EQUINIX INC
Form 424B5
November 18, 2003
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PROSPECTUS SUPPLEMENT	**Filed Pursuant to Rule 424(b)(5)**
(To Prospectus Dated October 30, 2003)	**Registration No. 333-109697**

4,500,000 Shares

Equinix, Inc.

Common Stock

$20.00 per share

We are selling 4,500,000 shares of our common stock, of which 1,535,948 shares will be sold to STT Communications, Ltd. or its affiliates pursuant to their contractual right to purchase shares in this offering. See The Offering on page S-4 of this prospectus supplement. We have granted the underwriters an option to purchase up to 675,000 additional shares of common stock to cover over-allotments.

Our common stock is quoted on the Nasdaq National Market under the symbol EQIX. The last reported sale price of our common stock on the Nasdaq National Market on November 17, 2003 was $21.40 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement and page 4 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 20.00	$ 90,000,000
Underwriting Discount	$ 1.112	$ 5,004,000
Proceeds to Equinix, Inc. (before expenses)	$ 18.888	$ 84,996,000

The underwriters expect to deliver the shares to purchasers on or about November 21, 2003.

Sole Book-Runner

Citigroup

Co-Lead Manager

SG Cowen

Needham & Company, Inc.

Adams, Harkness & Hill, Inc.

November 17, 2003

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, using a shelf registration process. Under this shelf process, we may, from time to time, sell the common stock of which this offering is a part. The accompanying prospectus provides you with a general description of the shares of common stock that may be offered. In this prospectus supplement, we provide you with specific information about the shares of our common stock that we are selling in this offering. For a more complete understanding of the offering of our common stock, you should refer to the registration statement, including its exhibits. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. You should read both this prospectus supplement and the accompanying prospectus, including the risk factors, together with the additional information described under the headings Where You Can Find More Information and Incorporation by Reference.

Unless the context otherwise requires, the terms we, our, us, the company and Equinix refer to Equinix, Inc., a Delaware corporation.

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PROSPECTUS SUPPLEMENT SUMMARY

The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement and in the accompanying prospectus. This section contains a general summary of the information contained in this prospectus supplement and the accompanying prospectus. It may not include all of the information that is important to you. You should read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision.

Equinix, Inc.

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies, systems integrators and the world s largest networks. Through our 13 Internet Business Exchange hubs, or IBX hubs, in the U.S. and Asia customers can directly interconnect with each other for critical traffic exchange requirements. Direct interconnection to our aggregation of networks, which serve more than 90% of the world s Internet routes, allows our customers to increase performance while significantly reducing costs. Based on our network neutral model and the quality of our IBX hubs, we believe we have established a critical mass of customers. This critical mass and the resulting network effect, combined with our improved financial position gained through the completion of a series of acquisitions and related financings at the end of last year, has allowed us to accelerate new customer growth and bookings. As a result of our fixed cost model, we believe this continued growth will drive higher incremental margins and increasing cash returns.

Our network neutral business model is a key differentiator for Equinix in the market. Because we do not operate a network, we are able to offer direct interconnection to the largest aggregation of bandwidth providers and Internet service providers. The world s top tier Internet service providers, and numerous access networks, second tier providers and international carriers such AT&T, British Telecom, Cable & Wireless, Level 3, MCI, NTT, SBC, SingTel and Qwest are all currently located at our IBX hubs. Access to such a wide variety of networks has attracted 7 of the top 10 Internet properties and numerous other customers, including Amazon.com, Electronic Arts, Electronic Data Systems, Fujitsu, Gannett, Google, IBM, MSN, Sony, Washingtonpost.Newsweek Interactive and Yahoo!.

Our products and services are comprised of three types: Colocation, Interconnection, and Managed IT Infrastructure services.

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

Interconnection services allow customers to trade network traffic with each other simply and easily without contracting bandwidth through local service providers.

Managed IT infrastructure services allow our customers to leverage our significant telecommunication expertise, maximize the benefits of our IBX hubs and optimize their infrastructure and resources.

This market has historically been served by large telecommunications carriers who have bundled their telecommunications services with their colocation offerings. Within the past six months, two major telecommunications companies have announced their plans to exit the U.S. market in order to focus on their core offerings. We believe we have an advantage in gaining the business of those customers displaced from these

telecommunications companies because access to their networks are also available in our IBX hubs. Strategically, Equinix will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service streams.

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Our Strategy

Our objective is to become the premier hub for critical Internet players to locate their operations in order to gain maximum benefits from the choice of networks and partners in the most simple and efficient manner. Key components of our strategy include the following:

Continue to Build upon our Critical Mass of Network Providers and Content Companies. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the Internet. This critical mass is a key selling point since content companies want to connect with a diverse set of networks to provide the best connectivity to their end-customers, and network companies want to sell bandwidth to content customers and interconnect with other networks in the most efficient manner available. Currently, we have over 150 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.

Leverage the Network Effect. As networks, content providers and other enterprises locate in our IBX hubs, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection. These partners, in turn, pull in their business partners, creating a network effect of customer adoption. Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange thus lowering overall cost and increasing flexibility.

Promote our IBX Hubs as the Highest Performance Points on the Internet. Our premier IBX hubs offer state of the art design and security, 24 hour / 365 days a year customer service, and high quality power and back-up redundancy with 99.9999% uptime.

Provide New Products and Services within our IBX Hubs. We will continue to offer additional products and services that are most valuable to our customers as they manage their Internet and network businesses and, specifically, as they attempt to effectively utilize multiple networks. For example, we offer an automated service to allow customers to easily choose and provision networks, a service that allows backup and recovery of data and a service that allows customers to self monitor their networks.

Recent Developments

Acquisitions and Related Financings. On December 31, 2002, we completed the acquisitions of i-STT, the Internet infrastructure subsidiary of STT Communications Ltd., and Pihana Pacific, a second Asia-Pacific focused competitor. In connection with the acquisitions, we raised $30.0 million in proceeds through the issuance of a convertible secured note to STT Communications and substantially de-leveraged our balance sheet through the repayment and retirement of outstanding debt. Upon closing the acquisitions, we retired more than $116.0 million of our 13% senior notes, through a combination of cash and equity, and further reduced our credit facility by an additional $8.5 million. As a result of these transactions, STT Communications holds approximately 26% of our outstanding voting stock. In June 2003, we raised an additional $10.0 million through the issuance of convertible secured notes to Crosslink Capital.

New IBX Addition. On October 27, 2003, we announced that we had signed a definitive agreement to sublease Sprint s E|Solutions Internet Center in Santa Clