, our revenues from the United Kingdom, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. During the year ended December 31, 2010, our revenues from Germany, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. Our EMEA revenue growth was due to (i) $30.0 million of revenue from our recently-opened IBX data center expansions in the Amsterdam, London and Paris 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, in both our new and existing IBX data centers. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2010, resulting in approximately $17.3 million of favorable foreign currency impact to our EMEA revenues during the year ended December 31, 2011 on a constant currency basis. We expect that our EMEA revenues will continue to grow in future periods as a result of continued growth in the recently-opened IBX data center expansions and additional IBX data center expansions currently taking place in the Amsterdam, Frankfurt, London and Paris metro areas, which are expected to open during 2012. Our estimates of future revenue growth take into account expected changes in recurring revenues attributable to customer bookings, customer churn or changes or amendments to customers' contracts.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 40% and 38%, respectively, of the regional revenues for the years ended December 31, 2011 and 2010. Our Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2011, we recorded approximately $13.0 million of revenue generated from our recently-opened IBX center expansions in the Hong Kong, Singapore, Sydney and Tokyo metro areas. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $16.2 million of favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2011 on a constant currency basis. We expect that our Asia-Pacific revenues will continue to grow in future periods as a result of continued growth in these recently-opened IBX data center expansions and the additional IBX data center expansion currently taking place in the Singapore and Sydney metro areas which is expected to open during 2012. Our estimates of future revenue growth take into account expected changes in recurring revenues attributable to customer bookings, or changes or amendments to customers' contracts.

Cost of Revenues. Our cost of revenues for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas	$525,250	60%	$408,769	61%	28%	28%
EMEA	212,967	25%	176,937	26%	20%	13%
Asia-Pacific	129,424	15%	88,961	13%	45%	35%
Total	$867,641	100%	$674,667	100%	29%	25%

	Years ended December 31,	
	2011	2010
Cost of revenues as a percentage of revenues:		
Americas	51%	53%
EMEA	59%	63%
Asia-Pacific	60%	55%
Total	54%	55%

Americas Cost of Revenues. Our Americas cost of revenues for the years ended December 31, 2011 and 2010 included $192.7 million and $150.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to both our organic IBX data center expansion activity and acquisitions. Excluding depreciation expense, the increase in our Americas cost of revenues was primarily due to (i) additional Americas cost of revenues resulting from the impact of acquisitions, such as $42.1 million of incremental cost of revenues from Switch and Data and $25.2 million of additional cost of revenues resulting from the ALOG acquisition, and (ii) an increase of $5.4 million in utility costs as a result of increased customer installations. We expect Americas cost of revenues to increase as we continue to grow our business.

EMEA Cost of Revenues. EMEA cost of revenues for the years ended December 31, 2011 and 2010 included $67.0 million and $53.7 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in EMEA cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) an increase of $8.8 million in utility costs arising from increased customer installations and revenues attributed to customer growth, (ii) $3.6 million of higher compensation expense, including general salaries, bonuses and headcount growth (273 EMEA employees as of December 31, 2011 versus 253 as of December 31, 2010), (iii) $3.1 million increase in property taxes and rent and facility costs , (iv) $2.4 million of higher third-party services such as security and various consulting services and (v) $2.2 million of higher repair and maintenance costs. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2010, resulting in approximately $11.2 million of unfavorable foreign currency impact to our EMEA cost of revenues during the year ended December 31, 2011 on a constant currency basis. We expect EMEA cost of revenues to increase as we continue to grow our business.

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2011 and 2010 included $46.7 million and $28.1 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) $8.7 million in higher utility costs, (ii) an increase of $5.2 million of rent and facility costs, (iii) $2.7 million of higher compensation expense, including general salaries, bonuses and headcount growth (153 Asia-Pacific employees as of December 31, 2011 versus 104 as of December 31, 2010) and (iv) $2.3 million of higher costs related to customer installations. During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $9.6 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2011 on a constant currency basis. We expect Asia-Pacific cost of revenues to increase as we continue to grow our business.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas	$104,179	65%	$ 72,944	65%	43%	43%
EMEA	36,528	23%	24,071	22%	52%	45%
Asia-Pacific	18,384	12%	14,089	13%	30%	24%
Total	$159,091	100%	$111,104	100%	43%	41%

	Years ended December 31,	
	2011	2010
Sales and marketing expenses as a percentage of revenues:		
Americas	10%	9%
EMEA	10%	9%
Asia-Pacific	9%	9%
Total	10%	9%

Americas Sales and Marketing Expenses. Our Americas sales and marketing expenses included $6.4 million of additional sales and marketing expenses from the ALOG acquisition. Excluding the impact of the ALOG acquisition, the increase in our Americas sales and marketing expenses was due to (i) $17.2 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation and headcount growth (222 Americas sales and marketing employees as of December 31, 2011 versus 189 as of December 31, 2010), (ii) $2.9 million of higher bad debt expense, which is partially due to the revenue growth as discussed above and (iii) $2.4 million of higher recruiting costs and advertising and promotion costs. 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. The increase in our EMEA sales and marketing expenses was primarily due to $8.2 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (117 EMEA sales and marketing employees as of December 31, 2011 versus 80 as of December 31, 2010). During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2010, resulting in approximately $1.7 million of unfavorable foreign currency impact to our EMEA sales and marketing expenses during the year ended December 31, 2011 on a constant currency basis. 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 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 $2.7 million of higher compensation costs, including sales compensation, general salaries, bonuses and headcount growth (70 Asia-Pacific sales and marketing employees as of December 31, 2011 versus 51 as of December 31, 2010). For the year ended December 31, 2011, the impact of foreign currency fluctuations on our Asia-Pacific sales and marketing expenses was not significant on a constant currency basis. 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 but should ultimately decrease as we continue to grow our business.

General and Administrative Expenses. Our general and administrative expenses for the years ended December 31, 2011 and 2010 were split among the following geographic regions (dollars in thousands):

	Years ended December 31,				% change	
	2011	%	2010	%	Actual	Constant currency
Americas	$191,817	72%	$155,516	71%	23%	23%
EMEA	48,936	18%	44,791	20%	9%	4%
Asia-Pacific	25,179	10%	20,474	9%	23%	15%
Total	$265,932	100%	$220,781	100%	20%	19%

	Years ended December 31,	
	2011	2010
General and administrative expenses as a percentage of revenues:		
Americas	19%	20%
EMEA	14%	16%
Asia-Pacific	12%	13%
Total	17%	18%

Americas General and Administrative Expenses. Our Americas general and administrative expenses included $6.0 million of additional general and administrative expenses resulting from the ALOG acquisition. Excluding the ALOG acquisition, the increase in our Americas general and administrative expenses was primarily due to (i) $17.0 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (577 Americas general and administrative employees as of December 31, 2011 versus 487 as of December 31, 2010), (ii) $6.2 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investments in systems and (iii) $3.9 million of higher professional fees to support our growth. 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 taking on additional office space to accommodate our headcount growth. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Americas general and administrative expenses to increase as we continue to further scale our operations to support our growth, including further investment in our back office systems; however, as a percentage of revenues, we generally expect them to decrease.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to $3.5 million of higher compensation costs, including general salaries, bonuses and headcount growth (180 EMEA general and administrative employees as of December 31, 2011 versus 149 as of December 31, 2010). During the year ended December 31, 2011, the U.S. dollar was generally weaker relative to the British pound, Euro and Swiss Franc than during the year ended December 31, 2010, resulting in approximately $2.2 million of unfavorable foreign currency impact to our EMEA general and administrative expenses during the year ended December 31, 2011 on a constant currency basis. 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 $3.1 million of higher compensation costs, including general salaries, bonuses and headcount growth (153 Asia-Pacific general and administrative employees as of December 31, 2011 versus 128 as of December 31, 2010). During the year ended December 31, 2011, the

U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2010, resulting in approximately $1.6 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2011 on a constant currency basis. Going forward, although we are carefully monitoring our spending given the current economic environment, we expect Asia-Pacific general and administrative expenses to increase as we continue to scale our operations to support our growth; however, as a percentage of revenues, we generally expect them to decrease.

Restructuring Charges. During the year ended December 31, 2011, we recorded restructuring charges totaling $3.5 million primarily related to revised sublease assumptions on our excess leased space in the New York metro area. Our excess space lease in the New York metro area remains abandoned and continues to carry a restructuring charge. During the year ended December 31, 2010, we recorded restructuring charges totaling $6.7 million comprised of $5.3 million related to one-time termination benefits attributed to certain Switch and Data employees and $1.4 million related to revised sublease assumptions on our excess leased space in the New York metro area. For additional information, see “Restructuring Charges” in Note 16 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Acquisition Costs. During the year ended December 31, 2011, we recorded acquisition costs totaling $3.5 million primarily related to the ALOG acquisition. During the year ended December 31, 2010, we recorded acquisition costs totaling $12.3 million primarily related to the Switch and Data acquisition.

Interest Income. Interest income increased to $2.3 million for the year ended December 31, 2011 from $1.5 million for the year ended December 31, 2010. Interest income increased primarily due to higher yields on invested balances. The average yield for the year ended December 31, 2011 was 0.33% versus 0.18% for the year ended December 31, 2010. We expect our interest income to remain at these low levels for the foreseeable future due to the impact of a continued low interest rate environment and a portfolio more weighted towards short-term securities.

Interest Expense. Interest expense increased to $181.3 million for the year ended December 31, 2011 from $140.5 million for the year ended December 31, 2010. This increase in interest expense was primarily due to the impact of our $750.0 million 7.00% senior notes offering, additional financings such as capital lease and other financing obligations to support our expansion projects and additional advances from our Asia-Pacific financing. During the years ended December 31, 2011 and 2010, we capitalized $11.9 million and $10.3 million, respectively, of interest expense to construction in progress. Going forward, we expect to incur significantly higher interest expense as we recognize the full impact of the 7.00% senior notes offering, which is approximately $53.9 million annually. We may incur additional indebtedness to support our growth, resulting in further interest expense.

Other-Than-Temporary Impairment Recovery (Loss) On Investments. During the year ended December 31, 2011, no other-than-temporary impairment recovery (loss) on investments was recorded. During the year ended December 31, 2010, we recorded a $3.6 million other-than-temporary impairment recovery on investments due to additional distributions from one of our money market accounts as more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Other Income (Expense). For the years ended December 31, 2011 and 2010, we recorded $2.8 million and $690,000 of other income, respectively, primarily due to foreign currency exchange gains during the periods.

Loss on debt extinguishment and interest rate swaps, net. During the year ended December 31, 2011, no loss on debt extinguishment and interest rate swaps, net, was recorded. During the year ended December 31, 2010, we recorded a $10.2 million loss on debt extinguishment and interest rate swaps, net. See “Loss on Debt Extinguishment and Interest Rate Swaps, Net” in Note 8 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Income Taxes. During the year ended December 31, 2011, we recorded $38.4 million of income tax expense. The income tax expense recorded during the year ended December 31, 2011 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by an income tax benefit due to the release of a valuation allowance of $2.5 million associated with our operating entity in Switzerland. During the year ended December 31, 2010, we recorded $13.0 million of income tax expense. The income tax expense recorded during the year ended December 31, 2010 was primarily a result of applying the effective statutory tax rates to our operating income adjusted for permanent tax adjustments for the period, partially offset by income tax benefits due to the release of valuation allowances of $5.2 million and $2.1 million associated with certain of our operating entities in Germany and Singapore, respectively.

Years Ended December 31, 2010 and 2009

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

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

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

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

Excluding the impact of the Switch and Data acquisition, the period over period growth in revenues was primarily the result of an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. Additionally, during the year ended December 31, 2010, we recorded $33.0 million of revenue generated from our recently-opened IBX data centers or IBX data center expansions in the Chicago, Los Angeles, New York, Silicon Valley and Washington, D.C. metro areas.

EMEA Revenues. During the year ended December 31, 2010, our revenues from Germany, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. During the year ended December 31, 2009, our revenues from the United Kingdom, the largest revenue contributor in the EMEA region for the period, represented approximately 36% of the regional revenues. Our EMEA revenue growth was due to an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2010, we recorded approximately $29.9 million of revenue from our recently-opened IBX data centers or IBX data center expansions in the Amsterdam, Dusseldorf, Frankfurt, London, Munich, Paris and Zurich metro areas. Our EMEA revenue growth includes a $4.2 million increase in equipment resales for the year ended December 31, 2010. During the year ended December 31, 2010, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2009, resulting in approximately $9.6 million of unfavorable foreign currency impact to our EMEA revenues during the year ended December 31, 2010 on a constant currency basis.

Asia-Pacific Revenues. Our revenues from Singapore, the largest revenue contributor in the Asia-Pacific region, represented approximately 38% and 36%, respectively, of the regional revenues for the years ended December 31, 2010 and 2009. Our Asia-Pacific revenue growth was due to an increase in orders from both our existing customers and new customers during the period as reflected in the growth in our customer count and utilization rate, as discussed above, in both our new and existing IBX data centers. During the year ended December 31, 2010, we recorded approximately $5.4 million of revenue generated from our IBX center expansions in the Hong Kong and Singapore metro areas. During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in approximately $11.2 million of favorable foreign currency impact to our Asia-Pacific revenues during the year ended December 31, 2010 on a constant currency basis.

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

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

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

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

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

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

Asia-Pacific Cost of Revenues. Asia-Pacific cost of revenues for the years ended December 31, 2010 and 2009 included $28.1 million and $24.4 million, respectively, of depreciation expense. Growth in depreciation expense was primarily due to our IBX center expansion activity. During the year ended December 31, 2009, we revised the estimated useful lives of certain of our property, plant and equipment on a prospective basis effective July 1, 2009 resulting in a $4.4 million decrease in depreciation expense for the year then ended. Excluding depreciation expense, the increase in Asia-Pacific cost of revenues was primarily the result of costs associated with our expansion projects and overall growth in costs to support our revenue growth, such as (i) $6.1 million in higher utility costs, (ii) an increase of $4.6 million of rent and facility costs and (iii) $2.1 million of higher compensation expense, including general salaries, bonuses, stock-based compensation and headcount growth (104 Asia-Pacific employees as of December 31, 2010 versus 85 as of December 31, 2009). During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in approximately $5.7 million of unfavorable foreign currency impact to our Asia-Pacific cost of revenues during the year ended December 31, 2010 on a constant currency basis.

Sales and Marketing Expenses. Our sales and marketing expenses for the years ended December 31, 2010 and 2009 were split among the following geographic regions (dollars in thousands):

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

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

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

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

EMEA Sales and Marketing Expenses. The increase in our EMEA sales and marketing expenses was primarily due to $3.7 million of higher compensation costs, including sales compensation, general salaries, bonuses, stock-based compensation expense and headcount growth (80 EMEA sales and marketing employees as of December 31, 2010 versus 55 as of December 31, 2009) and $1.1 million of higher costs related to travel and marketing programs. For the year ended December 31, 2010, the impact of foreign currency fluctuations to our EMEA sales and marketing expenses was not significant on a constant currency basis.

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

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

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

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

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

Excluding the impact of the Switch and Data acquisition, our Americas general and administrative expenses during the year ended December 31, 2010 were $134.2 million, which represents an increase of 29% from the year ended December 31, 2009. This increase in our Americas general and administrative expenses was primarily due to (i) $20.8 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (396 Americas general and administrative employees as of December 31, 2010 versus 298 as of December 31, 2009), (ii) $2.2 million of higher depreciation expense as a result of our ongoing efforts to support our growth, such as investment in systems, (iii) an increase of $2.1 million in professional services related to various consulting projects and (iv) $1.9 million of higher costs related to our headquarters expansion to facilitate our growth.

EMEA General and Administrative Expenses. The increase in our EMEA general and administrative expenses was primarily due to $5.9 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (149 EMEA general and administrative employees as of December 31, 2010 versus 109 as of December 31, 2009) and $2.9 million of higher professional services related to various consulting projects to support our growth. During the year ended December 31, 2010, the U.S. dollar was generally stronger relative to the British pound, Euro and Swiss franc than during the year ended December 31, 2009, resulting in approximately $865,000 of favorable foreign currency impact to our EMEA general and administrative expenses during the year ended December 31, 2010 on a constant currency basis.

Asia-Pacific General and Administrative Expenses. The increase in our Asia-Pacific general and administrative expenses was primarily due to $1.9 million of higher compensation costs, including general salaries, bonuses, stock-based compensation and headcount growth (128 Asia-Pacific general and administrative employees as of December 31, 2010 versus 105 as of December 31, 2009). During the year ended December 31, 2010, the U.S. dollar was generally weaker relative to the Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar than during the year ended December 31, 2009, resulting in approximately $1.1 million of unfavorable foreign currency impact to our Asia-Pacific general and administrative expenses during the year ended December 31, 2010 on a constant currency basis.

Restructuring Charges. During the year ended December 31, 2010, we recorded restructuring charges totaling $6.7 million comprised of $5.3 million related to one-time termination benefits attributed to certain Switch and Data employees and $1.4 million related to revised sublease assumptions on our excess leased space in the New York metro area. For additional information, see "Restructuring Charges" in Note 16 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K. We anticipate that we will incur additional restructuring charges in connection with the Switch and Data acquisition related to one-time termination benefits during 2011. During the year ended December 31, 2009, we recorded reductions of restructuring charges totaling $6.1 million, primarily due to a reversal of a restructuring charge accrual of $5.8 million for our excess space in the Los Angeles metro area as a result of our decision to utilize this space to expand our original Los Angeles IBX data center. Our excess space lease in the New York metro area remains abandoned and continues to carry a restructuring charge. Our restructuring charges all relate to our Americas geographic region.

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

Interest Income. Interest income decreased to $1.5 million for the year ended December 31, 2010 from $2.4 million for the year ended December 31, 2009. Interest income decreased primarily due to lower yields on invested balances. The average yield for the year ended December 31, 2010 was 0.18% versus 0.58% for the year ended December 31, 2009.

Interest Expense. Interest expense increased to $140.5 million for the year ended December 31, 2010 from $74.2 million for the year ended December 31, 2009. This increase in interest expense was primarily due to additional financings entered into during 2009 and 2010 consisting of (i) our $750.0 million 8.125% senior notes offering in February 2010, (ii) our $373.8 million 4.75% convertible subordinated notes offering in June 2009 and (iii) our Asia-Pacific financing in April 2010, of which $120.3 million was outstanding as of December 31, 2010 with an approximate interest rate of 4.86% per annum, which replaced both our older Asia-Pacific and Singapore financings. This increase was partially offset by our repayment of the Chicago IBX financing in March 2010, the European financing in April 2010 and the Netherlands financing in June 2010. During the years ended December 31, 2010 and 2009, we capitalized $10.3 million and $12.9 million, respectively, of interest expense to construction in progress.

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

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

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

Income Taxes. During the year ended December 31, 2010, we recorded $13.0 million of income tax expense. The tax expense recorded during the year ended December 31, 2010 was primarily a result of applying

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

Non-GAAP Financial Measures

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

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

In addition, in presenting the non-GAAP financial measures, we exclude amortization expense related to certain intangible assets, as it represents a cost that may not recur and is not a good indicator of our current or future operating performance. We exclude accretion expense, both as it relates to asset retirement obligations as well as accrued restructuring charge liabilities, as these expenses represent costs which we believe are not meaningful in evaluating our current operations. We exclude 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, or severance charges related to the Switch and Data acquisition. Finally, we also exclude acquisition costs from our non-GAAP financial measures. The acquisition costs relate to costs we incur in connection with business combinations. Management believes such items as restructuring charges and acquisition costs are non-core transactions; however, these types of costs will or may occur in future periods.

Our management does not itself, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. However, we have presented such non-GAAP financial measures to provide investors with an additional

tool to evaluate our operating results in a manner that focuses on what management believes to be our core, ongoing business operations. We believe that the inclusion of this non-GAAP financial measure provides consistency and comparability with past reports and provides a better understanding of the overall performance of the business and its ability to perform in subsequent periods. We believe that if we did not provide such non-GAAP financial information, investors would not have all the necessary data to analyze Equinix effectively.

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

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

	Years ended December 31,		
	2011	2010	2009
Income from operations	$307,163	$194,711	$181,079
Depreciation, amortization and accretion expense	352,653	263,564	175,371
Stock-based compensation expense	71,532	67,489	53,056
Acquisition costs	3,534	12,337	5,155
Restructuring charges	3,481	6,734	(6,053)
Adjusted EBITDA	$738,363	$544,835	$408,608

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

	Years ended December 31,		
	2011	2010	2009
Americas:			
Income from operations	$205,195	$121,118	$128,168
Depreciation, amortization and accretion expense	228,739	173,811	106,207
Stock-based compensation expense	56,214	50,966	40,082
Acquisition costs	2,851	11,094	4,091
Restructuring charges	3,481	6,734	(6,053)
Adjusted EBITDA	$496,480	$363,723	$272,495
EMEA:			
Income from operations	$ 59,420	$ 34,929	$ 31,202
Depreciation, amortization and accretion expense	74,486	60,291	43,744
Stock-based compensation expense	8,869	9,397	5,843
Acquisition costs	371	1,065	1,064
Adjusted EBITDA	$143,146	$105,682	$ 81,853
Asia-Pacific:			
Income from operations	$ 42,548	$ 38,664	$ 21,709
Depreciation, amortization and accretion expense	49,428	29,462	25,420
Stock-based compensation expense	6,449	7,126	7,131
Acquisition costs	312	178	—
Adjusted EBITDA	$ 98,737	$ 75,430	$ 54,260

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 the nature of our business model consisting of a recurring revenue stream and a cost structure which has a large base that is fixed in nature that is also discussed earlier in "Overview". Although we have also been investing in our future growth as described above (e.g. additional IBX 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.

Liquidity and Capital Resources

As of December 31, 2011, our total indebtedness was comprised of (i) convertible debt principal totaling $1.0 billion from our 2.50% convertible subordinated notes (gross of discount), our 3.00% convertible subordinated notes, and our 4.75% convertible subordinated notes (gross of discount) and (ii) non-convertible debt and financing obligations totaling $2.2 billion consisting of (a) $1.5 billion of principal from our 8.125% and 7.00% senior notes, (b) $256.2 million of principal from our loans payable and (c) $401.8 million from our capital lease and other financing obligations.

We believe we have sufficient cash, coupled with anticipated cash generated from operating activities, to meet our operating requirements, including repayment of the current portion of our debt as it becomes due, and to complete our publicly-announced expansion projects. As of December 31, 2011, we had $1.1 billion of cash, cash equivalents and short-term and long-term investments, of which approximately $960.0 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 and any further financing activities we may pursue, customer collections are our primary source of cash. While we believe we have a strong customer base and have continued to experience relatively strong collections, if the current market conditions were to deteriorate, some of our customers may have difficulty paying us and we may experience increased churn in our customer base, including reductions in their commitments to us, all of which could have a material adverse effect on our liquidity. Additionally, approximately 15% of our gross trade receivables are attributable to our EMEA region, and due to the risks posed by the current European debt crisis and credit downgrade, our EMEA-based customers may have difficulty paying us. As a result, our liquidity could be adversely impacted by the possibility of increasing trade receivable aging and higher allowance for doubtful accounts.

As of December 31, 2011, we had a total of $125.3 million of additional liquidity available to us under the $150.0 million senior revolving credit facility. While we believe we have sufficient liquidity and capital resources to meet our current operating requirements and to complete our publicly-announced IBX expansion plans, we may pursue additional expansion opportunities, primarily the build-out of new IBX data centers, in certain of our existing markets which are at or near capacity within the next year, as well as potential acquisitions. While we expect to fund these expansion plans with our existing resources, additional financing, either debt or equity, may be required to pursue certain new or unannounced additional expansion plans, 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.

Sources and Uses of Cash

	Years ended December 31,		
	2011	2010	2009
		(in thousands)	
Net cash provided by operating activities	$ 587,609	$ 392,872	$ 355,492
Net cash used in investing activities	(1,499,444)	(600,969)	(558,178)
Net cash provided by financing activities	748,728	309,686	323,598

Operating Activities

The increase in net cash provided by operating activities during 2011 compared to 2010 and 2009 was primarily due to improved operating results and growth in customer installations. 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 December 2011 were instead collected in January 2012, which negatively impacted cash flows from operating activities for the year ended December 31, 2011. We expect that we will continue to generate cash from our operating activities throughout 2012 and beyond.

Investing Activities

The increase in net cash used in investing activities during 2011 compared to 2010 and 2009 was primarily due to higher purchases of investments, which were $1.3 billion during 2011 compared to $744.8 million and $379.6 million during 2010 and 2009, respectively. During 2012, we expect that our IBX expansion construction activity will be similar to our 2011 levels. However, if the opportunity to expand is greater than planned and we have sufficient funding to increase the expansion opportunities available to us, we may increase the level of capital expenditures to support this growth as well as pursue additional acquisitions or joint ventures.

Financing Activities

The net cash provided by financing activities for the year ended December 31, 2011 was primarily due to our $750.0 million 7.00% senior notes offering in July 2011, partially offset by $86.7 million purchases of treasury stock and $33.3 million repayment of our debt. The net cash provided by financing activities for the year ended December 31, 2010 was primarily due to our $750.0 million 8.125% senior notes offering in February 2010 and approximately $63.4 million of incremental net proceeds from the Asia-Pacific financing, which replaced our previous Asia-Pacific financing and Singapore financing, partially offset by $328.6 million repayment of our debt facilities, including the Chicago IBX financing, the European financing, the Netherlands financing and mortgage payable. Net cash provided by financing activities during the year ended December 31, 2009 was primarily the result of $373.8 million in gross proceeds from our 4.75% convertible notes offering, partially offset by payment of the associated capped call transaction. Going forward, we expect that our financing activities will consist primarily of repayment of our debt for the foreseeable future. However, we may pursue additional financings in the future to support expansion opportunities, additional acquisitions or joint ventures.

Debt Obligations—Convertible Debt

4.75% Convertible Subordinated Notes. In June 2009, we issued $373.8 million aggregate principal amount of 4.75% convertible subordinated notes due June 15, 2016. Interest is payable semi-annually on June 15 and December 15 of each year, beginning December 15, 2009. The initial conversion rate is 11.8599 shares of common stock per $1,000 principal amount of 4.75% convertible subordinated notes, subject to adjustment. This represents an initial conversion price of approximately $84.32 per share of common stock. Upon conversion, holders will receive, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. As of December 31, 2011, the 4.75% convertible subordinated notes were convertible into 4.4 million shares of our common stock.

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

Upon conversion, if we elected to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the $373.8 million of gross proceeds received would be required. However, to

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

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

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

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

Holders of the 3.00% convertible subordinated notes may convert their notes at their option on any day up to and including the business day immediately preceding the maturity date into shares of our common stock. The base conversion rate is 7.436 shares of common stock per $1,000 principal amount of 3.00% convertible subordinated notes, subject to adjustment. This represents a base conversion price of approximately $134.48 per share of common stock. If, at the time of conversion, the applicable stock price of our common stock exceeds the base conversion price, the conversion rate will be determined pursuant to a formula resulting in the receipt of up to 4.4616 additional shares of common stock per $1,000 principal amount of the 3.00% convertible subordinated notes, subject to adjustment. However, in no event would the total number of shares issuable upon conversion of the 3.00% convertible subordinated notes exceed 11.8976 per $1,000 principal amount of 3.00% convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $84.05 per share of our common stock or a total of 4.7 million shares of our common stock. As of December 31, 2011, the 3.00% convertible subordinated notes were convertible into 2.9 million shares of our common stock.

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

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

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

We may only redeem all or a portion of the 2.50% convertible subordinated notes at any time after April 16, 2010 for cash but only if the closing sale price of our common stock for at least 20 of the 30 consecutive trading days immediately prior to the day we give notice of redemption is greater than 130% of the applicable conversion price per share of common stock on the date of the notice, which was $145.64 per share as of December 31, 2011. The redemption price will equal 100% of the principal amount of the convertible subordinated notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Upon conversion, due to the conversion formulas associated with the 2.50% convertible subordinated notes, if our stock is trading at levels exceeding $112.03 per share, and if we elect to pay any portion of the consideration in cash, additional consideration beyond the $250.0 million of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the 2.50% convertible subordinated notes exceed 11.6036 per $1,000 principal amount of convertible subordinated notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of common stock or a total of 2.9 million shares of our common stock. As of December 31, 2011, the 2.50% convertible subordinated notes were convertible into 2.2 million shares of our common stock.

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

Debt Obligations—Non-Convertible Debt

Senior Notes

7.00% Senior Notes. In July 2011, we issued $750.0 million aggregate principal amount of 7.00% senior notes due July 15, 2021, which are referred to as the 7.00% senior notes. Interest is payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2012.

The 7.00% senior notes are unsecured and rank equal in right of payment to our existing or future senior debt and senior in right of payment to our existing and future subordinated debt. The 7.00% senior notes are effectively junior to any of our existing and future secured indebtedness and any indebtedness of our subsidiaries. The 7.00% senior notes are also structurally subordinated to all debt and other liabilities (including trade payables) of our subsidiaries and will continue to be subordinated to the extent that these subsidiaries do not guarantee the 7.00% senior notes in the future.

The 7.00% Senior Notes are governed by an indenture which contains covenants that limit the Company’s ability and the ability of its subsidiaries to, among other things:

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

At any time prior to July 15, 2014, we may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 7.00% senior notes outstanding at a redemption price equal to 107.000% of the principal amount of the 7.00% senior notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the 7.00% senior notes issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after July 15, 2016, we may redeem all or a part of the 7.00% senior notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, up to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

	Redemption price of the Senior Notes
2016	103.500%
2017	102.333%
2018	101.167%
2019 and thereafter	100.000%

In addition, at any time prior to July 15, 2016, we may also redeem all or a part of the 7.00% senior notes at a redemption price equal to 100% of the principal amount of the 7.00% senior notes redeemed plus applicable premium, which is referred to as the applicable premium, and accrued and unpaid interest, if any, to, but not including, the date of redemption, which is referred to as the redemption date. The applicable premium means the greater of:

- 1.0% of the principal amount of the 7.00% senior notes to be redeemed; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 7.00% senior notes to be redeemed at July 15, 2016 as shown in the above table, plus (ii) all required interest payments due on these 7.00% senior notes through July 15, 2016 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity as of the redemption date of the United States Treasury securities with a constant maturity most nearly equal to the period from the redemption date to July 15, 2016, plus 0.50%; over (b) the principal amount of the 7.00% senior notes to be redeemed.

Upon a change in control, we will be required to make an offer to purchase each holder's 7.00% senior notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the 7.00% senior notes, net of amortization, were $13.6 million as of December 31, 2011.

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

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

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

- incur additional debt;
- pay dividends or make other restricted payments;

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

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

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

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

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

Loans Payable

Senior Revolving Credit Line. In September 2011, we entered into a $150.0 million senior unsecured revolving credit facility with a group of lenders, which is referred to as the lenders. This transaction is referred to as the senior revolving credit line. The senior revolving credit line replaced our $25.0 million credit facility with Bank of America, which is referred to as the $25.0 million Bank of America revolving credit line. As a result, the outstanding letters of credit issued under the $25.0 million Bank of America revolving credit line were all transferred to the senior revolving credit line. We may use the senior revolving credit line for working capital, capital expenditures, issuance of letters of credit, general corporate purposes and to refinance a portion of our existing debt obligations. The senior revolving credit line has a five-year term and allows us to borrow, repay and re-borrow over the term. The senior revolving credit line provides a sublimit for the issuance of letters of credit of up to $100.0 million and a sublimit for swing line borrowings of up to $25.0 million. Borrowings under the senior revolving credit line carry an interest rate of US$ LIBOR plus an applicable margin ranging from 1.25% to 1.75% per annum, which varies as a function of our senior leverage ratio. We are also subject to a quarterly non-utilization fee ranging from 0.30% to 0.40% per annum, pricing of which will also vary as a function of our

senior leverage ratio. Additionally, we may increase the size of the senior revolving credit line at our election by up to $100.0 million, subject to approval by the lenders and based on current market conditions. The senior revolving credit line contains several financial covenants, which we must comply with quarterly, including a leverage ratio, fixed charge coverage ratio and a minimum net worth covenant. As of December 31, 2011, we were in compliance with all financial covenants in connection with the senior revolving credit line. As of December 31, 2011, we had 15 irrevocable letters of credit totaling approximately $24.7 million issued and outstanding under the senior revolving credit line. As a result, the amount available to borrow was $125.3 million as of December 31, 2011.

Paris 4 IBX Financing. In March 2011, we entered into two agreements with two unrelated parties to purchase and develop a building that will ultimately become our fourth IBX data center in the Paris metro area. The first agreement, as amended, allowed us the right to purchase the property for a total fee of approximately $19.4 million, payable to a company that held exclusive rights (including power rights) to the property and was already in the process of developing the property into a data center and will now, instead, become the anchor tenant in the Paris 4 IBX data center once it is open for business. The second agreement was entered into with the developer of the property and allowed us to take immediate title to the building and associated land and also requires the developer to construct the data center to our specifications and deliver the completed data center to us in July 2012 for a total fee of approximately $99.7 million. Both agreements include extended payment terms. We made payments under both agreements totaling approximately $35.9 million during the year ended December 31, 2011 and the remaining payments due totaling approximately $83.3 million are payable on various dates through March 2013, which is referred to as the Paris 4 IBX financing. Of the amounts paid or payable under the Paris 4 IBX financing, a total of $15.0 million was allocated to land and building assets, $3.3 million was allocated to a deferred charge, which will be netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $100.9 million was or will be allocated to construction costs inclusive of interest charges. We have imputed an interest rate of 7.86% per annum on the Paris 4 IBX financing as of December 31, 2011. We will record additional construction costs and increase the Paris 4 IBX financing liability over the course of the construction period. The Paris 4 IBX financing also required us to post approximately $87.9 million of cash into a restricted cash account to ensure liquidity for the developer during the construction period. In January and February 2012, we made payments of approximately $48.3 million from the restricted cash account under the Paris 4 IBX Financing.

Asia-Pacific Financing. In May 2010, our five wholly-owned subsidiaries, located in Australia, Hong Kong, Japan and Singapore, completed a new multi-currency credit facility agreement for approximately $225.1 million, which is referred to as the Asia-Pacific financing, comprising 79.2 million Australian dollars, 370.4 million Hong Kong dollars, 99.4 million Singapore dollars and 1.5 billion Japanese yen. The Asia-Pacific financing replaced our previous Asia-Pacific financing and Singapore financing. The Asia-Pacific financing has a five-year term with semi-annual principal payments and quarterly debt service and consists of two tranches: (i) Tranche A totaling approximately $90.8 million was available for immediate drawing upon satisfaction of certain conditions precedent and was used to refinance the older Asia-Pacific financing and Singapore financing and (ii) Tranche B totaling approximately $132.8 million was available for drawing in Australian, Hong Kong and Singapore dollars only for up to 24 months following the effective date of the Asia-Pacific financing. The Asia Pacific financing bears an interest rate of 3.50% above the local borrowing rates for the first 12 months and interest rates between 2.50%-3.50% above the local borrowing rates thereafter, depending on the leverage ratio within our five subsidiaries. The Asia-Pacific financing contains four financial covenants, which we must comply with quarterly, consisting of two leverage ratios, an interest coverage ratio and a debt service ratio. The Asia-Pacific financing is guaranteed by us and is secured by most of our five subsidiaries' assets and share pledges. As of December 31, 2011, our five subsidiaries had fully utilized Tranche A and Tranche B under the Asia-Pacific financing. The loans payable under the Asia-Pacific financing have a final maturity date of March 2015. As of December 31, 2011, we were in compliance with all financial covenants in connection with the Asia-Pacific financing. As of December 31, 2011, approximately $193.8 million was outstanding under the Asia-Pacific financing at an approximate blended interest rate of 5.40% per annum.

Capital Lease and Other Financing Obligations

We have numerous capital lease and other financing obligations with maturity dates ranging from 2012 to 2030 under which a total principal balance of $401.8 million remained outstanding as of December 31, 2011 with a weighted average effective interest rate of 7.99%. For further information on our capital leases and other financing obligations, see "Capital Leases and Other Financing Obligations" in Note 7 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

Contractual Obligations and Off-Balance-Sheet Arrangements

We lease a majority of our IBX data centers and certain land and equipment under non-cancelable lease agreements expiring through 2035. The following represents our contractual obligations as of December 31, 2011 (in thousands):

	2012	2013	2014	2015	2016	Thereafter	Total
Convertible debt (1)	$ 250,000	$ —	$395,986	$ —	$ —	$ 373,750	$1,019,736
Senior notes (1)	—	—	—	—	—	1,500,000	1,500,000
Asia-Pacific financing (1)	36,206	58,178	64,393	35,066	—	—	193,843
Paris 4 IBX financing (2)	79,838	6,089	—	—	—	—	85,927
ALOG debt (1)	4,640	2,252	3,370	22	4	—	10,288
Interest (3)	156,860	150,047	144,110	131,513	122,314	354,075	1,058,919
Capital lease and other financing obligations (4)	39,699	42,606	46,476	49,603	49,702	385,695	613,781
Operating leases under accrued restructuring charges (5)	2,429	2,444	2,459	1,445	—	—	8,777
Operating leases (6)	113,764	116,527	111,694	94,594	82,938	468,565	988,082
Other contractual commitments (7)	426,688	41,184	9,117	—	—	—	476,989
Asset retirement obligations (8)	344	1,053	1,285	5,840	48,065	—	56,587
ALOG acquisition contingent consideration (9)	—	19,285	—	—	—	—	19,285
Redeemable non-controlling interests	—	—	67,601	—	—	—	67,601
	$1,110,468	$439,665	$846,491	$318,083	$303,023	$3,082,085	$6,099,815

(1) Represents principal only.
(2) Represents total payments to be made to complete the construction of the Paris 4 IBX center.
(3) Represents interest on ALOG debt, convertible debt, senior notes and Asia-Pacific financing based on their approximate interest rates as of December 31, 2011.
(4) Represents principal and interest.
(5) Excludes any subrental income.
(6) Represents minimum operating lease payments, excluding potential lease renewals.
(7) Represents off-balance sheet arrangements. Other contractual commitments are described below.
(8) Represents liability, net of future accretion expense.
(9) Represents an off-balance sheet arrangement for the ALOG acquisition contingent consideration and includes the portion of the contingent consideration that will be funded by Riverwood.

In connection with certain of our leases, we entered into 15 irrevocable letters of credit totaling $24.7 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 $22.2 million as of December 31, 2011. 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.

Primarily as a result of our various IBX expansion projects, as of December 31, 2011, we were contractually committed for $338.7 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 2012, is reflected in the table above as "other contractual commitments."

We had other non-capital purchase commitments in place as of December 31, 2011, such as commitments to purchase power in select locations and other open purchase orders, which contractually bind us for goods or services to be delivered or provided during 2012 and beyond. Such other purchase commitments as of December 31, 2011, which total $138.3 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 $150.0 million to $200.0 million, in addition to the $338.7 million in contractual commitments discussed above as of December 31, 2011, in our various IBX expansion projects during 2012 and thereafter in order to complete the work needed to open these IBX data centers. These non-contractual capital expenditures are not reflected in the table above. If we so choose, whether due to economic factors or other considerations, we could delay these non-contractual capital expenditure commitments to preserve liquidity.

Other Off-Balance-Sheet Arrangements

We have various guarantor arrangements with both our directors and officers and third parties, including customers, vendors and business partners (see "Guarantor Arrangements" in Note 13 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K). As of December 31, 2011, there were no significant liabilities recorded for these arrangements.

Critical Accounting Policies and Estimates

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

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

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

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Income Taxes. Deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences that exist between the financial statement carrying value of assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards on a taxing jurisdiction basis. We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which we expect the temporary differences to be recovered or paid. The accounting standard for income taxes requires a reduction of the carrying amounts of deferred tax assets by recording a valuation allowance if, based on the available evidence, it is more likely than not (defined by the accounting standard as a likelihood of more than 50%) such assets will not be realized. A tax benefit from an uncertain income tax position may be recognized in the financial statements only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents.	The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns. Our accounting for deferred tax consequences represents our best estimate of those future events. In assessing the need for a valuation allowance, we consider both positive and negative evidence related to the likelihood of realization of the deferred tax assets. If, based on the weight of available evidence, it is more likely than not the deferred tax assets will not be realized, we record a valuation allowance. The weight given to the positive and negative evidence is commensurate with the extent to which the evidence may be objectively verified. This assessment, which is completed on a taxing jurisdiction basis, takes into account a number of types of evidence, including the following: 1) the nature, frequency and severity of current and cumulative financial reporting losses, 2) sources of future taxable income and 3) tax planning strategies. In assessing the tax benefit from an uncertain income tax position, the tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.	As of December 31, 2011 and 2010, we had total net deferred tax liabilities of $58.7 million and $49.1 million, respectively. As of December 31, 2011 and 2010, we had a total valuation allowance of $39.6 million and $42.0 million, respectively. During the year ended December 31, 2011, we decided to release the valuation allowance associated with an entity in Switzerland which resulted in an income tax benefit of $2.5 million in our results of operations. During the year ended December 31, 2010, we decided to release our valuation allowance associated with one entity each in Germany and Singapore, which resulted in an income tax benefit of $5.2 million and $2.1 million, respectively, in our results of operations. Our decisions to release our valuation allowances were based on our belief that the operations of these regions had achieved a sufficient level of profitability and will sustain a sufficient level of profitability in the future to support the release of these valuation allowances based on relevant facts and circumstances. However, if our assumptions on the future performance of these jurisdictions prove not to be correct and these jurisdictions are not able to sustain a sufficient level of profitability to support the associated deferred tax assets on our consolidated balance sheet, we will have to impair our deferred tax assets through an additional valuation allowance, which would impact our financial position and results of operations in the period such a determination is made. Our remaining valuation allowances as of December 31, 2011 total $39.6 million and primarily relates to certain of our subsidiaries outside of the U.S. If and when we release our remaining valuation allowances, it will have a favorable impact to our financial position and results of operations in the periods such determinations are made. We will continue to assess the need for our valuation allowances, by country or location, in the future.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
		As of December 31, 2011 and 2010, we had unrecognized tax benefits of $43.6 million and $16.6 million, respectively. During the year ended December 31, 2011, the unrecognized tax benefits increased by $27.0 million primarily as a result of the ALOG Acquisition. During the year ended December 31, 2010, the unrecognized tax benefits increased by $15.0 million primarily as a result of the Switch and Data Acquisition. The unrecognized tax benefits of $43.6 million as of December 31, 2011, if subsequently recognized, will affect the Company's effective tax rate favorably at the time when such benefit is recognized.
Accounting for Business Combinations In accordance with the accounting guidance for business combinations, we allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed, if any, is recorded as goodwill. We use all available information to estimate fair values. We typically engage outside appraisal firms to assist in the fair value determination of identifiable intangible assets such as customer contracts, leases and any other significant assets or liabilities and contingent consideration. We adjust the preliminary purchase price allocation, as necessary, up to one year after the acquisition closing date if we obtain more information regarding asset valuations and liabilities assumed.	Our purchase price allocation methodology contains uncertainties because it requires assumptions and management's judgment to estimate the fair value of assets acquired and liabilities assumed at the acquisition date. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Our estimates are inherently uncertain and subject to refinement. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies.	During the last three years, we have completed several business combinations, including the ALOG acquisition and Switch and Data acquisition in April 2011 and April 2010, respectively. Subsequent to the Switch and Data acquisition, we adjusted the purchase price allocation due to changes in estimates and assumptions; however, in the aggregate, these adjustments had an insignificant impact to our financial statements for the year ended December 31, 2010. The purchase price allocation for the Switch and Data acquisition was completed in the fourth quarter of 2010. Our measurement period for the ALOG acquisition will remain open through the second quarter of 2012. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we used to complete the purchase price allocations and the fair value of assets acquired and liabilities assumed. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material, which would be recorded in our statements of operations commencing in 2012.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Accounting for Impairment of Goodwill In accordance with the accounting standard for goodwill and other intangible assets, we perform goodwill impairment reviews annually, or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. During the fourth quarter of 2011, we early adopted the accounting standard update for testing goodwill for impairment. The accounting standard update provides companies with the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the two-step impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. During the year ended December 31, 2011, we completed annual goodwill impairment reviews of the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit and concluded that there was no impairment as the fair value of Americas reporting unit exceeded its carrying value and it was not more likely than not that the fair value of the EMEA and Asia-Pacific reporting units was less than their respective carrying values.	When we elect to perform the first step of the two-step goodwill impairment test, we use both the income and market approach. Under the income approach, we develop a five-year cash flow forecast and use our weighted-average cost of capital applicable to our reporting units as discount rates. This requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. When we elect to perform the goodwill impairment test by assessing qualitative factors determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value requires assumptions and estimates, the assessment also requires assumptions and estimates derived from a review of our actual and forecasted operating results, approved business plans, future economic conditions and other market data. These assumptions require significant management judgment and are inherently subject to uncertainties.	Future events, changing market conditions and any changes in key assumptions may result in an impairment charge. While we have never recorded an impairment charge against our goodwill to date, the development of adverse business conditions in our Americas, EMEA or Asia-Pacific reporting units, such as higher than anticipated customer churn or significantly increased operating costs, or significant deterioration of our market comparables that we use in the market approach, could result in an impairment charge in future periods. As of December 31, 2011, goodwill attributable to the Americas reporting unit, the EMEA reporting unit and the Asia-Pacific reporting unit was $499.5 million, $347.0 million and $20.0 million, respectively. Any potential impairment charge against our goodwill would not exceed the amounts recorded on our consolidated balance sheets.

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

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
	Another area of judgment for us in connection with our property, plant and equipment is related to lease accounting. Most of our IBX data centers are leased. Each time we enter into a new lease or lease amendment for one of our IBX data centers, we analyze each lease or lease amendment for the proper accounting. This requires certain judgments on our part such as establishing the initial lease term to include in a lease test, establishing the remaining estimated useful life of the underlying property or equipment and estimating the fair value of the underlying property or equipment. All of these judgments are inherently uncertain. Different assumptions or estimates could result in a different accounting treatment for a lease.	As of December 31, 2011 and 2010, we had property, plant and equipment of $3.2 billion and $2.7 billion, respectively. During the years ended December 31, 2011, 2010 and 2009, we recorded depreciation expense of $328.6 million, $246.5 million and $168.0 million, respectively. Further changes in our estimated useful lives of our property, plant and equipment could have a significant impact to our results of operations.

Recent Accounting Pronouncements

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

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

Investment Portfolio Risk

All of our marketable securities are designated as available-for-sale and are therefore recorded at fair value on our consolidated balance sheets with the unrealized gains or losses reported as a separate component of other comprehensive income or loss. We consider various factors in determining whether we should recognize an impairment charge for our securities, including the length of time and extent to which the fair value has been less than our cost basis and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery. As more fully described in Note 4 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K, during the year ended December 31, 2009, we incurred an other-than-temporary impairment loss of $2.6 million from our investment portfolio (consisting of a single money market account that incurred additional other-than-temporary impairment losses totaling $1.5 million in 2008), of which $3.6 million was recovered during the year ended December 31, 2010. If market conditions continue to deteriorate and liquidity constraints become even more pronounced, we could sustain more losses from our

investment portfolio. As our securities mature, we have been increasing our holdings in U.S. government securities, such as Treasury bills and Treasury notes of a short-term duration and lower yield. As a result, we expect our interest income to remain low in the foreseeable future.

As of December 31, 2011, our investment portfolio of cash equivalents and marketable securities consisted of money market fund investments, corporate bonds, asset backed securities and U.S government and agency obligations, foreign government securities, commercial papers and certificates of deposit. Excluding the U.S. government holdings which carry a lower risk and lower return in comparison to other securities in the portfolio, the remaining amount in our investment portfolio that could be more susceptible to market risk totaled $299.7 million.

Interest Rate Risk

Our exposure to market risk resulting from changes in interest rates relates primarily to our investment portfolio and a variable-rate financing in the Asia-Pacific region. The fair value of our marketable securities could be adversely impacted due to a rise in interest rates, but we do not believe such impact would be material. Securities with longer maturities are subject to a greater interest rate risk than those with shorter maturities and as of December 31, 2011 the average duration of our portfolio was less than three months. If current interest rates were to increase or decrease by 10% from their position as of December 31, 2011, the fair value of our investment portfolio could increase or decrease by approximately $834,000.

An immediate 10% increase or decrease in current interest rates from their position as of December 31, 2011 would not have a material impact on our debt obligations due to the fixed nature of the majority of our debt obligations. However, the interest expense associated with our Asia-Pacific financing, which bears interest at variable rates tied to local cost of funds, could be affected. For every 100 basis point change in interest rates, our annual interest expense could increase or decrease by a total of approximately $3.7 million based on the total balance of our borrowings under the Asia-Pacific financing as of December 31, 2011. As of December 31, 2011, we had no outstanding interest rate swaps.

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

	December 31, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans payable	$ 256,235	$ 269,451	$120,315	$126,958
Senior Notes	1,500,000	1,612,287	750,000	816,270
Convertible debt	941,084	1,057,801	916,337	995,012

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

Foreign Currency Risk

The majority of our revenue is denominated in U.S. dollars, generated mostly from customers in the U.S. However, approximately 40% of both our revenues and operating costs are attributable to Brazil, Canada and the EMEA and Asia-Pacific regions and a large portion of those revenues and costs are denominated in a currency other than the U.S. dollar, primarily the Brazilian Reais, Canadian dollar, British pound, Euro, Swiss franc, Australian dollar, Hong Kong dollar, Japanese yen and Singapore dollar. As a result, our operating results and cash flows are impacted by currency fluctuations relative to the U.S. dollar. To protect against certain reductions in value caused by changes in currency exchange rates, we have established a risk management program to offset some of the risk of carrying assets and liabilities denominated in foreign currencies. As a result, we enter into foreign currency forward contracts to manage the risk associated with certain foreign currency-denominated assets and liabilities. Our risk management program reduces, but does not entirely eliminate, the impact of currency exchange rate movements and its impact on the consolidated statements of operations. As of December 31, 2011, the outstanding foreign currency forward contracts had maturities of less than one year.

For the foreseeable future, we anticipate that approximately 35-45% of our revenues and operating costs will continue to be generated and incurred outside of the U.S. in currencies other than the U.S. dollar. While we hedge certain of our balance sheet foreign currency assets and liabilities, we do not hedge revenue. During fiscal 2011, the U.S. dollar was generally weak relative to certain of the currencies of the foreign countries in which we operate. This overall weakness of the U.S. dollar had a positive impact on our consolidated results of operations because the foreign denominations translated into more U.S. dollars; however, the U.S. dollar began to strengthen towards the end of 2011, which is expected to have a negative impact on our results of operations as we enter 2012. In future periods, the volatility of the U.S. dollar as compared to the other currencies in which we do business could have a significant impact on our consolidated financial position and results of operations including the amount of revenue that we report in future periods.

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

Commodity Price Risk

Certain operating costs incurred by us are subject to price fluctuations caused by the volatility of underlying commodity prices. The commodities most likely to have an impact on our results of operations in the event of price changes are electricity, supplies and equipment used in our IBX data centers. We closely monitor the cost of electricity at all of our locations. We have entered into several power contracts to purchase power at fixed prices during 2012 and beyond in certain locations in the U.S., Australia, Brazil, France, Germany, Japan, the Netherlands, Singapore and the United Kingdom.

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

There is no disclosure to report pursuant to Item 9.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

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

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the operations acquired from ALOG Data Centers do Brasil S.A. on April 25, 2011, which are included in our fiscal 2011 consolidated financial statements and which, in aggregate, represented $178.5 million of total assets as of December 31, 2011 and $46.9 million of revenues for the year then ended.

Based on our evaluation under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2011. There were no significant changes in internal control over financial reporting during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein on page F-1 of this Annual Report on Form 10-K.

Limitations on the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed and operated to be effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all

control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal controls over financial reporting during the fourth quarter of fiscal 2011 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

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

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders.

We have adopted a Code of Ethics applicable for the Chief Executive Officer and Senior Financial Officers and a Code of Business Conduct. This information is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders and is also available on our website, www.equinix.com.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders.

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

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this item is incorporated by reference to the Equinix proxy statement for the 2012 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

Report of Independent Registered Public Accounting Firm	F-1
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Consolidated Statements of Operations	F-3
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Notes to Consolidated Financial Statements.	F-6

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

(a)(3) Exhibits:

		Incorporated by Reference			
Exhibit Number	Exhibit Description	Form	Filing Date/ Period End Date	Exhibit	Filed Herewith
2.1	Combination Agreement, dated as of October 2, 2002, by and among Equinix, Inc., Eagle Panther Acquisition Corp., Eagle Jaguar Acquisition Corp., i-STT Pte Ltd, STT Communications Ltd., Pihana Pacific, Inc. and Jane Dietze, as representative of the stockholders of Pihana Pacific, Inc.	Def. Proxy 14A	12/12/02		
2.2	Agreement and Plan of Merger dated October 21, 2009, by and among Equinix, Inc., Switch & Data Facilities Company, Inc. and Sundance Acquisition Corporation.	8-K	10/22/09	2.1	
2.3	First Amendment to the Agreement and Plan of Merger dated March 20, 2010, by and among Equinix, Inc., Switch & Data Facilities Company, Inc. and Sundance Acquisition Corporation.	8-K	3/22/10	2.1	
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.	10-K/A	12/31/02	3.1	
3.2	Certificate of Amendment of the Restated Certificate of Incorporation	8-K	6/14/11	3.1	
3.3	Certificate of Designation of Series A and Series A-1 Convertible Preferred Stock.	10-K/A	12/31/02	3.3	
3.4	Amended and Restated Bylaws of the Registrant.	8-K	2/23/12	3.1	
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3 and 3.4.				
4.2	Indenture dated March 30, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	3/30/07	4.4	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
4.3	Form of 2.50% Convertible Subordinated Note Due 2012 (see Exhibit 4.2).				
4.4	Indenture dated September 26, 2007 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	9/26/07	4.4	
4.5	Form of 3.00% Convertible Subordinated Note Due 2014 (see Exhibit 4.4).				
4.6	Indenture dated June 12, 2009 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	8-K	6/12/09	4.1	
4.7	Form of 4.75% Convertible Subordinated Note Due 2016 (see Exhibit 4.6).				
4.8	Indenture dated March 3, 2010 by and between Equinix, Inc. and U.S. Bank National Association, as trustee.	10-Q	3/31/10	4.8	
4.9	Form of 8.125% Senior Note Due 2018 (see Exhibit 4.8).				
4.10	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	
4.11	Form of 7.00% Senior Note due 2021 (see Exhibit 4.10)	8-K	7/13/11	4.2	
10.1	Form of Indemnification Agreement between the Registrant and each of its officers and directors.	S-4 (File No. 333-93749)	12/29/99	10.5	
10.2	2000 Equity Incentive Plan, as amended.	10-K	12/31/07	10.3	
10.3	2000 Director Option Plan, as amended.	10-K	12/31/07	10.4	
10.4	2001 Supplemental Stock Plan, as amended.	10-K	12/31/07	10.5	
10.5	Equinix, Inc. 2004 Employee Stock Purchase Plan, as amended.	S-8 (File No. 333-165033)	2/23/10	99.3	
10.6	Form of Restricted Stock Agreements for Stephen M. Smith under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	3/31/07	10.45	
10.7	Letter Agreement, dated April 22, 2008, by and between Eric Schwartz and Equinix Operating Co., Inc.	10-Q	6/30/08	10.34	
10.8	Severance Agreement by and between Stephen Smith and Equinix, Inc. dated December 18, 2008.	10-K	12/31/08	10.31	
10.9	Severance Agreement by and between Peter Van Camp and Equinix, Inc. dated December 10, 2008.	10-K	12/31/08	10.32	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.10	Severance Agreement by and between Keith Taylor and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.33	
10.11	Severance Agreement by and between Peter Ferris and Equinix, Inc. dated December 17, 2008.	10-K	12/31/08	10.34	
10.12	Change in Control Severance Agreement by and between Eric Schwartz and Equinix, Inc. dated December 19, 2008.	10-K	12/31/08	10.35	
10.13	Change in Control Severance Agreement by and between Jarrett Appleby and Equinix, Inc. dated December 11, 2008.	10-K	12/31/08	10.36	
10.14	Offer Letter from Equinix, Inc. to Jarrett Appleby dated November 6, 2008.	10-K	12/31/08	10.37	
10.15	Restricted Stock Unit Agreement for Jarrett Appleby under the Equinix, Inc. 2000 Equity Incentive Plan.	10-K	12/31/08	10.38	
10.16	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.1	
10.17	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.2	
10.18	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Deutsche Bank AG, London Branch.	8-K	6/12/09	10.3	
10.19	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.4	
10.20	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.5	
10.21	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and JPMorgan Chase Bank, National Association, London Branch.	8-K	6/12/09	10.6	
10.22	Confirmation for Base Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.7	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.23	Confirmation for Additional Capped Call Transaction dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.8	
10.24	Master Terms and Conditions for Capped Call Transactions dated as of June 9, 2009 between Equinix, Inc. and Goldman, Sachs & Co.	8-K	6/12/09	10.9	
10.25	Addendum to international assignment letter agreement by and between Eric Schwartz and Equinix Operating Co., Inc., dated February 17, 2010.	10-Q	3/31/10	10.42	
10.26	Switch & Data 2007 Stock Incentive Plan.	S-1/A (File No. 333-137607) filed by Switch & Data Facilities Company, Inc.	2/5/07	10.9	
10.27	Amendment and Restatement of Facility Agreement, by and among Equinix Australia Pty Ltd., Equinix Hong Kong Limited, Equinix Singapore Pte. Ltd., Equinix Pacific Pte. Ltd and Equinix Japan K.K., as borrowers, the Joint Mandated Lead Arrangers, the Joint Mandated Bookrunners, the Lead Arrangers and the Closing Date Lenders, as defined therein, and The Royal Bank of Scotland N.V., as Facility Agent, dated May 10, 2010.	10-Q	6/30/10	10.39	
10.28	Offer Letter from Equinix, Inc. to Charles Meyers dated September 28, 2010.	10-Q	9/30/10	10.40	
10.29	Restricted Stock Unit Agreement for Charles Meyers under the Equinix, Inc. 2000 Equity Incentive Plan.	10-Q	9/30/10	10.41	
10.30	Change in Control Severance Agreement by and between Charles Meyers and Equinix, Inc. dated September 30. 2010.	10-Q	9/30/10	10.42	
10.31	Form of amendment to existing severance agreement between the Registrant and each of Messrs. Appleby, Ferris, Meyers, Smith, Taylor and Van Camp.	10-K	12/31/10	10.33	
10.32	Letter amendment, dated December 14, 2010, to Change in Control Severance Agreement, dated December 18, 2008, and letter agreement relating to expatriate benefits, dated April 22, 2008, as amended, by and between the Registrant and Eric Schwartz.	10-K	12/31/10	10.34	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date/ Period End Date	Exhibit	
10.33	Equinix, Inc. 2011 Incentive Plan	10-Q	3/31/11	10.33	
10.34	Form of Restricted Stock Unit Agreement for CEO and CFO.	10-Q	3/31/11	10.34	
10.35	Form of Restricted Stock Unit Agreement for all other Section 16 officers.	10-Q	3/31/11	10.35	
10.36*	English Translation of Shareholders Agreement, dated as of April 25, 2011, among Equinix South America Holdings, LLC, RW Brasil Fundo de Investimento em Participações and Zion RJ Participações S.A., and, for the limited purposes set forth therein, Sidney Victor da Costa Breyer, Antonio Eduardo Zago de Carvalho, Equinix, Inc., Riverwood Capital L.P., Riverwood Capital Partners L.P. and Riverwood Capital Partners (Parallel – A) L.P.	10-Q	6/30/11	10.36	
10.37	Lease Agreement between 2020 Fifth Avenue LLC and Switch & Data WA One LLC, dated October 13, 2011.	10-Q	9/30/11	10.37	
18.1	Preferable Accounting Principles Letter from Pricewaterhouse Coopers LLP, Independent Registered Public Accounting Firm, dated July 26, 2010.	10-Q	6/30/10	18.1	
21.1	Subsidiaries of Equinix, Inc.				X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.				X
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Chief Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
32.2	Chief Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS**	XBRL Instance Document.				X
101.SCH**	XBRL Taxonomy Extension Schema Document.				X

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

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

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(b) Exhibits.

See (a) (3) above.

(c) Financial Statement Schedule.

See (a) (2) above.

SIGNATURES

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

EQUINIX, INC.
(Registrant)

February 24, 2012

By /s/ STEPHEN M. SMITH
Stephen M. Smith
President and Chief Executive Officer

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ STEPHEN M. SMITH **Stephen M. Smith**	President and Chief Executive Officer (Principal Executive Officer)	February 24, 2012
/s/ KEITH D. TAYLOR **Keith D. Taylor**	Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2012
/s/ PETER F. VAN CAMP **Peter F. Van Camp**	Executive Chair	February 24, 2012
/s/ STEVEN T. CLONTZ **Steven T. Clontz**	Director	February 24, 2012
/s/ GARY F. HROMADKO **Gary F. Hromadko**	Director	February 24, 2012
/s/ SCOTT G. KRIENS **Scott G. Kriens**	Director	February 24, 2012
/s/ WILLIAM LUBY **William Luby**	Director	February 24, 2012

Signature	Title	Date
/s/ IRVING F. LYONS, III **Irving F. Lyons, III**	Director	February 24, 2012
/s/ CHRISTOPHER B. PAISLEY **Christopher B. Paisley**	Director	February 24, 2012

INDEX TO EXHIBITS

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EQUINIX, INC.

Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 278,823	$ 442,841
Short-term investments	635,721	147,192
Accounts receivable, net of allowance for doubtful accounts of $4,635 and $3,808	139,057	116,358
Other current assets	182,156	71,657
Total current assets	1,235,757	778,048
Long-term investments	161,801	2,806
Property, plant and equipment, net	3,225,912	2,650,953
Goodwill	866,495	774,365
Intangible assets, net	148,635	150,945
Other assets	146,724	90,892
Total assets	$5,785,324	$4,448,009
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 229,043	$ 145,854
Accrued property, plant and equipment	93,224	91,667
Current portion of capital lease and other financing obligations	11,542	7,988
Current portion of loans payable	87,440	19,978
Current portion of convertible debt	246,315	—
Other current liabilities	57,690	52,628
Total current liabilities	725,254	318,115
Capital lease and other financing obligations, less current portion	390,269	253,945
Loans payable, less current portion	168,795	100,337
Convertible debt	694,769	916,337
Senior notes	1,500,000	750,000
Other liabilities	286,424	228,760
Total liabilities	3,765,511	2,567,494
Redeemable non-controlling interests (Note 9)	67,601	—
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized in 2011 and 2010; zero shares issued and outstanding in 2011 and 2010	—	—
Common stock, $0.001 par value per share; 300,000,000 shares authorized in 2011 and 2010; 47,541,620 shares issued and 46,671,199 shares outstanding in 2011 and 46,166,689 shares issued and outstanding in 2010	48	46
Additional paid-in capital	2,437,623	2,341,586
Treasury stock, at cost; 870,421 shares in 2011 and zero shares in 2010	(86,666)	—
Accumulated other comprehensive loss	(143,698)	(112,018)
Accumulated deficit	(255,095)	(349,099)
Total stockholders' equity	1,952,212	1,880,515
Total liabilities, redeemable non-controlling interests and stockholders' equity	$5,785,324	$4,448,009

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Operations
(in thousands, except per share data)

	Years ended December 31,		
	2011	2010	2009
Revenues	$1,606,842	$1,220,334	$882,509
Costs and operating expenses:			
Cost of revenues	867,641	674,667	483,420
Sales and marketing	159,091	111,104	63,584
General and administrative	265,932	220,781	155,324
Restructuring charges	3,481	6,734	(6,053)
Acquisition costs	3,534	12,337	5,155
Total costs and operating expenses	1,299,679	1,025,623	701,430
Income from operations	307,163	194,711	181,079
Interest income	2,280	1,515	2,384
Interest expense	(181,303)	(140,475)	(74,232)
Other-than-temporary impairment recovery (loss) on investments	—	3,626	(2,590)
Other income	2,821	690	2,387
Loss on debt extinguishment and interest rate swaps, net	—	(10,187)	—
Income before income taxes	130,961	49,880	109,028
Income tax expense	(38,351)	(12,999)	(39,597)
Net income	92,610	36,881	69,431
Net loss attributable to redeemable non-controlling interests	1,394	—	—
Net income attributable to Equinix	$ 94,004	$ 36,881	$ 69,431
Earnings per share attributable to Equinix, after adjustments related to redeemable non-controlling interests (Note 3):			
Basic earnings per share	$ 1.76	$ 0.84	$ 1.80
Weighted-average shares	46,956	43,742	38,488
Diluted earnings per share	$ 1.72	$ 0.82	$ 1.75
Weighted-average shares	47,898	44,810	39,676

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Stockholders' Equity and Other Comprehensive Income
For the Three Years Ended December 31, 2011
(in thousands, except share data)

	Common stock		Treasury stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' equity
	Shares	Amount	Shares	Amount				
Balances as of December 31, 2008	37,745,366	$ 38	—	$ —	$1,524,834	$(152,800)	$(455,411)	$ 916,661
Issuance of common stock for employee equity awards	1,085,075	1	—	—	37,005	—	—	37,006
Issuance of common stock upon conversion of convertible subordinated debentures	484,809	—	—	—	19,150	—	—	19,150
Tax benefit from employee stock plans	—	—	—	—	514	—	—	514
Issuance of 4.75% convertible subordinated notes	—	—	—	—	80,010	—	—	80,010
Issuance of capped call	—	—	—	—	(49,654)	—	—	(49,654)
Stock-based compensation, net of estimated forfeitures	—	—	—	—	53,803	—	—	53,803
Comprehensive income:		—	—	—				
Net income	—	—	—	—	—	—	69,431	69,431
Foreign currency translation gain, net of tax of $1,485	—	—	—	—	—	53,624	—	53,624
Unrealized gain on interest rate swaps, net of tax of $1,191	—	—	—	—	—	1,418	—	1,418
Unrealized gain on investments, net of tax of $373	—	—	—	—	—	520	—	520
Net comprehensive income	—	—	—	—	—	55,562	69,431	124,993
Balances as of December 31, 2009	39,315,250	39	—	—	1,665,662	(97,238)	(385,980)	1,182,483
Issuance of common stock for employee equity awards	1,393,026	1	—	—	39,817	—	—	39,818
Issuance of common stock for the Switch and Data acquisition	5,458,413	6	—	—	549,383	—	—	549,389
Stock-based compensation assumed in the Switch and Data acquisition	—	—	—	—	16,508	—	—	16,508
Stock-based compensation, net of estimated forfeitures	—	—	—	—	70,216	—	—	70,216
Comprehensive income:			—	—				
Net income	—	—	—	—	—	—	36,881	36,881
Foreign currency translation loss, net of tax of $1,333	—	—	—	—	—	(19,502)	—	(19,502)
Settlement of interest rate swaps, net of tax of $3,469	—	—	—	—	—	4,933	—	4,933
Unrealized loss on investments, net of tax of $146	—	—	—	—	—	(211)	—	(211)
Net comprehensive income	—	—	—	—	—	(14,780)	36,881	22,101
Balances as of December 31, 2010	46,166,689	46	—	—	2,341,586	(112,018)	(349,099)	1,880,515
Issuance of common stock for employee equity awards	1,374,931	2	—	—	38,891	—	—	38,893
Common shares repurchased	—	—	(870,421)	(86,666)	—	—	—	(86,666)
Change in redemption value of redeemable non-controlling interests	—	—	—	—	(11,476)	—	—	(11,476)
Tax benefit from employee stock plans	—	—	—	—	81	—	—	81
Stock-based compensation, net of estimated forfeitures	—	—	—	—	68,541	—	—	68,541
Comprehensive income attributable to Equinix:								
Net income	—	—	—	—	—	—	92,610	92,610
Foreign currency translation loss, net of tax of $25	—	—	—	—	—	(38,776)	—	(38,776)
Unrealized loss on investments, net of tax of $1	—	—	—	—	—	(14)	—	(14)
Net comprehensive income, net of tax	—	—	—	—	—	(38,790)	92,610	53,820
Net loss, net of tax, attributable to redeemable non-controlling interests	—	—	—	—	—	—	1,394	1,394
Other comprehensive loss, net of tax, attributable to redeemable non-controlling interests	—	—	—	—	—	7,110	—	7,110
Net comprehensive income attributable to Equinix	—	—	—	—	—	(31,680)	94,004	62,324
Balances as of December 31, 2011	47,541,620	$ 48	(870,421)	$(86,666)	$2,437,623	$(143,698)	$(255,095)	$1,952,212

See accompanying notes to consolidated financial statements.

EQUINIX, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31,		
	2011	2010	2009
Cash flows from operating activities:			
Net income	$ 92,610	$ 36,881	$ 69,431
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	328,610	246,544	167,975
Stock-based compensation	71,532	67,489	53,056
Restructuring charges	3,481	6,734	(6,053)
Amortization of intangible assets	19,064	13,632	5,555
Accretion of asset retirement obligation and accrued restructuring charges	4,720	3,128	1,581
Amortization of debt issuance costs and debt discounts	32,172	27,915	18,791
Provision for allowance for doubtful accounts	4,987	2,056	(15)
Realized net (gains) losses on investments	(8)	(11)	2,579
Loss on debt extinguishment and interest rate swaps, net	—	10,187	—
Other items	5,154	2,265	1,149
Changes in operating assets and liabilities:			
Accounts receivable	(23,061)	(39,886)	2,277
Deferred tax assets, net	9,525	6,110	27,981
Other assets	(30,492)	(11,865)	(10,371)
Accounts payable and accrued expenses	35,782	30,363	22,762
Accrued restructuring charges	(3,079)	(4,426)	(1,771)
Other liabilities	36,612	(4,244)	565
Net cash provided by operating activities	587,609	392,872	355,492
Cash flows from investing activities:			
Purchases of investments	(1,268,574)	(744,798)	(379,644)
Sales of investments	125,674	25,174	27,420
Maturities of investments	495,865	827,540	179,566
Purchase of ALOG, net of cash acquired	(41,954)	—	—
Purchase of Switch and Data, net of cash acquired	—	(113,289)	—
Purchase of Upminster, net of cash acquired	—	—	(28,176)
Purchases of real estate	(28,066)	(14,861)	—
Purchases of other property, plant and equipment	(685,675)	(579,397)	(369,542)
Increase in restricted cash	(97,724)	(1,582)	(896)
Release of restricted cash	1,000	244	13,015
Other investing activities, net	10	—	79
Net cash used in investing activities	(1,499,444)	(600,969)	(558,178)
Cash flows from financing activities:			
Purchases of treasury stock	(86,666)	—	—
Proceeds from employee equity awards	38,893	39,817	37,006
Proceeds from senior notes	750,000	750,000	—
Proceeds from convertible debt	—	—	373,750
Proceeds from loans payable	95,336	121,581	29,474
Repayment of mortgage and loans payable	(22,829)	(558,007)	(51,118)
Repayment of capital lease and other financing obligations	(10,426)	(16,133)	(5,279)
Capped call costs	—	—	(49,664)
Debt issuance costs	(15,661)	(23,124)	(8,220)
Debt extinguishment costs	—	(4,448)	—
Other financing obligations, net	81	—	(2,351)
Net cash provided by financing activities	748,728	309,686	323,598
Effect of foreign currency exchange rates on cash and cash equivalents	(911)	(4,804)	4,937
Net increase (decrease) in cash and cash equivalents	(164,018)	96,785	125,849
Cash and cash equivalents at beginning of year	442,841	346,056	220,207
Cash and cash equivalents at end of year	$ 278,823	$ 442,841	$ 346,056
Supplemental cash flow information:			
Cash paid for taxes	$ 9,157	$ 11,043	$ 9,290
Cash paid for interest	$ 129,129	$ 97,943	$ 63,281

See accompanying notes to consolidated financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Equinix, Inc. ("Equinix" or the "Company") was incorporated in Delaware on June 22, 1998. Equinix provides global data center services. Global enterprises, content providers, financial companies and network service providers rely upon Equinix's insight and expertise to protect and connect their most valued information assets. The Company operates International Business Exchange ("IBX") data centers, or IBX data centers, across 38 markets in the Americas; Europe, Middle East and Africa ("EMEA") and Asia-Pacific geographic regions where customers directly interconnect with a network ecosystem of partners and customers. More than 360 network service providers offer access to more than 90% of the world's Internet routes inside the Company's IBX data centers. This access to Internet routes provides Equinix customers improved reliability and streamlined connectivity while significantly reducing costs by reaching a critical mass of networks within a centralized physical location.

Basis of Presentation, Consolidation and Foreign Currency

The accompanying consolidated financial statements include the accounts of Equinix and its subsidiaries, including the operations of ALOG Data Centers do Brasil S.A. and its subsidiaries ("ALOG") from April 25, 2011 and Switch & Data Facilities Company, Inc. ("Switch and Data") from April 30, 2010. All significant intercompany accounts and transactions have been eliminated in consolidation. Foreign exchange gains or losses resulting from foreign currency transactions, including intercompany foreign currency transactions, that are anticipated to be repaid within the foreseeable future, are reported within other income (expense) on the Company's accompanying consolidated statements of operations. For additional information on the impact of foreign currencies to the Company's consolidated financial statements, see "Comprehensive Income (Loss)" below.

Reclassifications

Certain amounts in the accompanying consolidated financial statements have been reclassified to conform to the consolidated financial statement presentation as of and for the year ended December 31, 2011.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. On an ongoing basis, the Company evaluates its estimates, including, but not limited to, those related to the allowance for doubtful accounts, fair values of financial instruments, intangible assets and goodwill, useful lives of intangible assets and property, plant and equipment, assets acquired and liabilities assumed from an acquisition, asset retirement obligations, restructuring charges, redemption value of redeemable non-controlling interests and income taxes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable.

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

The Company considers all highly liquid instruments with an original maturity from the date of purchase of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds and highly

liquid debt securities of corporations, certificates of deposit and commercial paper with original maturities up to 90 days. Short-term investments generally consist of securities with original maturities of between 90 days and one year and are highly liquid debt securities of corporations, foreign government, agencies of the U.S. government and the U.S. government, asset-backed securities and certificates of deposit. Long-term investments generally consist of debt securities of corporations, agencies of the U.S. government, the U.S. government and foreign government, and asset-backed securities with maturities greater than 360 days. The Company's fixed income securities 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. The cost of securities sold is based on the specific identification method. 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.

Financial Instruments and Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents and short-term and long-term investments and accounts receivable. Risks associated with cash, cash equivalents and short-term and long-term investments are mitigated by the Company's investment policy, which limits the Company's investing to only those marketable securities rated at least A-1/P-1 and A-/A3, as determined by independent credit rating agencies. Risk to the Company's investment portfolio is further mitigated by its heavy weighting in U.S. government securities.

A significant portion of the Company's customer base is comprised of businesses throughout the Americas. However, a portion of the Company's revenues are derived from the Company's EMEA and Asia-Pacific operations. The following table sets forth percentages of the Company's revenues by geographic regions for the years ended December 31:

	2011	2010	2009
Americas	64%	64%	61%
EMEA	22%	23%	26%
Asia-Pacific	14%	13%	13%

No single customer accounted for greater than 10% of accounts receivable or revenues as of or for the years ended December 31, 2011, 2010 and 2009.

Property, Plant and Equipment

Property, plant and equipment are stated at the Company's original cost or fair value for acquired property, plant and equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements and assets acquired under capital leases are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement, unless they are considered integral equipment, in which case they are amortized over the lease term. Leasehold improvements acquired in a business combination are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date of acquisition and leasehold improvements that are placed into service significantly after and not contemplated at or near the beginning of the lease term are amortized over the shorter of the useful life of the assets or a term that includes required lease periods and renewals that are deemed to be reasonably assured at the date the leasehold improvements are purchased.

During the year ended December 31, 2009, the Company reassessed the estimated useful lives of certain of its property, plant and equipment as part of a review of the related assumptions. As a result, the estimated useful lives of certain of the Company's property, plant and equipment within the below table were affected.

	Estimated Useful Life	
	Original	Revised
IBX plant and machinery	2-13	5-30
Leasehold improvements	10-20	10-40
Site improvements	10-15	10-40
Buildings	40-50	20-50
IBX equipment	2-13	2-10
Computer equipment and software	2-5	2-4
Furniture and fixtures	2-5	7-10

The Company undertook this review due to its determination that it was generally using certain of its existing assets longer than originally anticipated and, therefore, certain estimated useful lives have been lengthened. The change in the estimated useful lives of certain of the Company's property, plant and equipment was accounted for as a change in accounting estimate on a prospective basis effective July 1, 2009.

The change in estimated useful lives of certain of the Company's property, plant and equipment, which has resulted in less depreciation expense than would have otherwise been recorded, resulted in the following increases for the year ended December 31, 2009 (in thousands, except per share amounts):

Income from operations	$12,020
Net income	6,934
Earnings per share:	
Basic	0.18
Diluted	0.17

During the preparation of the Company's financial statements for the year ended December 31, 2009, in conjunction with its reassessment of the estimated useful lives of certain of its property, plant and equipment described above, the Company identified errors in its financial statements for the years ended December 31, 2009, 2008 and 2007 in connection with the Company's EMEA operating segment. The Company corrected these errors in its financial statements during the year ended December 31, 2009, which reduced depreciation expense for the three months ended December 31, 2009 by $4,213,000. The Company did not believe that these adjustments were material to the consolidated financial statements for the year ended December 31, 2009 or to any annual or quarterly periods' consolidated financial statements for the years ended December 31, 2008 and 2007 and the nine months ended September 30, 2009. As a result, the Company did not restate any prior period amounts.

Construction in Progress

Construction in progress includes direct and indirect expenditures for the construction and expansion of IBX data centers and is stated at original cost. The Company has contracted out substantially all of the construction and expansion efforts of its IBX data centers to independent contractors under construction contracts. Construction in progress includes costs incurred under construction contracts including project management services, engineering and schematic design services, design development, construction services and other construction-related fees and services. In addition, the Company has capitalized interest costs during the

construction phase. Once an IBX data center or expansion project becomes operational, these capitalized costs are allocated to certain property, plant and equipment categories and are depreciated over the estimated useful life of the underlying assets.

Asset Retirement Costs

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated retirement costs are capitalized and included as part of the carrying value of the long-lived asset and amortized over the useful life of the asset. Subsequent to the initial measurement, the Company accretes the liability in relation to the asset retirement obligations over time and the accretion expense is recorded as a cost of revenue. The Company's asset retirement obligations are primarily related to its IBX data centers, of which the majority are leased under long-term arrangements, and, in certain cases, are required to be returned to the landlords in their original condition. All of the Company's IBX data center leases have been subject to significant development by the Company in order to convert them from, in most cases, vacant buildings or warehouses into IBX data centers. The majority of the Company's IBX data centers' initial lease terms expire at various dates ranging from 2012 to 2035 and most of them enable the Company to extend the lease terms.

Goodwill and Other Intangible Assets

The Company has three reportable segments comprised of the 1) Americas, 2) EMEA and 3) Asia-Pacific geographic regions, which the Company also determined are its reporting units. As of December 31, 2011, the Company had goodwill attributable to its Americas reporting unit, EMEA reporting unit and Asia-Pacific reporting unit. Commencing in 2010, the Company changed its method of applying the accounting principle related to annual goodwill impairment tests by conforming the testing of goodwill for all three reporting units to November 30th of each year.

The goodwill impairment test involves a two-step process. The first step, identifying a potential impairment, compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Any excess of the reporting unit goodwill carrying value over the respective implied fair value is recognized as an impairment loss. In September 2011, the FASB issued Accounting Standard Update ("ASU") 2011-08, Testing Goodwill for Impairment. This ASU provides companies with the option to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, after assessing the qualitative factors, a company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying value, then performing the two-step impairment test is unnecessary. However, if a company concludes otherwise, then it is required to perform the first step of the two-step goodwill impairment test. If the carrying value of a reporting unit exceeds its fair value, then a company is required to perform the second step of the two-step goodwill impairment test. This guidance is effective for goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company early adopted this standard during the fourth quarter of 2011.

The Company elected to apply the provisions of ASU 2011-08 in its goodwill impairment tests for the EMEA and Asia-Pacific reporting units for the year ended December 31, 2011. The Company assessed the following qualitative factors for its EMEA and Asia-Pacific reporting units separately to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying value: the margin between

each reporting unit's fair value and carrying value in prior goodwill impairment tests; financial performance of each reporting unit relative to prior years' results and the current year's budget; cost factors impacting the reporting units; the trend in the Company's market capitalization; changes in the industry and competitive environment; general economic conditions and credit market developments and fluctuations in foreign exchange rates. The Company determined that it is not more likely than not that the fair value of the EMEA and Asia-Pacific reporting units was less than its respective carrying value after assessing the qualitative factors. Therefore, the Company concluded that performing the two-step impairment test for its EMEA and Asia-Pacific reporting units was unnecessary and that goodwill attributed to its EMEA and Asia-Pacific reporting units was not impaired as of November 30, 2011. In addition, the Company concluded that no events occurred or circumstances changed subsequent to November 30, 2011 through December 31, 2011 that would more likely than not reduce the fair value of the EMEA and Asia-Pacific reporting units below their respective carrying values.

The Company performed the first step of the two-step goodwill impairment test for its Americas reporting unit during the year ended December 31, 2011, as this was the first year that the Americas reporting unit included goodwill from the acquisition of ALOG. In order to determine the fair value of the Americas reporting unit, the Company utilizes the discounted cash flow and market methods. The Company has consistently utilized both methods in its goodwill impairment tests and weights both results equally. The Company uses both methods in its goodwill impairment tests as it believes both methods, in conjunction with each other, provide a reasonable estimate of the determination of fair value of the reporting unit – the discounted cash flow method being specific to anticipated future results of the reporting unit and the market method, which is based on the Company's market sector including its competitors. The assumptions supporting the discounted cash flow method, including the discount rate, which was assumed to be 10.0% for the Americas reporting unit, was determined using the Company's best estimates as of the date of the impairment review. As of November 30, 2011, the Company concluded that its goodwill attributed to the Company's Americas reporting unit was not impaired as the fair value of its Americas reporting unit exceeded the carrying value of the reporting unit, including goodwill. In addition, the Company concluded that no events occurred or circumstances changed subsequent to November 30, 2011 through December 31, 2011 that would more likely than not reduce the fair value of the Americas reporting unit below its carrying value. The Company has performed various sensitivity analyses on certain of the assumptions used in the discounted cash flow method, such as forecasted revenues and discount rate, and notes that no reasonably possible changes would reduce the fair value of the reporting unit to such a level that would cause an impairment charge.

Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. Future events and changing market conditions may impact the Company's assumptions as to prices, costs, growth rates or other factors that may result in changes in the Company's estimates of future cash flows. Although the Company believes the assumptions it used in testing for impairment are reasonable, significant changes in any one of the Company's assumptions could produce a significantly different result. Indicators of potential impairment that might lead the Company to perform interim goodwill impairment assessments include significant and unforeseen customer losses, a significant adverse change in legal factors or in the business climate, a significant adverse action or assessment by a regulator, a significant stock price decline or unanticipated competition.

For further information on goodwill and other intangible assets, see Note 4 below.

Derivatives and Hedging Activities

The Company recognizes all derivatives on the consolidated balance sheet at fair value. The accounting for changes in the value of a derivative depends on whether the contract is for trading purposes or has been

designated and qualifies for hedge accounting. In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. In order for a derivative to be designated as a hedge, there must be documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. Foreign currency gains or losses are recorded within other income (expense), net in the Company's consolidated statements of operations.

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

For further information on derivatives and hedging activities, see Note 5 below.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, short-term and long-term investments represent their fair value, while the Company's accounts receivable, accounts payable and accrued expenses and accrued property, plant and equipment approximate their fair value due primarily to the short-term maturity of the related instruments. The fair value of the Company's senior notes and convertible debt, which are traded in the public debt market, is based on quoted market prices. The fair value of the Company's loans payable, which are not publicly traded, is estimated by considering the Company's credit rating, current rates available to the Company for debt of the same remaining maturities of structure and terms of the debt.

Fair Value Measurements

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

The Company also follows the accounting standard for the measurement of fair value for nonfinancial assets and liabilities on a nonrecurring basis. These include:

- Non-financial assets and non-financial liabilities initially measured at fair value in a business combination or other new basis event, but not measured at fair value in subsequent reporting periods;
- Reporting units and non-financial assets and non-financial liabilities measured at fair value for goodwill impairment test;
- Indefinite-lived intangible assets measured at fair value for impairment assessment;

- Non-financial long-lived assets or asset groups measured at fair value for impairment assessment or disposal;
- Asset retirement obligations initially measured at fair value but not subsequently measured at fair value; and
- Non-financial liabilities associated with exit or disposal activities initially measured at fair value but not subsequently measured at fair value.

For further information on fair value measurements, see Note 6 below.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable such as a significant decrease in market price of a long-lived asset, a significant adverse change in legal factors or business climate that could affect the value of a long-lived asset or a continuous deterioration of the Company's financial condition. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated discounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Revenue Recognition

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

The Company occasionally guarantees certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, the Company reduces revenue for any credits given to the customer as a result. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have generally not been significant. There were no significant service level credits issued during the years ended December 31, 2011, 2010 and 2009.

Revenue is recognized only when the service has been provided and when there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the receivable is reasonably assured. It is the

Company's customary business practice to obtain a signed master sales agreement and sales order prior to recognizing revenue in an arrangement. Taxes collected from customers and remitted to governmental authorities are reported on a net basis and are excluded from revenue.

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

Income Taxes

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

The Company recognizes interest and penalties related to unrecognized tax benefits within income tax benefit (expense) in the consolidated statements of operations.

Stock-Based Compensation

Stock-based compensation cost is measured at the grant date for all stock-based awards made to employees and directors based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period.

The Company grants restricted stock units to its employees and these equity awards have only either a service condition or a service and performance condition. To date, any performance conditions contained in an equity award are tied to the financial performance of the Company or a specific region of the Company. The Company assesses the probability of meeting these performance conditions on a quarterly basis. The majority of the Company's equity awards vest over four years, although certain of the equity awards for executives vest over a range of two to four 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.

To the extent that the Company grants stock options to its employees, it uses the Black-Scholes option-pricing model to determine the fair value of stock options. The determination of the fair value of stock options is affected by assumptions regarding a number of complex and subjective variables including the Company's expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. The Company estimated the expected volatility by using the average historical volatility of its common stock that it believed was the best representative of future volatility. The risk-free interest rate used was based on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term of the equity awards. The Company does not anticipate paying any cash dividends in the foreseeable future and, therefore, the expected dividend rate used was zero. The expected term of options used was calculated by taking the average of the vesting term and the contractual term of the option.

To the extent that the Company grants equity awards with vesting criteria based upon the achievement of certain pre-determined Company stock price targets, which the Company refers to as market price conditions, the Company uses a Monte Carlo simulation option-pricing model to determine the fair value of those equity awards.

The accounting standard for stock compensation does not allow the recognition of unrealized tax benefits associated with the tax deductions in excess of the compensation recorded (excess tax benefit) until the excess tax benefit is realized (i.e., reduces taxes payable). The Company will recognize a benefit from stock-based compensation in equity if the excess tax benefit is realized by following the "with-and-without" approach. The Company recorded the excess tax benefit of approximately $81,000 and $514,000, respectively, during the years ended December 31, 2011 and 2009. The Company did not record any excess tax benefit during the year ended December 31, 2010.

For further information on stock-based compensation, see Note 11 below.

Foreign Currency Translation

The financial position of foreign subsidiaries is translated using the exchange rates in effect at the end of the period, while income and expense items are translated at average rates of exchange during the period. Gains or losses from translation of foreign operations where the local currency is the functional currency are included as other comprehensive income (loss). The net gains and losses resulting from foreign currency transactions are recorded in net income (loss) in the period incurred and reported within other income and expense. Certain inter-company balances are designated as long-term. Accordingly, exchange gains and losses associated with these long-term inter-company balances are recorded as a component of other comprehensive income (loss), along with translation adjustments. How the U.S. dollar performs against certain of the currencies of the foreign countries in which the Company operates can have a significant impact to the Company. Strengthening and weakening of the U.S. dollar against theses currencies has significantly impacted the Company's consolidated balance sheets (as evidenced in the Company's foreign currency translation loss), as well as its consolidated statements of operations as amounts denominated in foreign currencies can increase or decrease the Company's revenues and expenses. To the extent that the U.S. dollar strengthens or weakens further, this will continue to impact the Company's consolidated balance sheets and consolidated statements of operations including the amount of revenue that the Company reports in future periods.

Earnings Per Share

The Company computes its earnings per share ("EPS") using the two-class method as prescribed by the accounting standard for earnings per share. The two-class method is an earnings allocation method for computing EPS when an entity's capital structure includes either two or more classes of common stock or includes common

stock and participating securities. The two-class method calculates EPS based on distributed earnings (i.e., adjustments to redeemable non-controlling interests) and undistributed earnings. Undistributed losses are not allocated to participating securities under the two-class method unless the participating security has a contractual obligation to share in losses on a basis that is objectively determinable. Common shares of ALOG and Zion (see Note 2) are considered participating securities in which the Company has indirect controlling equity interests.

Basic EPS is computed using net income (loss) attributable to the Company and the weighted-average number of common shares outstanding. Diluted EPS is computed using net income attributable to the Company, adjusted for interest expense as a result of the assumed conversion of the Company's Convertible Subordinated Debentures, 2.50% Convertible Subordinated Notes, 3.00% Convertible Subordinated Notes and 4.75% Convertible Subordinated Notes, if dilutive, and the weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding. Dilutive potential common shares include the assumed exercise, vesting and issuance activity of employee equity awards using the treasury stock method, as well as warrants and shares issuable upon the conversion of the Convertible Subordinated Debentures, 2.50% Convertible Subordinated Notes, 3.00% Convertible Subordinated Notes and 4.75% Convertible Subordinated Notes.

Redeemable Non-controlling Interests

Non-controlling interests in subsidiaries that are redeemable for cash or other assets outside of the Company's control are classified as mezzanine equity, outside of equity and liability, and to be adjusted at fair value on each balance sheet date. The resulting changes in fair value of the estimated redemption amount, increases or decreases, are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in-capital.

For further information on redeemable non-controlling interests, see Note 9 below.

Treasury Stock

The Company accounts for treasury stock under the cost method. When treasury stock is re-issued at a higher price than its cost, the difference is recorded as a component of additional paid-in capital to the extent that there are gains to offset the losses. If there are no treasury stock gains in additional paid-in capital, the losses are recorded as a component of accumulated deficit.

Recent Accounting Pronouncements

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

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income. This ASU is intended to increase the prominence of other comprehensive income in financial statements by presenting the

components of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in stockholders' equity. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance; therefore, adoption of the new guidance in the first quarter of fiscal 2012 will not have any impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2011, the FASB issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. This ASU requires companies to disclose both gross information and net information about instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This new guidance is effective for interim and annual periods beginning on or after January 1, 2013 and retrospective disclosure is required for all comparative periods presented. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements, if any.

In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05. This ASU defers the requirement that companies present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The Company does not expect the adoption of ASU 2011-12 to have a material impact on its consolidated financial statements.

2. Acquisitions

ALOG Acquisition

On April 25, 2011 (the "Acquisition Date"), Zion RJ Participações S.A. ("Zion"), a Brazilian joint-stock company controlled by a wholly-owned subsidiary of the Company and co-owned by RW Brasil Fundo de Investimento em Participações, a subsidiary of Riverwood Capital L.P. ("Riverwood"), completed the acquisition of approximately 90% of the outstanding capital stock of ALOG. As a result, the Company acquired an approximate 53% indirect, controlling equity interest in ALOG (the "ALOG Acquisition"). The Company paid a total of approximately 82,194,000 Brazilian reais in cash on the closing date, or approximately $51,723,000, tototal of arran reais i

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purchase price of the remaining approximate 10% of shares that are held by ALOG management will be equal to its then current fair market value. If Equinix purchases all of Riverwood's interest in Zion at a net purchase price that implies an IRR for Riverwood's investment of 12%, the purchase price per share of the remaining approximate 10% of shares that are held by ALOG management will be equal to the greater of (i) 50% of the purchase price per share of capital stock of ALOG in the ALOG Acquisition and (ii) a purchase price per share that implies an IRR equal to the sum of the IRR implied by the fair market value of the capital stock of ALOG plus 2%, declining over time.

Also beginning in April 2014 and ending in May 2016, Riverwood will have the right to require Equinix to purchase all of Riverwood's interests in Zion at a price equal to the greater of (i) its then current fair market value and (ii) a net purchase price that implies an IRR for Riverwood's investment of 8%, declining over time. If Riverwood exercises its right to require Equinix to purchase Riverwood's shares, Equinix will have the right, and under certain circumstances may be required, to purchase the remaining approximate 10% of shares of ALOG that Zion does not own, which are held by ALOG management (collectively, the "Put Options"). If Equinix purchases all of Riverwood's interest in Zion at a price equal to its then current fair market value, the purchase price of the remaining approximate 10% of shares that are held by ALOG management will be equal to its then current fair market value. If Equinix purchases all of Riverwood's interest in Zion at a net purchase price that implies an IRR for Riverwood's investment of 8%, declining over time, the purchase price per share of the remaining approximate 10% of shares that are held by ALOG management will be equal to the greater of (i) 50% of the purchase price per share of capital stock of ALOG in the ALOG Acquisition and (ii) a purchase price per share that implies an IRR equal to the sum of the IRR implied by the fair market value of the capital stock of ALOG plus 2%, declining over time.

As the Company has an approximate 53% indirect controlling equity interest in ALOG, it began consolidating the results of ALOG's operations on the Acquisition Date. Upon consolidation, all amounts pertaining to the approximate 10% of ALOG that Zion does not own, as well as Riverwood's interest in ALOG and Zion, are reported as redeemable non-controlling interests in the Company's consolidated financial statements. The Company incurred acquisition costs of $2,307,000 for the year ended December 31, 2011 related to ALOG, which were included in the consolidated statements of operations.

Purchase Price Allocation

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

Cash and cash equivalents	$ 9,769
Accounts receivable	6,756
Prepaid expense and other current assets	575
Property, plant and equipment	52,542
Goodwill	106,572
Intangible assets	19,295
Other non-current assets	5,214
Total assets acquired	200,723
Accounts payable and accrued expenses	(49,965)
Debt	(25,669)
Other current liabilities	(4,643)
Other non-current liabilities	(1,946)
Redeemable non-controlling interests	(66,777)
Net assets acquired	$ 51,723

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

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

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

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

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

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

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Goodwill is attributable to the workforce of ALOG and the significant synergies expected to arise after the ALOG Acquisition. A portion of the goodwill is expected to be deductible for local tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. Goodwill recorded as a result of the ALOG Acquisition is attributable to the Company's Americas reportable segment (see Note 15) and reporting unit (see Note 4).

The consolidated financial statements of the Company include the operations of ALOG from April 25, 2011 through December 31, 2011 for the year ended December 31, 2011. The following table sets forth the results of operations of ALOG which were included in the Company's consolidated statements of operations for the year ended December 31, 2011 (in thousands):

Revenue	$46,870
Net loss	(4,605)

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

Switch and Data Acquisition

On April 30, 2010 (the "Acquisition Date"), the Company acquired 100% of the issued and outstanding share capital of Switch and Data, a publicly-held company headquartered in Tampa, Florida. Switch and Data operated 34 data centers in the U.S. and Canada. The combined company operates under the Equinix name. There were no historical transactions between Equinix and Switch and Data.

The Company included Switch and Data's results of operations from May 1, 2010 and estimated the fair value of assets acquired and liabilities assumed in its consolidated balance sheets beginning April 30, 2010. The Company incurred acquisition costs of $11,094,000 and $4,091,000, respectively, for the years ended December 31, 2010 and 2009 related to the Switch and Data Acquisition which were included in the consolidated statements of operations.

Additionally, as a result of the Switch and Data Acquistion, the Company incurred a restructuring charge of $391,000 and $5,360,000, respectively, during the years ended December 31, 2011 and 2010 (see Note 16).

Fair Value of Consideration Transferred

Under the final terms of the Switch and Data Acquisition, each stock-electing share received 0.19409 shares of Equinix common stock, each cash-electing share received $19.06 in cash, and each non-electing share received 0.11321688 shares of Equinix common stock and $7.94189104 in cash, in each case subject to the terms of the merger agreement. Additionally, the Company assumed Switch and Data's outstanding employee equity awards. The following table presents the fair value of consideration transferred to acquire Switch and Data at the Acquisition Date (dollars in thousands):

Cash (1)	$134,007
Common stock (2)	549,389
Switch and Data employee equity awards (3)	16,508
Total	$699,904

(1) Represents payment for approximately 20% of Switch and Data's total common stock outstanding as of the Acquisition Date.

(2) Fair value of 5,458,413 shares of the Company's common stock issued in exchange for approximately 80% of Switch and Data's total common stock outstanding as of the Acquisition Date. The value of the Company's common stock issued was determined based on the Company's closing share price on the Acquisition Date, or $100.65 per share.

(3) Represents fair value attributed to vested shares of Switch and Data employee equity awards which the Company assumed. The Company issued 476,943 options to purchase the Company's common stock and 98,509 restricted stock units of the Company's common stock to Switch and Data employees with an aggregate fair value of $35,395,000 in exchange for their options to purchase shares of and restricted stock units of Switch and Data, of which $16,508,000 was included as part of the consideration and the remaining $18,887,000 is expected to be amortized to stock-based compensation expense over a weighted-average period of 2.14 years.

Purchase Price Allocation

The Switch and Data Acquisition was accounted for using the acquisition method of accounting. Under the acquisition method of accounting, the total purchase price was allocated to Switch and Data's net tangible and intangible assets based upon their fair value as of the Acquisition Date. During the quarter ended December 31, 2010, the Company finalized its purchase accounting after adjustments were made to the preliminary purchase price to reflect the finalization of liabilities acquired, deferred taxes and fair value of property, plant and equipment acquired and residual goodwill. The adjustments to the preliminary purchase allocation, in aggregate, had an insignificant impact to the Company's financial statements as of and for the eight months ended December 31, 2010. Based upon the purchase price and the valuation of Switch and Data, the purchase price allocation was as follows (in thousands):

Cash and cash equivalents	$ 20,718
Accounts receivable	12,763
Other current assets	2,125
Property, plant and equipment	460,474
Goodwill	408,730
Intangible assets	115,970
Other non-current assets	1,472
Total assets acquired	1,022,252
Accounts payable and accrued expenses	(21,656)
Accrued property, plant and equipment	(10,363)
Current portion of capital leases	(10,402)
Current portion of loan payable	(138,938)
Other current liabilities	(12,157)
Capital leases, less current portion	(38,998)
Unfavorable leases	(2,580)
Deferred tax liability	(66,460)
Other non-current liabilities	(20,794)
Net assets acquired	$ 699,904

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

Intangible assets	Fair value	Estimated useful lives (years)	Weighted-average estimated useful lives (years)
Customer contracts	$98,920	11	11
Favorable leases	13,680	3 –16	8.6
Other	3,370	0 – 10	4.9
Unfavorable leases	(2,580)	3 – 15	8.3

The fair value of customer contracts was estimated by applying an income approach. The fair value was determined by calculating the present value of estimated future operating cash flows generated from exisiting customers less costs to realize the revenue. The Company applied a discount rate of approximately 14%, which reflects the nature of the asset, to the estimated future operating cash flows. Other significant assumptions used to estimate the fair value of the customer contracts include projected revenue growth, customer attrition rates, sales and marketing expenses and operating margins. The fair values of favorable and unfavorable leases were

estimated by applying an income approach. The fair value was determined by calculating the difference between the discounted cash flows over the remaining term of each lease using contractual lease rates and market lease rates. The Company applied a discount rate ranging from 8.25% to 11.5% depending on the type, location and duration of each lease. Another significant assumption used in estimating the fair values of the favorable and unfavorable leases was the market lease rates. The fair value of the other acquired identifiable intangible assets were estimated by applying an income or cost approach as appropriate. The fair value measurements were based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in the accounting standard for fair value measurements.

The Company determined the fair value of the term loan and revolving credit facility assumed in the Switch and Data Acquisition by estimating Switch and Data's debt rating and reviewed market data with a similar debt rating and other characteristics of the debt, including the maturity date and security type. The Company determined that the book value approximated the fair value as of the Acquisition Date.

The Company determined the fair value of the two property capital lease liabilities assumed in the Switch and Data Acquisition by calculating the present value of future cash flows using a discount rate of approximately 8.6%, which was equal to the average yield of industrial bonds with similar remaining terms as the leases. The Company determined that the fair value of the equipment capital lease liability assumed in the Switch and Data Acquisition was equal to the fair value of the underlying assets as of the Acquisition Date because the lease contained a bargain purchase option and the title of the leased property is expected to be transferred to the Company at the end of the lease term.

Goodwill recorded as a result of the Switch and Data Acquisition is attributable to the Company's Americas reportable segment and reporting unit. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. Goodwill is attributable to the workforce of Switch and Data and the significant synergies expected to arise after the Switch and Data Acquisition. Goodwill is not expected to be deductible for tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually.

Unaudited Pro Forma Combined Consolidated Statements of Operations

The consolidated financial statements of the Company include the operations of Switch and Data from May 1, 2010 for the year ended December 31, 2010. The following table sets forth the results of operations of Switch and Data which were included in the Company's consolidated statements of operations for the year ended December 31, 2010 (in thousands):

Revenue	$152,961
Net loss	(1,147)

The following unaudited pro forma combined consolidated financial information has been prepared to give effect to the Switch and Data Acquisition by the Company using the acquisition method of accounting and the Company's repayment of Switch and Data's outstanding debt and equipment capital lease. The unaudited pro forma combined consolidated financial information reflect certain adjustments related to the Switch and Data Acquisition, such as additional depreciation and amortization expense on assets acquired from Switch and Data. These pro forma statements were prepared as if the Switch and Data Acquistion and the repayment of Switch and Data's outstanding debt and equipment capital lease had been completed as of the beginning of each period presented.

The unaudited pro forma combined consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have actually been reported had the acquisition occurred on January 1, 2010 and 2009, nor is it necessarily indicative of the future results of operations of the combined company.

The following table sets forth the unaudited pro forma consolidated combined results of operations for the years ended December 31 (in thousands, except per share data):

	2010	2009
Revenues	$1,296,289	$1,087,947
Net income	45,271	60,222
Earnings per share:		
Basic earnings per share	0.99	1.37
Diluted earnings per share	0.97	1.33

3. Earnings Per Share

The following table sets forth the computation of basic and diluted EPS for the years ended December 31 (in thousands, except per share amounts):

	2011	2010	2009
Net income	$ 92,610	$36,881	$69,431
Adjustments attributable to redeemable non-controlling interests (1)	(10,082)	—	—
Net income attributable to Equinix, basic	82,528	36,881	69,431
Effect of assumed conversion of debt:			
Interest expense, net of tax	—	—	23
Net income attributable to Equinix, diluted	$ 82,528	$36,881	$69,454
Weighted-average shares to compute basic EPS	46,956	43,742	38,488
Effect of dilutive securities:			
Convertible subordinated debentures	—	—	211
Equity awards	942	1,068	977
Total dilutive potential shares	942	1,068	1,188
Weighted-average shares to compute diluted EPS	47,898	44,810	39,676
EPS attributable to Equinix:			
Basic	$ 1.76	$ 0.84	$ 1.80
Diluted	$ 1.72	$ 0.82	$ 1.75

(1) Includes net (income) loss attributable to redeemable non-controlling interests as presented in the consolidated statements of operations.

The following table sets forth potential shares of common stock that are not included in the diluted EPS calculation above because to do so would be anti-dilutive for the years ended December 31 (in thousands):

	2011	2010	2009
Shares reserved for conversion of convertible 2.50% convertible subordinated notes	2,232	2,232	2,232
Shares reserved for conversion of convertible 3.00% convertible subordinated notes	2,945	2,945	2,945
Shares reserved for conversion of convertible 4.75% convertible subordinated notes	4,433	4,433	2,453
Common stock warrants	—	—	1
Common stock related to employee equity awards	452	843	1,045
	10,062	10,453	8,676

4. Balance Sheet Components

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

Cash, cash equivalents and short-term and long-term investments consisted of the following as of December 31 (in thousands):

	2011	2010
Cash and cash equivalents:		
Cash	$ 74,101	$ 85,297
Cash equivalents:		
Money markets	198,931	110,563
U.S. government securities	—	246,981
Certificates of deposit	4,500	—
Commercial paper	1,000	—
Corporate bonds	291	—
Total cash and cash equivalents	278,823	442,841
Marketable securities:		
U.S. government securities	573,277	144,976
U.S. government agencies securities	129,235	—
Corporate bonds	64,308	2,645
Certificates of deposit	24,472	—
Foreign government securities	5,283	—
Asset-backed securities	947	2,377
Total marketable securities	797,522	149,998
Total cash, cash equivalents and short-term and long-term investments	$1,076,345	$592,839

As of December 31, 2011 and 2010, cash and 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 December 31, 2011 and 2010. The maturities of securities classified as long-term investments were greater than one year and less than three years as of December 31, 2011 and 2010.

In 2008, the Company's investments in a money market fund, the Reserve Primary Fund (the "Reserve"), suffered a decline in its Net Asset Value ("NAV") below $1 per share when the Reserve valued its exposure to investments held in Lehman Brothers Holdings, Inc. ("Lehman Brothers") at zero. The Reserve held investments in commercial paper and short term-notes issued by Lehman Brothers, which filed for Chapter 11 bankruptcy protection in September 2008. The following table summarizes the activities of the Company's investments in the Reserve, which was classified as Level 3 of the fair value hierarchy (see Note 6), which were measured at fair value (in thousands):

Balance at December 31, 2008	$ 9,250
Other-than-temporary impairment losses (1)	(2,590)
Cash settlements	(6,660)
Balance at December 31, 2009	$ —

(1) Included in the consolidated statements of operations.

In January 2010 and July 2010, the Company received additional distributions totaling $3,626,000 from its investment in the Reserve. As a result, during the year ended December 31, 2010, the Company recorded a recovery of other-than-temporary impairment loss, which is included in the Company's accompanying consolidated statement of operations. The other-than-temporary impairment losses that the Company recorded during the year ended December 31, 2009 as described above were entirely credit losses with nothing required to be reclassified from earnings to accumulated other comprehensive income (loss) for non-credit portions in either period.

As of December 31, 2011, the Company's net unrealized gains (losses) on its available-for-sale securities were comprised of the following (in thousands):

	December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. government securities	$573,232	$ 91	$ (46)	$573,277
U.S. government agencies securities	129,159	104	(28)	129,235
Corporate bonds	64,364	51	(107)	64,308
Certificates of deposit	24,471	3	(2)	24,472
Foreign government securities	5,295	—	(12)	5,283
Asset-backed securities	890	57	—	947
Total	$797,411	$306	$(195)	$797,522

None of the securities held at December 31, 2011 were other-than-temporarily impaired.

While certain marketable securities carry unrealized losses, the Company expects that it will receive both principal and interest according to the stated terms of each of the securities and that the increase or decline in market value is primarily due to changes in the interest rate environment from the time the securities were purchased as compared to interest rates at December 31, 2011.

The following table summarizes the fair value and gross unrealized losses related to 71 available-for-sale securities, aggregated by type of investment and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2011 (in thousands):

	Securities in a loss position for less than 12 months		Securities in a loss position for 12 months or more	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
U.S. government securities	$ 51,325	$ (46)	$—	$—
U.S. government agencies securities	29,329	(28)	—	—
Corporate bonds	26,191	(108)	—	—
Certificates of deposit	11,007	(2)	—	—
Foreign government securities	5,283	(11)	—	—
	$123,135	$(195)	$—	$—

While the Company does not believe it holds investments that are other-than-temporarily impaired and believes that the Company's investments will mature at par as of December 31, 2011, the Company's investments are subject to the currently adverse market conditions. If market conditions were to deteriorate, the Company could sustain other-than-temporary impairments to its investment portfolio which could result in additional realized losses being recorded in interest income, net or securities markets could become inactive which could affect the liquidity of the Company's investments.

As of December 31, 2010, the Company's net unrealized gains (losses) on its available-for-sale securities were comprised of the following (in thousands):

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

None of the securities held at December 31, 2010 were other-than-temporarily impaired.

The following table summarizes the fair value and gross unrealized losses related to one available-for-sale security, aggregated by type of investment and length of time that individual securities have been in continuous unrealized loss position, at December 31, 2010 (in thousands):

	Securities in a loss position for less than 12 months		Securities in a loss position for 12 months or more	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Asset-backed securities	$—	$—	$392	$(1)
	$—	$—	$392	$(1)

Accounts Receivable

Accounts receivable, net, consisted of the following as of December 31 (in thousands):

	2011	2010
Accounts receivable	$ 250,211	$210,919
Unearned revenue	(106,519)	(90,753)
Allowance for doubtful accounts	(4,635)	(3,808)
	$ 139,057	$116,358

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

The following table summarizes the activity of the Company's allowance for doubtful accounts (in thousands):

Balance as of December 31, 2008	$ 2,037
Provision for allowance for doubtful accounts	(15)
Recoveries (write-offs)	(346)
Impact of foreign currency exchange	44
Balance as of December 31, 2009	1,720
Provision for allowance for doubtful accounts	2,056
Recoveries (write-offs)	28
Impact of foreign currency exchange	4
Balance as of December 31, 2010	3,808
Provision for allowance for doubtful accounts	4,987
Recoveries (write-offs)	(4,129)
Impact of foreign currency exchange	(31)
Balance as of December 31, 2011	$ 4,635

Other Current Assets

Other current assets consisted of the following as of December 31 (in thousands):

	2011	2010
Restricted cash, current	$ 88,279	$ —
Deferred tax assets, net	42,743	38,696
Prepaid expenses	19,441	17,810
Taxes receivable	24,313	6,857
Other receivables	2,999	4,779
Other current assets	4,381	3,515
	$182,156	$71,657

Restricted cash, current has increased as a result of the Paris 4 IBX Financing (see Note 8).

Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31 (in thousands):

	2011	2010
IBX plant and machinery	$ 1,833,834	$ 1,524,559
Leasehold improvements	958,391	826,540
Buildings	509,359	406,301
IBX equipment	368,530	263,995
Site improvements	305,169	296,759
Computer equipment and software	138,147	114,263
Land	91,314	89,312
Furniture and fixtures	18,144	15,602
Construction in progress	330,780	128,535
	4,553,668	3,665,866
Less accumulated depreciation	(1,327,756)	(1,014,913)
	$ 3,225,912	$ 2,650,953

Leasehold improvements, IBX plant and machinery, computer equipment and software and buildings recorded under capital leases aggregated $132,245,000 and $117,289,000 at December 31, 2011 and 2010, respectively. Amortization on the assets recorded under capital leases is included in depreciation expense and accumulated depreciation on such assets totaled $33,790,000 and $29,235,000 as of December 31, 2011 and 2010, respectively.

Goodwill and Other Intangibles

Goodwill and other intangible assets, net, consisted of the following as of December 31 (in thousands):

	2011	2010
Goodwill:		
Americas	$499,455	$408,730
EMEA	347,018	345,486
Asia-Pacific	20,022	20,149
	$866,495	$774,365
Intangible assets:		
Intangible asset—customer contracts	$171,230	$156,621
Intangible asset—favorable leases	18,315	18,285
Intangible asset—others	5,245	3,483
	194,790	178,389
Accumulated amortization	(46,155)	(27,444)
	$148,635	$150,945

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

	Americas	EMEA	Asia-Pacific	Total
Balance at December 31, 2009	$ —	$362,569	$18,481	$381,050
Switch and Data acquisition (see Note 2)	408,730	—	—	408,730
Impact of foreign currency exchange	—	(17,083)	1,668	(15,415)
Balance at December 31, 2010	408,730	345,486	20,149	774,365
ALOG acquisition (see Note 2)	106,572	—	—	106,572
Impact of foreign currency exchange	(15,847)	1,532	(127)	(14,442)
Balance at December 31, 2011	$499,455	$347,018	$20,022	$866,495

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

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

	Americas	EMEA	Total
Intangible assets, gross at December 31, 2009	$ 2,293	$63,008	$ 65,301
Switch and Data acquisition (see Note 2)	115,970	—	115,970
Impact of foreign currency exchange	176	(3,058)	(2,882)
Intangible assets, gross at December 31, 2010	118,439	59,950	178,389
ALOG acquisition (see Note 2)	19,295	—	19,295
Impact of foreign currency exchange	(3,060)	166	(2,894)
Intangible assets, gross at December 31, 2011	$134,674	$60,116	$194,790

For the years ended December 31, 2011, 2010 and 2009, the Company recorded amortization expense of $19,064,000, $13,632,000 and $5,555,000, respectively, associated with its intangible assets. Estimated future amortization expense related to these intangibles is as follows (in thousands):

Year ending:	
2012	$ 19,439
2013	19,391
2014	19,022
2015	18,553
2016	17,985
Thereafter	54,245
Total	$148,635

Other Assets

Other assets consisted of the following as of December 31 (in thousands):

	2011	2010
Deferred tax assets, net	$ 16,980	$16,955
Deposits	24,304	24,604
Debt issuance costs, net	41,320	34,066
Prepaid expenses, non-current	54,118	9,597
Restricted cash, non-current	4,382	4,309
Other assets, non-current	5,620	1,361
	$146,724	$90,892

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of December 31 (in thousands):

	2011	2010
Accounts payable	$ 23,268	$ 12,585
Accrued compensation and benefits	66,330	53,259
Accrued interest	50,916	25,456
Accrued taxes	43,539	15,707
Accrued utilities and security	21,456	18,346
Accrued professional fees	4,783	3,786
Accrued repairs and maintenance	3,458	2,894
Accrued other	15,293	13,821
	$229,043	$145,854

Other Current Liabilities

Other current liabilities consisted of the following as of December 31 (in thousands):

	2011	2010
Deferred installation revenue	$35,700	$31,149
Customer deposits	13,669	12,624
Deferred recurring revenue	2,918	2,349
Accrued restructuring charges	2,565	3,089
Deferred rent	1,582	585
Deferred tax liabilities, net	394	993
Asset retirement obligations	344	445
Other current liabilities	518	1,394
	$57,690	$52,628

Other Liabilities

Other liabilities consisted of the following as of December 31 (in thousands):

	2011	2010
Deferred tax liabilities, net	$117,995	$103,717
Asset retirement obligations, non-current	56,243	46,322
Deferred rent, non-current	48,372	43,705
Deferred installation revenue, non-current	24,281	19,488
Accrued taxes, non-current	22,226	—
Deferred recurring revenue, non-current	5,472	4,897
Customer deposits, non-current	4,209	4,206
Accrued restructuring charges, non-current	5,255	3,952
Other liabilities	2,371	2,473
	$286,424	$228,760

The following table summarizes the activity of the Company's asset retirement obligation liability (in thousands):

Asset retirement obligations as of December 31, 2008	$12,264
Additions	4,331
Reductions	(75)
Accretion expense	1,149
Impact of foreign currency exchange	41
Asset retirement obligations as of December 31, 2009	17,710
Additions (1)	27,046
Reductions	(1,010)
Accretion expense	2,825
Impact of foreign currency exchange	196
Asset retirement obligations as of December 31, 2010	46,767
Additions	5,804
Accretion expense	4,343
Impact of foreign currency exchange	(327)
Asset retirement obligations as of December 31, 2011	$56,587

(1) Includes $20,262 assumed in connection with the Switch and Data Acquisition.

5. Derivative and Hedging Instruments

The Company has employed interest rate swaps in the past to partially offset its exposure to variability in interest payments due to fluctuations in interest rates for certain of its variable-rate debt in the past; however, as of December 31, 2011 and 2010, the Company had no outstanding interest rate swaps. The Company employs foreign currency forward contracts to partially offset its business exposure to foreign exchange risk for certain existing foreign currency-denominated assets and liabilities.

Other Derivatives–Foreign Currency Forward Contracts

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

The Company has not designated the foreign currency forward contracts as hedging instruments under the accounting standard for derivatives and hedging. Gains and losses on these contracts are included in other income (expense), net, along with those foreign currency gains and losses of the related foreign currency-denominated assets and liabilities associated with these foreign currency forward contracts. The Company entered into various foreign currency forward contracts during the years ended December 31, 2011 and 2010.

The following table sets forth the Company's net gain (loss), which is reflected in other income (expense) on the accompanying consolidated statement of operations, in connection with its foreign currency forward contracts for the years ended December 31 (in thousands):

	2011	2010	2009
Net gain (loss)	$(83)	$(69)	$365

6. Fair Value Measurements

The Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2011 were as follows (in thousands):

	Fair value at December 31, 2011	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
U.S. government securities	$ 573,277	$ —	$573,277	$—
U.S. government agency securities	129,235	—	129,235	—
Cash and money markets	273,032	273,032	—	—
Corporate bonds	64,599	—	64,599	—
Certificates of deposit	28,972	—	28,972	—
Foreign government securities	5,283	—	5,283	—
Commercial paper	1,000	—	1,000	—
Asset-backed securities	947	—	947	—
Foreign currency forward contracts (1)	13	—	13	—
	$1,076,358	$273,032	$803,326	$—

(1) Amounts are included within other current assets in the Company's accompanying consolidated balance sheet.

The Company's financial assets and liabilities measured at fair value on a recurring basis at December 31, 2010 were as follows (in thousands):

	Fair value at December 31, 2010	Fair value measurement using		
		Level 1	Level 2	Level 3
Assets:				
U.S. government securities	$391,957	$ —	$391,957	$—
Cash and money markets	195,860	195,860	—	—
Corporate bonds	2,645	—	2,645	—
Asset-backed securities	2,377	—	2,377	—
	$592,839	$195,860	$396,979	$—
Liabilities:				
Foreign currency forward contracts (1)	$ 58	$ —	$ 58	$—

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

The Company did not have any Level 3 financial assets or financial liabilities during the years ended December 31, 2011 and 2010.

During the years ended December 31, 2011 and 2010, the Company did not have any nonfinancial assets or liabilities measured at fair value on a recurring basis.

Valuation Methods

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

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 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. These investments include certificates of deposit, commercial paper 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 based on the quoted market price of the underlying shares. Such instruments are classified within Level 2 of the fair value hierarchy. Fair value estimates are made as of a specific point in time based on estimates using present value or other valuation techniques. These techniques involve uncertainties and are affected by the assumptions used and the judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors.

The Company determined that the major security types held at December 31, 2011 and 2010 were primarily U.S. government and agency securities, cash and money market funds, commercial paper, corporate bonds, certificate of deposits, asset-backed securities and foreign government securities. The Company uses the specific identification method in computing realized gains or losses. Short-term and long-term investments are classified

as "available-for-sale" and are carried at fair value 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 foreign currency derivatives, the Company uses forward contract and option valuation models employing market observable inputs, such as spot currency rates, time value and option volatilities with adjustments made to these values utilizing the credit default swap rates of our foreign exchange trading counterparties. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit risk valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2011, the Company had assessed the significance of the impact of the credit risk valuation adjustments on the overall valuation of its derivative positions and had determined that the credit risk valuation adjustments were not significant to the overall valuation of its derivatives. Therefore, they are categorized as Level 2.

7. Capital Lease and Other Financing Obligations

Capital lease and other financing obligations consisted of the following as of December 31 (in thousands):

	2011	2010
Paris 3 IBX capital lease	$ 56,052	$ 58,296
Singapore 1 IBX financing	43,020	—
Hong Kong 2 IBX financing	39,339	—
Los Angeles IBX financing	36,344	36,914
Washington, D.C. metro area IBX capital lease	26,625	28,497
U.S. headquarters capital leases	30,757	25,197
New Jersey capital lease	23,357	24,161
New York 5 IBX lease	20,542	—
London IBX financing	16,424	15,917
DC 10 IBX financing	16,420	—
Sunnyvale capital lease	14,718	15,268
San Jose IBX equipment & fiber financing	12,509	13,176
Zurich IBX financing	12,210	12,574
Sydney 3 IBX financing	11,468	11,053
Seattle 3 IBX Financing	8,097	—
Other capital lease and financing obligations	33,929	20,880
	$401,811	$253,945

Paris 3 IBX Capital Lease

In September 2008, the Company entered into a capital lease for a space within a warehouse building in the Paris, France metro area adjacent to one of its existing Paris IBX data centers, which became the Company's third IBX data center in the Paris metro area (the "Paris 3 IBX Capital Lease"). The Company took possession of this property in the fourth quarter of 2008. In April 2010, the Paris 3 IBX Capital Lease was amended to take on additional space effective July 2010, which the Company used to expand its Paris 3 IBX data center. Monthly payments under the Paris 3 IBX Capital Lease commenced in October 2010 and will be made through September 2020 at an effective interest rate of 8.46% per annum.

Singapore 1 IBX Financing

In March 2011, the Company entered into a lease amendment to add space to its existing IBX data center in Singapore (the "Singapore IBX Expansion Project" and the "Singapore 1 IBX Lease"). The Company exercised an option to convert part of the space within the Singapore IBX Expansion Project to meet the Company's needs. The Singapore 1 IBX Lease commenced in April 2011 and has a remaining term of 6.1 years and a total cumulative remaining rent obligation of approximately $15,495,000 (using the exchange rate as of December 31, 2011). The Company began construction in July 2011. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company is considered the owner of the building during the construction phase due to the building work that the Company is undertaking. As a result, the Company recorded a building asset during the construction period and a related financing liability (the "Singapore 1 IBX Financing"). Monthly payments under the Singapore 1 IBX Financing commenced in July 2011 and will be made through April 2017 at an effective interest rate of 3.44% per annum.

Hong Kong 2 IBX Financing

In August 2010, the Company entered into a lease agreement for rental of space which became its second IBX data center in Hong Kong. Additionally, in December 2010, the Company entered into a license agreement with the same Landlord to obtain the right to make structural changes to the leased space (the "Hong Kong 2 IBX Financing"). The Hong Kong 2 IBX Financing has a term of 12 years and a total cumulative rent obligation of approximately $40,447,000. Pursuant to the accounting standard for lessee's involvement in asset construction, the Company was considered the owner of the leased space during the construction phase due to the structural work that the Company undertook, which commenced in January 2011. As a result, in January 2011, the Company recorded a building asset and a related financing obligation liability totaling approximately $38,036,000. Monthly payments under the Hong Kong 2 IBX Financing will commence in March 2012 and will be made through October 2022 at an effective interest rate of 6.93% per annum.

Los Angeles IBX Financing

In December 2005, the Company recorded the Los Angeles IBX Financing. Monthly payments under the Los Angeles IBX Financing commenced in January 2006 and will be made through December 2025 at an effective interest rate of 7.75% per annum.

Washington, D.C. Metro Area IBX Capital Lease

In November 2004, the Company recorded the Washington, D.C. Metro Area IBX Capital Lease. Monthly payments under the Washington, D.C. Metro Area IBX Capital Lease commenced in November 2004 and will be made through October 2019 at an effective interest rate of 8.50% per annum.

U.S. Headquarters Capital Leases

In May 2010, the Company entered into a lease for a building for the Company's new headquarters, which is located at One Lagoon Drive, Redwood City, California (the "U.S. Headquarters Capital Lease"). The Company took possession of this property in July 2010. In August 2011, the Company amended the U.S. Headquarters Capital Lease to add two additional office spaces (the "U.S. Headquarters Capital Leases"). The total cumulative rent obligation under the U.S. Headquarters Capital Leases is approximately $61,222,000 at a weighted-average effective interest rate of 8.75%. Monthly payments under the U.S. Headquarters Capital Leases will be made through September 2030.

New Jersey Capital Lease

In April 2010, the Company assumed a New Jersey capital lease in connection with the Switch and Data Acquisition related to a property in North Bergen, New Jersey (the "New Jersey Capital Lease"). The New Jersey Capital Lease is payable monthly and will be made through July 2023 at an effective interest rate of 8.6% per annum.

DC 10 IBX Financing

In December 2010, the Company entered into a lease for a building that the Company and the landlord is jointly developing to meet the Company's needs and which the Company is in the process of converting into its 10th IBX data center in the Washington, D.C. metro area (the "DC 10 IBX Expansion Project" and the "DC 10 Lease"). Monthly payments under the DC 10 Lease will commence in June 2012 and will be made through November 2023 at an effective interest rate of 11.08%. The DC 10 Lease has a total cumulative rent obligation of

agreement, as amended, allowed the Company the right to purchase the property for a total fee of approximately $19,433,000, payable to a company that held exclusive rights (including power rights) to the property and was already in the process of developing the property into a data center and will now, instead, become the anchor tenant in the Paris 4 IBX data center once it is open for business. The second agreement was entered into with the developer of the property and allowed the Company to take immediate title to the building and associated land and also requires the developer to construct the data center to the Company's specifications and deliver the completed data center to the Company in July 2012 for a total fee of approximately $99,692,000. Both agreements include extended payment terms. The Company made payments under both agreements totaling approximately $35,851,000 during the year ended December 31, 2011 and the remaining payments due totaling approximately $83,274,000 are payable on various dates through March 2013 (the "Paris 4 IBX Financing"). Of the amounts paid or payable under the Paris 4 IBX Financing, a total of approximately $14,951,000 was allocated to land and building assets, $3,320,000 was allocated to a deferred charge, which will be netted against revenue associated with the anchor tenant of the Paris 4 IBX data center over the term of the customer contract, and the remainder totaling $100,854,000 was or will be allocated to construction costs inclusive of interest charges. The Company has imputed an interest rate of 7.86% per annum on the Paris 4 IBX Financing as of December 31, 2011. The Company will record additional construction costs and increase the Paris 4 IBX Financing liability over the course of the construction period. The Paris 4 IBX Financing also required the Company to post approximately $87,915,000 of cash into a restricted cash account to ensure liquidity for the developer during the construction period. As a result, the Company's restricted cash balances (both current and non-current) have increased (refer to "Other Current Assets" and "Other Assets" in Note 4). In January and February 2012, the Company made payments of approximately $48,277,000 from the restricted cash account under the Paris 4 IBX Financing.

Convertible Debt

The Company's convertible debt consisted of the following as of December 31 (in thousands):

	2011	2010
2.50% Convertible Subordinated Notes	$ 250,000	$ 250,000
3.00% Convertible Subordinated Notes	395,986	395,986
4.75% Convertible Subordinated Notes	373,750	373,750
	1,019,736	1,019,736
Less amount representing debt discount	(78,652)	(103,399)
	941,084	916,337
Less current portion	(246,315)	—
	$ 694,769	$ 916,337

2.50% Convertible Subordinated Notes

In March 2007, the Company issued $250,000,000 aggregate principal amount of 2.50% Convertible Subordinated Notes due April 15, 2012 (the "2.50% Convertible Subordinated Notes"). Interest is payable semi-annually on April 15 and October 15 of each year, and commenced October 15, 2007.

The 2.50% Convertible Subordinated Notes are governed by an Indenture dated as of March 30, 2007, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "2.50% Convertible Subordinated Notes Indenture"). The 2.50% Convertible Subordinated Notes Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other

indebtedness, or the issuance or repurchase of securities by the Company. The 2.50% Convertible Subordinated Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

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 2.50% Convertible Subordinated Notes to satisfy its obligation in cash up to 100% of the principal amount of the 2.50% 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.

The initial conversion rate is 8.9259 shares of common stock per $1,000 principal amount of 2.50% Convertible Subordinated Notes, subject to adjustment. This represents an initial conversion price of approximately $112.03 per share of common stock. Holders of the 2.50% 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 June 30, 2007, 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 $145.64 per share as of December 31, 2010 (the "Stock Price Condition Conversion Clause");
- subject to certain exceptions, during the five business day period following any ten consecutive trading day period in which the trading price of the 2.50% 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 (the "2.50% Convertible Subordinated Notes Parity Provision Clause");
- if such Convertible Subordinated Notes have been called for redemption;
- upon the occurrence of specified corporate transactions described in the 2.50% 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 (the "Corporate Action Provision Clause"); or
- at any time on or after March 15, 2012.

Upon conversion, due to the conversion formulas associated with the 2.50% Convertible Subordinated Notes, if the Company's stock is trading at levels exceeding $112.03 per share, and if the Company elects to pay any portion of the consideration in cash, additional consideration beyond the $250,000,000 of gross proceeds received would be required. However, in no event would the total number of shares issuable upon conversion of the 2.50% Convertible Subordinated Notes exceed 11.6036 per $1,000 principal amount of Convertible Subordinated Notes, subject to anti-dilution adjustments, or the equivalent of $86.18 per share of common stock or a total of 2,900,900 shares of the Company's common stock. As of December 31, 2011, the 2.50% Convertible Subordinated Notes were convertible into 2,231,475 shares of the Company's common stock.

The conversion rates may be adjusted upon the occurrence of certain events, including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the 2.50% Convertible Subordinated Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited. The 2.50% Convertible Subordinated Notes called for redemption may be surrendered for conversion prior to the close of business on the business day immediately preceding the redemption date.

The Company may only redeem all or a portion of the 2.50% Convertible Subordinated Notes at any time after April 16, 2010 for cash but only if the closing sale price of the Company's common stock for at least 20 of the 30 consecutive trading days immediately prior to the day the Company gives notice of redemption is greater than 130% of the applicable conversion price per share of common stock on the date of the notice, which was $145.64 per share as of December 31, 2011. The redemption price will equal 100% of the principal amount of the 2.50% Convertible Subordinated Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Holders of the 2.50% Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the 2.50% Convertible Subordinated Notes upon the occurrence of a fundamental change such as change of control at a purchase price equal to 100% of the principal amount of the 2.50% Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the 2.50% Convertible Subordinated Notes in connection with such change of control in certain circumstances.

The Company's 2.50% Convertible Subordinated Notes fall within the scope of the accounting standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) due to the Company's ability to elect to repay the 2.50% Convertible Subordinated Notes in cash. The Company separately accounts for the liability and equity component in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods as prescribed in the FASB standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement).

The Company has determined that the embedded conversion option in the 2.50% Convertible Subordinated Notes is not required to be separately accounted for as a derivative under the accounting standard for derivatives and hedging. Under the accounting standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement), the Company separated the 2.50% Convertible Subordinated Notes into a liability component and an equity component. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The carrying amount of the equity component representing the embedded conversion option was determined by deducting the fair value of the liability component from the initial proceeds ascribed to the 2.50% Convertible Subordinated Notes as a whole. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the expected life of a similar liability that does not have an associated equity component using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification as prescribed in the accounting standard for derivative financial instruments indexed to, and potentially settled in, an entity's own common stock and the accounting standard for determining whether an instrument (or embedded feature) is indexed to an entity's own stock.

Issuance and transaction costs incurred at the time of the issuance of the 2.50% Convertible Subordinated Notes with third parties are allocated to the liability and equity components in proportion to the allocation of proceeds and accounted for as debt issuance costs and equity issuance costs, respectively. The 2.50% Convertible Subordinated Notes consisted of the following as of December 31 (in thousands):

	2011	2010
Equity component (1)	$ 52,263	$ 52,263
Liability component :		
Principal	$250,000	$250,000
Less: debt discount, net (2)	(3,685)	(15,815)
Net carrying amount	$246,315	$234,185

(1) Included in the consolidated balance sheets within additional paid-in capital.

(2) Included in the consolidated balance sheets within convertible debt and is amortized over the remaining life of the 2.50% Convertible Subordinated Notes.

As of December 31, 2010, the remaining life of the 2.50% Convertible Subordinated Notes was 0.29 years.

The following table sets forth total interest expense recognized related to the 2.50% Convertible Subordinated Notes during the year ended December 31 (in thousands):

	2011	2010
Contractual interest expense	$ 6,250	$ 6,250
Amortization of debt issuance costs	1,228	1,236
Amortization of debt discount	12,130	11,242
Total interest expense	$19,608	$18,728
Effective interest rate of the liability component	8.37%	8.37%

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"). Interest is payable semi-annually on April 15 and October 15 of each year, and commenced April 15, 2008.

The 3.00% Convertible Subordinated Notes are governed by an Indenture dated as of September 26, 2007, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "3.00% Convertible Subordinated Notes Indenture"). The 3.00% Convertible Subordinated Notes Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by the Company. The 3.00% Convertible Subordinated Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

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 December 31, 2011, the 3.00% Convertible Subordinated Notes were convertible into 2,944,551 shares of the Company's common stock.

The conversion rates may be adjusted upon the occurrence of certain events, including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the 3.00% Convertible Subordinated Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited. The Company may not redeem the 3.00% Convertible Subordinated Notes at its option.

Holders of the 3.00% Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the Convertible Subordinated Notes upon the occurrence of a fundamental change such as change of control at a purchase price equal to 100% of the principal amount of the 3.00% Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the 3.00% Convertible Subordinated Notes in connection with such change of control in certain circumstances.

The Company has considered the accounting standard for debt with conversion and other options and for derivatives and hedging and has determined that the 3.00% Convertible Subordinated Notes do not contain a beneficial conversion feature as the fair value of the Company's common stock on the date of issuance was less than the initial conversion price outlined in the agreement.

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"). Interest is payable semi-annually on June 15 and December 15 of each year, beginning December 15, 2009.

The 4.75% Convertible Subordinated Notes are governed by an Indenture dated as of June 12, 2009, between the Company, as issuer, and U.S. Bank National Association, as trustee (the "4.75% Convertible Subordinated Notes Indenture"). The 4.75% Convertible Subordinated Notes Indenture does not contain any financial covenants or any restrictions on the payment of dividends, the incurrence of senior debt or other indebtedness, or the issuance or repurchase of securities by the Company. The 4.75% Convertible Subordinated Notes are unsecured and rank junior in right of payment to the Company's existing or future senior debt and equal in right of payment to the Company's existing and future subordinated debt.

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, 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.

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 (the "4.75% Convertible Subordinated Notes Parity Provision Clause");

- 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 (the "Corporate Action Provision Clause"); or
- at any time on or after March 15, 2016.

Upon conversion, if the Company elected to pay a sufficiently large portion of the conversion obligation in cash, additional consideration beyond the $373,750,000 of gross proceeds received would be required. As of December 31, 2011, the 4.75% Convertible Subordinated Notes were convertible into 4,432,638 shares of the Company's common stock.

The conversion rates may be adjusted upon the occurrence of certain events, including for any cash dividend, but they will not be adjusted for accrued and unpaid interest. Holders of the 4.75% Convertible Subordinated Notes will not receive any cash payment representing accrued and unpaid interest upon conversion of a note. Accrued but unpaid interest will be deemed to be paid in full upon conversion rather than cancelled, extinguished or forfeited.

The Company does not have the right to redeem the 4.75% Convertible Subordinated Notes at its option. Holders of the 4.75% Convertible Subordinated Notes have the right to require the Company to purchase with cash all or a portion of the 4.75% Convertible Subordinated Notes upon the occurrence of a fundamental change, such as a change of control at a purchase price equal to 100% of the principal amount of the 4.75% Convertible Subordinated Notes plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. Following certain corporate transactions that constitute a change of control, the Company will increase the conversion rate for a holder who elects to convert the 4.75% Convertible Subordinated Notes in connection with such change of control in certain circumstances.

Under an accounting standard for convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement), the Company separated the 4.75% Convertible Subordinated Notes into a liability component and an equity component. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The carrying amount of the equity component representing the embedded conversion option was determined by deducting the fair value of the liability component from the initial proceeds ascribed to the 4.75% Convertible Subordinated Notes as a whole. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the expected life of a similar liability that does not have an associated equity component using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification as prescribed in the accounting standard for derivative financial instruments indexed to, and potentially settled in, an entity's own common stock and the accounting standard for determining whether an instrument (or embedded feature) is indexed to an entity's own stock.

Issuance and transaction costs incurred at the time of the issuance of the 4.75% Convertible Subordinated Notes with third parties are allocated to the liability and equity components and accounted for as debt issuance costs and equity issuance costs, respectively. The 4.75% Convertible Subordinated Notes consisted of the following as of December 31 (in thousands):

	2011	2010
Equity component (1)	$104,794	$104,794
Liability component:		
Principal	$373,750	$373,750
Less: debt discount, net (2)	(74,967)	(87,584)
Net carrying amount	$298,783	$286,166

(1) Included in the consolidated balance sheets within additional paid-in capital.
(2) Included in the consolidated balance sheets within convertible debt and is amortized over the remaining life of the 4.75% Convertible Subordinated Notes.

As of December 31, 2011, the remaining life of the 4.75% Convertible Subordinated Notes was 4.46 years.

The following table sets forth total interest expense recognized related to the 4.75% Convertible Subordinated Notes for the year ended December 31 (in thousands):

	2011	2010
Contractual interest expense	$17,753	$17,753
Amortization of debt issuance costs	1,029	1,033
Amortization of debt discount	12,617	11,390
	$31,399	$30,176
Effective interest rate of the liability component	10.88%	10.88%

To minimize the impact of potential dilution upon conversion of the 4.75% Convertible Subordinated Notes, the Company entered into capped call transactions (“the Capped Call”) separate from the issuance of the 4.75% Convertible Subordinated Notes and paid a premium of $49,664,000 for the Capped Call. The Capped Call covers a total of approximately 4,432,638 shares of the Company’s common stock, subject to adjustment. Under the Capped Call, the Company effectively raised the conversion price of the 4.75% Convertible Subordinated Notes from $84.32 to $114.82. Depending upon the Company’s stock price at the time the 4.75% Convertible Subordinated Notes are redeemed, the Capped Call will return up to 1,177,456 shares of the Company’s common stock to the Company; however, the Company will receive no benefit from the Capped Call if the Company’s stock price is $84.32 or lower at the time of conversion and will receive less shares than the 1,177,456 share maximum as described above for share prices in excess of $114.82 at the time of conversion than it would have received at a share price of $114.82 (the Company’s benefit from the Capped Call is capped at $114.82 and the benefit received begins to decrease above this price). In connection with the Capped Call, the Company recorded a $19,000 derivative loss in its consolidated statement of operations for the year ended December 31, 2009, and the remaining $49,645,000 was recorded in additional paid-in capital pursuant to the accounting standard for derivative financial instruments indexed to, and potentially settled in, an entity’s own common stock and the accounting standard for determining whether an instrument (or embedded feature) is indexed to an entity’s own stock.

Senior Notes

The Company's senior notes consisted of the following as of December 31 (in thousands):

	2011	2010
8.125% senior notes due 2018	$ 750,000	$750,000
7.00% senior notes due 2021	750,000	—
	$1,500,000	$750,000

8.125% Senior Notes

In February 2010, the Company issued $750,000,000 aggregate principal amount of 8.125% Senior Notes due March 1, 2018 (the "Senior Notes"). Interest is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2010.

The Senior Notes are governed by an Indenture dated March 3, 2010 between the Company, as issuer, and U.S. Bank National Association, as trustee (the "Senior Notes Indenture"). The Senior Notes Indenture contains covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

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

Each of these restrictions has a number of important qualifications and exceptions. The Senior Notes are unsecured and rank equal in right of payment to the Company's existing or future senior debt and senior in right of payment to the Company's existing and future subordinated debt. The Senior Notes will be effectively junior to any of the Company's existing and future secured indebtedness and any indebtedness of its subsidiaries.

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

	Redemption price of the Senior Notes
2014	104.0625%
2015	102.0313%
2016 and thereafter	100.0000%

In addition, at any time prior to March 1, 2014, the Company may also redeem all or a part of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus applicable premium (the "Applicable Premium") and accrued and unpaid interest, if any, to, but not including, the date of redemption (the "Redemption Date"). The Applicable Premium means the greater of:

- 1.0% of the principal amount of the Senior Notes; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at March 1, 2014 as shown in the above table, plus (ii) all required interest payments due on the Senior Notes through March 1, 2014 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity of the United States Treasury securities with a constant maturity most nearly equal to the period from the redemption date to March 1, 2014, plus 0.50%; over (b) the principal amount of the Senior Notes.

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

Debt issuance costs related to the Senior Notes, net of amortization, were $11,212,000 as of December 31, 2011.

7.00% Senior Notes

In July 2011, the Company issued $750,000,000 aggregate principal amount of 7.00% Senior Notes due July 15, 2021 (the "7.00% Senior Notes"). Interest is payable semi-annually in arrears on January 15 and July 15 of each year, commencing on January 15, 2012.

The 7.00% Senior Notes are governed by an indenture dated July 6, 2011 between the Company, as issuer, and U.S. Bank National Association, as trustee (the "7.00% Senior Notes Indenture"). The 7.00% Senior Notes Indenture contains covenants that limit the Company's ability and the ability of its subsidiaries to, among other things:

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

- merge or consolidate with any other person.

Each of these restrictions has a number of important qualifications and exceptions. The 7.00% Senior Notes are unsecured and rank equal in right of payment to the Company's existing or future senior debt and senior in right of payment to the Company's existing and future subordinated debt including the Company's convertible debt. The 7.00% Senior Notes are effectively junior to any of the Company's existing and future secured indebtedness and any secured indebtedness of its subsidiaries. The 7.00% Senior Notes are also structurally subordinated to all debt and other liabilities (including trade payables) of the Company's subsidiaries and will continue to be subordinated to the extent that these subsidiaries do not guarantee the 7.00% Senior Notes in the future.

At any time prior to July 15, 2014, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the 7.00% Senior Notes outstanding under the 7.00% Senior Notes Indenture, at a redemption price equal to 107.000% of the principal amount of the 7.00% Senior Notes to be redeemed, plus accrued and unpaid interest to, but not including, the redemption date, with the net cash proceeds of one or more equity offerings, provided that (i) at least 65% of the aggregate principal amount of the 7.00% Senior Notes issued under the 7.00% Senior Notes Indenture remains outstanding immediately after the occurrence of such redemption and (ii) the redemption must occur within 90 days of the date of the closing of such equity offerings. On or after July 15, 2016, the Company may redeem all or a part of the 7.00% Senior Notes, on any one or more occasions, at the redemption prices set forth below plus accrued and unpaid interest thereon, if any, up to, but not including, the applicable redemption date, if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

	Redemption price of the Senior Notes
2016	103.500%
2017	102.333%
2018	101.167%
2019 and thereafter	100.000%

In addition, at any time prior to July 15, 2016, the Company may also redeem all or a part of the 7.00% Senior Notes at a redemption price equal to 100% of the principal amount of the 7.00% Senior Notes redeemed plus applicable premium (the "Applicable Premium") and accrued and unpaid interest, if any, to, but not including, the date of redemption (the "Redemption Date"). The Applicable Premium means the greater of:

- 1.0% of the principal amount of the 7.00% Senior Notes to be redeemed; and
- the excess of: (a) the present value at such redemption date of (i) the redemption price of the 7.00% Senior Notes to be redeemed at July 15, 2016 as shown in the above table, plus (ii) all required interest payments due on these 7.00% Senior Notes through July 15, 2016 (excluding accrued but unpaid interest, if any, to, but not including the redemption date), computed using a discount rate equal to the yield to maturity as of the redemption date of the United States Treasury securities with a constant maturity most nearly equal to the period from the redemption date to July 15, 2016, plus 0.50%; over (b) the principal amount of the 7.00% Senior Notes to be redeemed.

Upon a change in control, the Company will be required to make an offer to purchase each holder's 7.00% Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase.

Debt issuance costs related to the 7.00% Senior Notes, net of amortization, were $13,568,000 as of December 31, 2011.

Loss on Debt Extinguishment and Interest Rate Swaps, Net

Loss on debt extinguishment and interest rate swaps, net for the year ended December 31, 2010 consisted of the following (in thousands):

Debt extinguishment on loans payable	$ 2,764
Debt extinguishment on capital lease obligations	(36)
Debt extinguishment on mortgage payable	(5,356)
Loss on debt extinguishment, net	(2,628)
Loss on interest rate swaps	(7,559)
Loss on debt extinguishment and interest rate swaps, net	$(10,187)

Maturities of Debt Facilities

The following table sets forth maturities of the Company's debt, including loans payable, convertible debt and senior notes, as of December 31, 2011 (in thousands):

Year ending:	
2012	$ 333,755
2013	65,939
2014	463,749
2015	35,088
2016	298,788
Thereafter	1,500,000
	$2,697,319

Fair Value of Debt Facilities

The following table sets forth the estimated fair values of the Company's loans payable, senior notes and convertible debt, including current maturities, as of December 31 (in thousands):

	2011	2010
Loans payable	$ 269,451	$126,958
Convertible debt	1,057,801	995,012
Senior Notes	1,612,287	816,270

Interest Charges

The following table sets forth total interest costs incurred and total interest costs capitalized for the years ended December 31 (in thousands):

	2011	2010	2009
Interest expense	$181,303	$140,475	$74,232
Interest capitalized	11,943	10,349	12,853
Interest charges incurred	$193,246	$150,824	$87,085

9. Redeemable Non-Controlling Interests

As a result of the ALOG Acquisition (Note 2), the Company recorded redeemable non-controlling interests. Given the provisions in the ALOG Acquisition related to the put options and call options, the Company adjusts its redeemable non-controlling interests to redemption value on each balance sheet date with corresponding increases/decreases recognized as adjustments to retained earnings or, in the absence of retained earnings, additional paid-in capital.

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

Balance at December 31, 2010	$ —
ALOG acquisition (Note 2)	66,777
Net loss attributable to redeemable non-controlling interests	(1,394)
Foreign currency loss attributable to redeemable non-controlling interests	(7,110)
Change in redemption value of non-controlling interests	11,476
Impact of foreign currency exchange	(2,148)
Balance at December 31, 2011	$67,601

10. Stockholders' Equity

The Company's authorized share capital is 300,000,000 shares of common stock and 100,000,000 shares of preferred stock, of which 25,000,000 is designated Series A, 25,000,000 is designated as Series A-1 and 50,000,000 is undesignated. As of December 31, 2011 and 2010, the Company had no preferred stock issued and outstanding.

Common Stock

As of December 31, 2011, the Company has reserved the following shares of authorized but unissued shares of common stock for future issuance:

Conversion of 2.50% Convertible Subordinated Notes	2,900,900
Conversion of 3.00% Convertible Subordinated Notes	4,711,283
Conversion of 4.75% Convertible Subordinated Notes	4,432,638
Common stock options and restricted stock units	9,429,292
Common stock employee purchase plans	2,849,528
	24,323,641

Accumulated Other Comprehensive Income (Loss)

The components of the Company's accumulated other comprehensive loss consisted of the following as of December 31 (in thousands):

	2011	2010
Foreign currency translation loss, net of tax of $127 and $151	$(150,872)	$(112,096)
Unrealized gain on available for sale securities, net of tax of $48 and $203	64	78
Accumulated other comprehensive loss, net of tax	(150,808)	(112,018)
Accumulated other comprehensive loss attributable to redeemable non-controlling interests, net of tax of $0 and $0	7,110	—
Accumulated other comprehensive loss, net of tax, attributable to Equinix	$(143,698)	$(112,018)

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. During the year ended December 31, 2011, 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 results of operations because the foreign denominations translated into more U.S. dollars; however, the U.S. dollar began to strengthen towards the end of 2011 which had a negative impact on the Company's consolidated balance sheets as evidenced by an increase in foreign currency translation loss for the year ended December 31, 2011 compared to the year ended December 31, 2010 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 does business 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.

Share Repurchase Program

In November 2011, the Company's Board of Directors (the "Board") approved a share repurchase program (the "Share Repurchase Program") to repurchase up to $250,000,000 in value of the Company's common stock in the open market or private transactions through December 31, 2012. The Share Repurchase Program was designed to return value to the Company's shareholders and minimize dilution from stock issuances.

During the year ended December 31, 2011, the Company repurchased a total of 870,421 shares of its common stock in the open market at an average price of $99.57 per share for a total consideration of $86,666,000 under the Share Repurchase Program.

11. Stock-Based Compensation

ALOG Equity Awards

In July 2011, ALOG, in which the Company has an indirect controlling interest (see Note 2), granted 885,840 stock options to purchase common shares of ALOG to certain of ALOG's employees (the "ALOG Stock Options"). The ALOG Stock Options are accounted for as liability-classified awards under the accounting standard for share-based payments and will be re-measured each reporting period prospectively until the

underlying shares are settled. Under certain circumstances, the ALOG Stock Options are eligible for net cash settlement by the stock option holders. The ALOG Stock Options vest annually and have a vesting period of 4 years. The average fair value per share of the ALOG Stock Options on the date of the grant was approximately $2.50, which was computed using the Black-Scholes model with assumptions as follows:

Average exercise price	$8.34
Expected life (years)	2.75
Dividend yield	0%
Volatility	55%
Risk-free interest rate	12.9%

During the year ended December 31, 2011, no stock options related to the ALOG Stock Options were vested, exercised or cancelled.

Equinix Equity Awards

Equity Compensation Plans

In May 2000, the Company's stockholders approved the adoption of the 2000 Equity Incentive Plan as the successor plan to the 1998 Stock Plan. Beginning in August 2000, the Company no longer issued additional grants under the 1998 Stock Plan, and unexercised options under the 1998 Stock Plan that cancel due to an optionee's termination may be reissued under the successor 2000 Equity Incentive Plan. Under the 2000 Equity Incentive Plan, nonstatutory stock options, restricted shares, restricted stock units, and stock appreciation rights may be granted to employees, outside directors and consultants at not less than 85% of the fair value on the date of grant, and incentive stock options may be granted to employees at not less than 100% of the fair value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and equity awards granted to employees and consultants on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the optionee. Equity awards granted under the 2000 Equity Incentive Plan generally vest over four years. As of December 31, 2011, the Company had reserved a total of 16,807,926, shares for issuance under the 2000 Equity Incentive Plan of which 6,064,984 were still available for grant. The plan reserve was increased on January 1 each year through January 1, 2010 by the lesser of 6% of the common stock then outstanding or 6,000,000 shares. The 2000 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors (the "Compensation Committee"), and the Compensation Committee may terminate or amend the plan, with approval of the stockholders as may be required by applicable law, at any time.

In May 2000, the Company's stockholders approved the adoption of the 2000 Director Option Plan, which was amended and restated effective January 1, 2003. Under the 2000 Director Option Plan, each non-employee board member who was not previously an employee of the Company will receive an automatic initial nonstatutory stock option grant, which vests in four annual installments. In addition, each non-employee board member will receive an annual non-statutory stock option grant on the date of the Company's regular Annual Meeting of Stockholders, provided the board member will continue to serve as a director thereafter. Such annual option grants shall vest in full on the earlier of a) the first anniversary of the grant, or b) the date of the regular Annual Meeting of Stockholders held in the year following the grant date. A new director who receives an initial option will not receive an annual option in the same calendar year. Options granted under the 2000 Director Option Plan will have an option price not less than 100% of the fair value on the date of grant and will have a 10-year contractual term, subject to continuous service of the board member. On December 18, 2008, the Company's Board of Directors passed resolutions eliminating all automatic stock option grant mechanisms under the 2000 Director Option Plan, and replaced them with an automatic restricted stock unit grant mechanism under

the 2000 Equity Incentive Plan. As of December 31, 2011, the Company had reserved 593,440 shares subject to options for issuance under the 2000 Director Option Plan of which 505,938 were still available for grant. An additional 50,000 shares was added to the reserve on January 1 each year through January 1, 2010. The 2000 Director Option Plan is administered by the Compensation Committee and the Compensation Committee may terminate or amend the plan, with approval of the stockholders as may be required by applicable law, at any time.

In September 2001, the Company adopted the 2001 Supplemental Stock Plan, under which non-statutory stock options and restricted shares/restricted stock units may be granted to consultants and employees who are not executive officers or board members, at not less than 85% of the fair value on the date of grant. Options granted prior to October 1, 2005 generally expire 10 years from the grant date, and options granted on or after October 1, 2005 will generally expire seven years from the grant date, subject to continuous service of the optionee. Current stock options granted under the 2001 Supplemental Stock Plan generally vest over four years. As of December 31, 2011, the Company had reserved a total of 1,493,961 shares for issuance under the 2001 Supplemental Stock Plan, of which 260,189 were still available for grant. The 2001 Supplemental Stock Plan is administered by the Compensation Committee, and the plan will continue in effect indefinitely unless the Compensation Committee decides to terminate it earlier.

The 1998 Stock Plan, 2000 Equity Incentive Plan, 2000 Director Option Plan, 2001 Supplemental Stock Plan and Switch and Data 2007 Stock Incentive Plan are collectively referred to as the "Equity Compensation Plans."

Stock Options

Stock option activity under the Equity Compensation Plans is summarized as follows:

	Number of shares outstanding	Weighted-average exercise price per share	Weighted-average remaining contractual life (years)	Aggregate intrinsic value (2) (dollars in thousands)
Stock options outstanding at December 31, 2008	2,557,453	$ 63.18		
Stock options granted	—	—		
Stock options exercised	(621,628)	48.89		
Stock options canceled	(64,854)	97.58		

as determined by the Compensation Committee from time to time, and the offering periods last up to 24 months with a purchase date every six months. The price of each share purchased is 85% of the lower of a) the fair value per share of common stock on the last trading day before the commencement of the applicable offering period or b) the fair value per share of common stock on the purchase date. The 2004 Purchase Plan is administered by the Compensation Committee of the Board of Directors, and such plan will terminate automatically in June 2014 unless a) the 2004 Purchase Plan is extended by the Board of Directors and b) the extension is approved within 12 months by the Company's stockholders.

The Company provides the following disclosures for employee stock purchase plan as of December 31 (dollars):

	2011	2010	2009
Weighted average purchase price per share	$61.17	$46.80	$43.57
Weighted average grant-date fair value per share of shares purchased	27.58	28.97	29.17

The Company uses the Black-Scholes option-pricing model to determine the fair value of shares purchased under the 2004 Purchase Plan with the following weighted average assumptions for the years ended December 31:

	2011	2010	2009
Dividend yield	0%	0%	0%
Expected volatility	47%	51%	48%
Risk-free interest rate	0.43%	1.48%	2.70%
Expected life (in years)	1.25	1.25	1.25

Stock-Based Compensation Recognized in the Consolidated Statement of Operations

The Company generally recognizes stock-based compensation expense on a straight-line basis over the requisite service period of the awards. However, for awards with market condition or performance condition, stock-based compensation expense is recognized on a straight-line basis over the requisite service period for each vesting tranche of the award.

As of December 31, 2011, the total stock-based compensation cost related to unvested equity awards not yet recognized, net of estimated forfeitures, totaled $106,786,000 which is expected to be recognized over a weighted-average period of 2.09 years.

The following table presents, by operating expense, the Company's stock-based compensation expense recognized in the Company's consolidated statement of operations for the three years ended December 31 (in thousands):

	2011	2010	2009
Cost of revenues	$ 5,964	$ 6,082	$ 5,908
Sales and marketing	14,558	12,666	10,329
General and administrative	51,010	48,740	36,819
Restructuring charges (1)	—	1,488	—
	$71,532	$68,976	$53,056

(1) See note 16, "Switch and Data Restructuring Charge".

The Company's stock-based compensation recognized in the consolidated statement of operations was comprised of the following types of equity awards for the years ended December 31 (in thousands):

	2011	2010	2009
Stock options	$ 3,712	$12,604	$16,008
Restricted shares and restricted stock units	61,894	50,830	30,479
Employee stock purchase plans	5,926	5,542	6,569
	$71,532	$68,976	$53,056

During the years ended December 31, 2011, 2010 and 2009, the Company capitalized $1,431,000, $1,240,000 and $747,000, respectively, of stock-based compensation expense as construction in progress in property, plant and equipment.

12. Income Taxes

Income or loss before income taxes is attributable to the following geographic locations for the years ended December 31 (in thousands):

	2011	2010	2009
Domestic	$ 44,163	$ (1,942)	$ 69,343
Foreign	86,798	51,822	39,685
Income before income taxes and income (loss) attributable to redeemable non-controlling interests	$130,961	$49,880	$109,028

The provision for income tax consisted of the following components for the years ended December 31 (in thousands):

	2011	2010	2009
Current:			
Federal	$ —	$ —	$ (152)
State and local	(3,005)	(169)	(3,010)
Foreign	(24,730)	(6,197)	(8,957)
Subtotal	(27,735)	(6,366)	(12,119)
Deferred:			
Federal	(13,563)	(3,162)	(30,288)
State and local	2,594	(1,017)	(1,957)
Foreign	353	(2,454)	4,767
Subtotal	(10,616)	(6,633)	(27,478)
Benefit (provision) for income taxes	$(38,351)	$(12,999)	$(39,597)

State and foreign taxes not based on income are included in general and administrative expenses and the aggregated amount is insignificant for the fiscal years ended December 31, 2011, 2010 and 2009.

The fiscal 2011, 2010 and 2009 income tax benefit (expense) differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pre-tax income as a result of the following for the years ended December 31 (in thousands):

	2011	2010	2009
Federal tax at statutory rate	$(45,836)	$(17,459)	$(38,160)
State and local taxes	680	(1,186)	(4,967)
Deferred tax assets generated in current year not benefited	—	(7,088)	(6,028)
Foreign income tax rate differential	7,796	5,098	4,830
Non-deductible expenses	(941)	(4,228)	(569)
Stock-based compensation expense	(943)	(560)	(2,758)
Change in valuation allowance	2,493	7,697	8,830
Foreign financing benefits	5,418	7,238	—
Uncertain tax positions reserve	(5,733)	(641)	(15)
Other, net	(1,285)	(1,870)	(760)
Total tax benefit (expense)	$(38,351)	$(12,999)	$(39,597)

The Company has not provided for deferred taxes on the excess of the financial reporting over the tax basis in its investments in foreign subsidiaries that are considered permanent in duration because the Company intends to reinvest the earnings outside the U.S. for an indefinite period of time. It is not practicable to determine these additional taxes. As of December 31, 2011, a number of the Company's foreign subsidiaries had positive cumulative undistributed earnings representing a total of approximately $121,000,000.

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are set out below as of December 31 (in thousands):

	2011	2010
Deferred tax assets:		
Reserves and accruals	$ 44,316	$ 31,884
Charitable contributions	142	141
Stock-based compensation expense	24,152	20,493
Unrealized currency losses	156	3
State taxes	1,042	25
Operating loss carryforwards	129,929	164,192
Gross deferred tax assets	199,737	216,738
Valuation allowance	(39,587)	(42,040)
Total deferred tax assets, net	160,150	174,698
Deferred tax liabilities:		
Property, plant and equipment	(96,061)	(81,198)
Debt discount	(18,074)	(26,154)
Fixed assets fair value step-up	(48,802)	(59,642)
Intangible assets	(55,879)	(56,763)
Total deferred tax liabilities	(218,816)	(223,757)
Net deferred tax liabilities	$ (58,666)	$ (49,059)

The $58,666,000 of net deferred tax liabilities as of December 31, 2011 are attributable to the Company's operations in the United States, Canada and certain entities in Europe. The $49,059,000 of net deferred tax liabilities as of December 31, 2010 are attributable to the Company's operations in the United States, Canada and certain entities in Europe.

As a result of the ALOG Acquisition, the Company recognized net deferred tax assets in Brazil of $1,371,000 attributable to net operating loss carry-forwards. In addition, as a result of the Switch and Data Acquisition, the Company recognized deferred tax liabilities in the U.S. and Canada of $66,493,000 attributable to identifiable intangibles and fixed assets' fair value step-ups related to the purchase. The Company's deferred tax assets and liabilities are included in other current assets, other current liabilities, other assets and other liabilities on the accompanying consolidated balance sheets as of December 31, 2011 and 2010.

The Company's accounting for deferred taxes involves weighing positive and negative evidence concerning the realizability of the Company's deferred tax assets in each tax jurisdiction. After considering such evidence as the nature, frequency and severity of current and cumulative financial reporting losses, and the sources of future taxable income and tax planning strategies, management concluded that a 100% valuation allowance was required in certain foreign jurisdictions. A valuation allowance is provided for the deferred tax assets, net of deferred tax liabilities, associated with the Company's operations in certain jurisdictions located in the Company's Americas, Asia Pacific and European regions. The operations in these jurisdictions still have significant losses as of the end of 2011. As such, management does not believe these operations have established a sustained history of profitability and that a valuation allowance is therefore necessary.

During the year ended December 31, 2011, the Company released the valuation allowance of $2,493,000 against the deferred tax assets of one of its Swiss entities as the Swiss entity merged into another profitable entity in the same jurisdiction while preserving all of its tax attributes. The combined entities are expected to be profitable in future years. Upon evaluating the positive and negative evidence, management concluded it is more likely than not that the deferred tax assets of both entities will be fully realizable in the foreseeable future.

During the year ended December 31, 2010, the Company released the valuation allowances of $5,200,000 and $2,100,000, respectively, against the deferred tax assets with one of its German entities and one of its Singaporean entities, as the German entity had sustained the consecutive two years of profitability and was expected to be profitable in future years while the Singapore entity merged into another profitable entity in the same jurisdiction while preserving all of its tax attributes. Upon evaluating the positive and negative evidence, management concluded it was more likely than not that the deferred tax assets of both entities would be fully realizable in the foreseeable future. Both entities continued their profitability in 2011.

During the year ended December 31, 2009, the Company released the valuation allowances of $3,119,000 and $5,196,000, respectively, against the deferred tax assets in Hong Kong and one of its U.K. entities as both entities had become profitable. Upon evaluating the positive and negative evidence, management concluded it was more likely than not that the deferred tax assets would be fully realizable in its operations in both entities. Both entities continued their profitability in 2011.

Federal and state tax laws, including California tax laws, impose substantial restrictions on the utilization of net operating loss and credit carryforwards in the event of an "ownership change" for tax purposes, as defined in Section 382 of the Internal Revenue Code. In 2003, the Company conducted an analysis to determine whether an ownership change had occurred due to significant stock transactions in each of the reporting years disclosed at that time. The analysis indicated that an ownership change occurred during fiscal year 2002, which resulted in an annual limitation of approximately $819,000 for net operating loss carryforwards generated prior to 2003.

Therefore, the Company substantially reduced its federal and state net operating loss carryforwards for the periods prior to 2003 to approximately $16,400,000. In addition, an ownership change under Section 382 of the Internal Revenue Code was triggered in September 2007 by the issuance of 4,211,939 shares of the Company's common stock. However, the annual limitation associated with this ownership change is not meaningful due to the substantial market capitalization of the Company at the time of the ownership change. The Company determined that no Section 382 ownership change occurred in 2011. In addition, the net operating loss acquired in the Switch and Data Acquisition is subject to the Section 382 limitation; however, the Company has determined that none of the acquired net operating loss will expire unused as a result of the limitation.

As of December 31, 2011, the Company's net operating loss carryforwards for federal and state income tax purposes which expire, if not utilized, at various intervals from 2012, are outlined below (in thousands):

Expiration Date	Federal (1)	States (1)	Foreign	Total (1)
2012 to 2014	$ —	$ 5,683	$ 116	$ 5,799
2015 to 2017	—	176,590	21,923	198,513
2018 to 2020	82,548	32,499	24,969	140,016
2021 to 2023	255,419	64,155	—	319,574
2024 to 2026	54,354	18,933	—	73,287
2027 to 2029	149,147	26,151	—	175,298
Thereafter	151,041	20,626	63,438	235,105
	$692,509	$344,637	$110,446	$1,147,592

(1) The total amount of net operating loss carryforwards that will not be available to offset the Company's future taxable income due to section 382 limitations was $372,130,000, comprising $241,766,000 of federal and $130,364,000 of state.

Approximately $145,000,000 of the total net operating loss carryforwards is attributable to excess tax deductions related to employee stock awards, the benefit from which will be credited to additional paid-in capital when subsequently utilized in future years.

The beginning and ending balances of the Company's unrecognized tax benefits are reconciled below for the years ended December 31, (in thousands):

	2011	2010	2009
Beginning balance	$16,616	$ 1,559	$1,187
Gross increases related to prior year tax positions	23,053	14,742	112
Gross decreases related to prior year tax positions	(690)	—	—
Gross increases related to current year tax positions	4,692	315	260
Decreases resulting from expiration of statute of limitation	(26)	—	—
Decreases resulting from settlements	(84)	—	—
Ending balance	$43,561	$16,616	$1,559

As a result of the ALOG Acquisition, the Company's unrecognized tax benefits increased by $22,918,000 for various uncertain tax positions related to prior years. In addition, as a result of the Switch and Data Acquisition, the Company increased the unrecognized tax benefits by $13,893,000 related to the uncertain tax positions taken prior to the Switch and Data Acquisition. For the year ended December 31, 2011, the Company recognized $2,227,000 of interest and penalties associated with the unrecognized tax benefits in its statement of operations.

The unrecognized tax benefits of $43,561,000 as of December 31, 2011, if subsequently recognized, will affect the Company's effective tax rate favorably at the time when such a benefit is recognized.

Due to various tax years open for examination, it is reasonably possible that the balance of unrecognized tax benefits could significantly increase or decrease over the next twelve months as the Company may be subject to either examination by tax authorities or a lapse in statute of limitations. The Company is currently unable to estimate the range of possible adjustments to the balance of unrecognized tax benefits.

The Company's income tax returns for all tax years remain open to examination by federal and state taxing authorities due to the Company's net operating loss carryforwards. In addition, the Company's tax years of 2003 through 2010 remain open and subject to examination by local tax authorities in certain foreign jurisdictions in which the Company has major operations. There were two pending income tax audits in the Company's state and foreign jurisdictions during the year ended December 31, 2011. The pending income tax audit in the foreign jurisdiction has been open since 2010; the Company received a preliminary assessment for the audits and has filed the request to appeal the assessment. The Company believes that it has a sufficient reserve for the assessment and the final outcome of the appeal will not significantly impact the Company's financial position. The Company does not expect a significant adjustment will result from the state audit, which is at the late stage of field examination.

13. Commitments and Contingencies

Operating Lease Commitments

The Company currently leases the majority of its IBX data centers and certain equipment under noncancelable operating lease agreements. The majority of the Company's operating leases for its land and IBX data centers expire at various dates from 2011 through 2035 with renewal options available to the Company. The 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 (see Note 4, "Other Current Liabilities" and "Other Liabilities").

Minimum future operating lease payments, excluding operating leases covered under restructuring charges (see Note 16), as of December 31, 2011 are summarized as follows (in thousands):

Year ending:	
2012	$113,764
2013	116,527
2014	111,694
2015	94,594
2016	82,938
Thereafter	468,565
Total	$988,082

Total rent expense was approximately $118,183,000, $103,101,000 and $61,359,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Other Purchase Commitments

Primarily as a result of the Company's various IBX expansion projects, as of December 31, 2011, the Company was contractually committed for $338,690,000 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 December 31, 2011, such as commitments to purchase power in select locations, primarily in select locations through 2012 and thereafter, and other open purchase orders for goods or services to be delivered or provided during 2012 and thereafter. Such other miscellaneous purchase commitments totaled $138,299,000 as of December 31, 2011.

Legal Matters

IPO Litigation

On July 30, 2001 and August 8, 2001, putative shareholder class action lawsuits were filed against the Company, certain of its officers and directors (the "Individual Defendants"), and several investment banks that were underwriters of the Company's initial public offering (the "Underwriter Defendants"). The cases were filed in the United States District Court for the Southern District of New York. Similar lawsuits were filed against approximately 300 other issuers and related parties. These lawsuits have been coordinated before a single judge. The purported class action alleges violations of Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b), Rule 10b-5 and 20(a) of the Securities Exchange Act of 1934 against the Company and the Individual Defendants. The plaintiffs have since dismissed the Individual Defendants without prejudice. The suits allege that the Underwriter Defendants agreed to allocate stock in the Company's initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. The plaintiffs allege that the prospectus for the Company's initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. The action seeks damages in an unspecified amount. On February 19, 2003, the court dismissed the Section 10(b) claim against the Company, but denied the motion to dismiss the Section 11 claim.

The parties in the approximately 300 coordinated cases, including the parties in the Equinix case, reached a settlement. It provides for releases of existing claims and claims that could have been asserted relating to the conduct alleged to be wrongful from the class of investors participating in the settlement. The insurers for the issuer defendants in the coordinated cases will make the settlement payment on behalf of the issuers, including Equinix. On October 6, 2009, the Court granted final approval to the settlement. The settlement approval was appealed to the United States Court of Appeals for the Second Circuit. One appeal was dismissed and the second appeal was remanded to the District Court to determine if the appellant is a class member with standing to appeal. The District Court ruled that the appellant lacked standing. The appellant appealed the District Court's decision to the Second Circuit. On January 9, 2012, appellant entered into a settlement agreement with counsel for the plaintiff class pursuant to which he dismissed his appeal with prejudice. As a result, the settlement among the parties in the IPO Litigation is final and the case is concluded.

Pihana Litigation

On August 22, 2008, a complaint was filed against Equinix, certain former officers and directors of Pihana Pacific, Inc. ("Pihana"), certain investors in Pihana, and others. The lawsuit was filed in the First Circuit Court of the State of Hawaii, and arises out of December 2002 agreements pursuant to which Equinix merged Pihana and i-STT (a subsidiary of Singapore Technologies Telemedia Pte Ltd) into the Internet exchange services business

of Equinix. Plaintiffs, who were allegedly holders of Pihana common stock, allege that their rights as shareholders were violated, and the transaction was effectuated improperly, by Pihana's majority shareholders, officers and directors, with the alleged assistance of Equinix and others. Among other things, plaintiffs contend that they effectively had a right to block the transaction, that this supposed right was disregarded, and that they improperly received no consideration when the deal was completed. The complaint seeks to recover unspecified punitive damages, equitable relief, fees and costs, and compensatory damages in an amount that plaintiffs allegedly "believe may be all or a substantial portion of the approximately $725,000,000 value of Equinix held by Defendants" (a group that includes more than 30 individuals and entities). An amended complaint, which added new plaintiffs (other alleged holders of Pihana common stock) but is otherwise substantially similar to the original pleading, was filed on September 29, 2008 (the "Amended Complaint"). On October 13, 2008, a complaint was filed in a separate action by another purported holder of Pihana common stock, naming the same defendants and asserting substantially similar allegations as the August 22, 2008 and September 29, 2008 pleadings. On December 12, 2008, the court entered a stipulated order, which consolidated the two actions under one case number and set January 22, 2009 as the last day for Defendants to move to dismiss or otherwise respond to the Amended Complaint, the operative complaint in this case. On January 22, 2009, motions to dismiss the Amended Complaint were filed by Equinix and other Defendants. On April 24, 2009, plaintiffs filed a Second Amended Complaint ("SAC") to correct the naming of certain parties. The SAC is otherwise substantively identical to the Amended Complaint, and all motions to dismiss the Amended Complaint have been treated as responsive to the SAC. On September 1, 2009, the Court heard Defendants' motions to dismiss the SAC and ruled at the hearing that all claims against all Defendants are time-barred. The Court also considered whether there were further independent grounds for dismissing the claims, and supplemental briefing was submitted with respect to claims against one defendant and plaintiffs' renewed request for further leave to amend. On March 23, 2010, the Court entered final Orders granting the motions to dismiss as to all Defendants and issued a minute Order denying plaintiffs' renewed request for further leave to amend. On May 21, 2010, plaintiffs filed a Notice of Appeal, and plaintiffs' appeal is currently pending before the Hawai'i Supreme Court. In January 2011, one group of co-defendants (Morgan Stanley and certain persons and entities affiliated with it) entered into a separate settlement with plaintiffs. The trial court determined that the settlement was made in "good faith" in accordance with Hawai'i statutory law, and certain non-settling defendants (including Equinix) filed an appeal from that order before the Intermediate Court of Appeals. That appeal has been stayed pending resolution of plaintiffs' appeal before the Hawai'i Supreme Court. In August 2011, another group of co-defendants (UBS AG and UBS Capital Asia Pacific Limited Fund) entered into a separate settlement with plaintiffs. The parties stipulated that the ultimate disposition of the Morgan Stanley "good faith" determination will apply to the UBS settlement. In December 2011, the parties reached agreement in principle on a global settlement which provides, among other things, that all claims and proceedings against all defendants will be dismissed with prejudice. It is anticipated that the parties will enter into a formal settlement agreement. In the event that the settlement is not finalized for any reason, the Company continues to believe that plaintiffs' claims and alleged damages are without merit and it intends to continue to defend the litigation vigorously.

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

The Company believes that while an unfavorable outcome to this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of December 31, 2011 as the Company concluded that an unfavorable outcome is not probable.

Alleged Class Action and Shareholder Derivative Actions

On March 4, 2011, an alleged class action entitled Cement Masons & Plasterers Joint Pension Trust v. Equinix, Inc., et al., No. CV-11-1016-SC, was filed in the United States District Court for the Northern District of California, against Equinix and two of its officers. The suit asserts purported claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 for allegedly misleading statements regarding our business and financial results. The suit is purportedly brought on behalf of purchasers of the Company's common stock between July 29, 2010 and October 5, 2010, and seeks compensatory damages, fees and costs. Defendants filed a motion to dismiss on November 7, 2011 and a hearing on the motion to dismiss is set for February 24, 2012.

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

On May 20, 2011, an alleged shareholder derivative action entitled Stopa v. Clontz, et al., No. CV-11-2467-SC was filed in the United States District Court for the Northern District of California, purportedly on behalf of Equinix, against the members of its board of directors. The suit is based on allegations similar to those in the federal securities class action and the state court derivative action, and asserts causes of action against the individual defendants for breach of fiduciary duty for allegedly disseminating false and misleading information, breach of fiduciary duty for allegedly failing to maintain internal controls, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. On June 10, 2011, the court signed an order relating this case to the federal securities class action. Plaintiffs filed an amended complaint on December 14, 2011. By agreement, all other proceedings in this case have been temporarily stayed pending the outcome of Defendants' motion to dismiss in the class action.

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

The Company believes that while an unfavorable outcome to this litigation is reasonably possible, a range of potential loss cannot be determined at this time. The Company has not accrued any amounts in connection with this legal matter as of December 31, 2011 as the Company concluded that an unfavorable outcome is not probable.

Estimated and Contingent Liabilities

The Company estimates exposure on certain liabilities, such as income and property taxes, based on the best information available at the time of determination. With respect to real and personal property taxes, the Company records what it can reasonably estimate based on prior payment history, current landlord estimates or estimates based on current or changing fixed asset values in each specific municipality, as applicable. However, there are circumstances beyond the Company's control whereby the underlying value of the property or basis for which the tax is calculated on the property may change, such as a landlord selling the underlying property of one of the Company's IBX data center leases or a municipality changing the assessment value in a jurisdiction and, as a

result, the Company's property tax obligations may vary from period to period. Based upon the most current facts and circumstances, the Company makes the necessary property tax accruals for each of its reporting periods. However, revisions in the Company's estimates of the potential or actual liability could materially impact the financial position, results of operations or cash flows of the Company.

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims for which the outcome is expected to result in a material adverse effect in the financial position, results of operations or cash flows of the Company.

Employment Agreements

The Company has entered into a severance agreement with each of its executive officers that provides for a severance payment equal to the executive officer's annual base salary and maximum bonus in the event his or her employment is terminated for any reason other than cause or he or she voluntarily resigns under certain circumstances as described in the agreement. In addition, under the agreement, the executive officer is entitled to the payment of his or her monthly health care premiums under the Consolidated Omnibus Budget Reconciliation Act for up to 12 months. For certain executive officers, these benefits are only triggered after a change-in-control of the Company.

Guarantor Arrangements

As permitted under Delaware law, the Company has agreements whereby the Company indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Company's request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits the Company's exposure and enables the Company to recover a portion of any future amounts paid. As a result of the Company's insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2011.

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with any U.S. patent, or any copyright or other intellectual property infringement claim by any third party with respect to the Company's services. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2011.

The Company enters into arrangements with its business partners, whereby the business partner agrees to provide services as a subcontractor for the Company's implementations. Accordingly, the Company enters into standard indemnification agreements with its customers, whereby the Company indemnifies them for other acts, such as personal property damage, of its subcontractors. The maximum potential amount of future payments the

Company could be required to make under these indemnification agreements is unlimited; however, the Company has general and umbrella insurance policies that enable the Company to recover a portion of any amounts paid. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. The Company has no liabilities recorded for these agreements as of December 31, 2011.

The Company has service level commitment obligations to certain of its customers. As a result, service interruptions or significant equipment damage in the Company's IBX data centers, whether or not within the Company's control, could result in service level commitments to these customers. The Company's liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet the Company's service level commitment obligations could reduce the confidence of the Company's customers and could consequently impair the Company's ability to obtain and retain customers, which would adversely affect both the Company's ability to generate revenues and the Company's operating results. The Company generally has the ability to determine such service level credits prior to the associated revenue being recognized. The Company has no significant liabilities in connection with service level credits as of December 31, 2011.

14. Related Party Transactions

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

	Years ended December 31,		
	2011	2010	2009
Revenues	$24,280	$22,627	$23,419
Costs and services	3,040	3,246	1,128

	As of December 31,	
	2011	2010
Accounts receivable	$2,963	$5,719
Accounts payable	—	354

In connection with the ALOG Acquisition, the Company acquired a lease for one of the Brazilian IBX data centers in which the lessor is a member of ALOG management. This lease contains an option to purchase the underlying property for fair market value on the date of purchase. The Company accounts for this lease as a financing obligation as a result of structural building work pursuant to the accounting standard for lessee's involvement in asset construction. As of December 31, 2011, the Company had a financing obligation liability totaling approximately $4,637,000 related to this lease on its balance sheet. This amount is considered a related party liability, which is not reflected in the related party data presented above.

15. Segment Information

During the year ended December 31, 2011, the Company changed its reportable segments as a result of the incorporation of legal entities in South America and the Middle East. The Company's prior North America segment was re-designated as the Americas segment, which includes both North and South America, and the Europe segment was re-designated as the EMEA segment, which includes Europe, the Middle-East and Africa. The change in reportable segments did not impact the Company's prior periods' segment disclosures. While the

Company has a single line of business, which is the design, build-out and operation of IBX data centers, it has determined that it has three reportable segments comprised of its Americas, EMEA and Asia-Pacific geographic regions. The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on the Company's revenue and adjusted EBITDA performance both on a consolidated basis and based on these three geographic regions.

The Company provides the following segment disclosures as follows for the years ended December 31 (in thousands):

	2011	2010	2009
Total revenues:			
Americas (1)	$1,032,773(2)	$ 776,175(3)	$535,489
EMEA	358,222	281,793	228,136
Asia-Pacific	215,847	162,366	118,884
	$1,606,842	$1,220,334	$882,509
Total depreciation and amortization:			
Americas	$ 225,547(2)	$ 171,515(3)	$105,038
EMEA	73,839	59,699	43,415
Asia-Pacific	48,288	28,962	25,077
	$ 347,674	$ 260,176	$173,530
Income from operations:			
Americas	$ 205,195(2)	$ 121,118(3)	$128,168
EMEA	59,420	34,929	31,202
Asia-Pacific	42,548	38,664	21,709
	$ 307,163	$ 194,711	$181,079
Capital expenditures:			
Americas	$ 278,580(4)	$ 453,371(5)	$186,242
EMEA	240,014	163,664	152,576(6)
Asia-Pacific	237,101	90,512	58,900
	$ 755,695	$ 707,547	$397,718

(1) Includes revenues of $961,719 and $762,642, respectively, attributed to the U.S. for the years ended December 31, 2011 and 2010.
(2) Includes the operations of ALOG from April 25, 2011 to December 31, 2011.
(3) Includes the operations of Switch and Data from May 1, 2010 to December 31, 2010.
(4) Includes the purchase price for the ALOG Acquisition (see Note 2), net of cash acquired, totaling $41,954.
(5) Includes the purchase price for the Switch and Data Acquisition (see Note 2), net of cash acquired, totaling $113,289.
(6) Includes the purchase price for the Upminster Acquisition (see Note 2), net of cash acquired, totaling $28,176.

The Company's long-lived assets are located in the following geographic areas as of December 31 (in thousands):

	2011	2010
Americas (1)	$1,899,769	$1,764,630
EMEA	764,885	596,609
Asia-Pacific	561,258	289,714
	$3,225,912	$2,650,953

(1) Includes $1,827,081 and $1,741,438, respectively, of long-lived assets attributed to the U.S. as of December 31, 2011 and 2010.

Revenue information on a services basis is as follows for the years ended December 31 (in thousands):

	2011	2010	2009
Colocation	$1,221,921	$ 956,436	$704,860
Interconnection	233,288	171,009	106,894
Managed infrastructure	70,512	30,502	29,004
Rental	2,801	2,471	1,091
Recurring revenues	1,528,522	1,160,418	841,849
Non-recurring revenues	78,320	59,916	40,660
	$1,606,842	$1,220,334	$882,509

16. Restructuring Charges

Switch and Data Restructuring Charge

A summary of Switch and Data restructuring charges related to one-time termination benefits, primarily comprised of severance, attributed to certain Switch and Data employees as presented below (in thousands):

Accrued restructuring charge as of December 31, 2009	$ —
Severance-related expenses (1)	5,360
Cash payments	(2,837)
Non-cash payments (2)	(1,488)
Accrued restructuring charge as of December 31, 2010 (3)	1,035
Severance-related expenses (1)	391
Cash payments	(1,286)
Accrued restructuring charge as of December 31, 2011 (3)	$ 140

(1) Included in the consolidated statements of operations as a restructuring charge.
(2) A stock-based compensation charge incurred as a result of modifying equity awards for one of the former Switch and Data executives to accelerate vesting.
(3) Included within other current liabilities.

As of December 31, 2011, the Company's remaining accrued restructuring charge associated with the Switch and Data Acquisition is expected to be paid out during the first quarter of 2012.

2004 Restructuring Charge

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

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

A summary of the movement in the 2004 accrued restructuring charges during the years ended December 31, 2011 is outlined as follows (in thousands):

Accrued restructuring charge as of December 31, 2008	$ 13,311
Accretion expense	432
Restructuring charge adjustments (1)	(6,053)
Cash payments	(1,771)
Accrued restructuring charge as of December 31, 2009	5,919
Accretion expense	303
Restructuring charge adjustments (2)	1,374
Cash payments	(1,590)
Accrued restructuring charge as of December 31, 2010	6,006
Accretion expense	377
Restructuring charge adjustments (2)	3,090
Cash payments	(1,793)
Accrued restructuring charge as of December 31, 2011	$ 7,680

(1) Primarily related to a reversal of accrued restructuring charges associated with the Los Angeles lease as the Company decided to utilize this space it previously abandoned in order to expand its original Los Angeles IBX data center.

(2) Recorded as a result of revised sublease assumptions on the Company's excess space in the New York metro area.

The Company's excess space in the New York metro area remains abandoned and continues to be an accrued restructuring charge. The Company reports accrued restructuring charges within other current liabilities and other liabilities on the accompanying consolidated balance sheets as of December 31, 2011 and 2010. The Company is contractually committed to this excess space lease through 2015.

The Company's minimum future payments associated with one excess space lease is as follows (in thousands):

2012	$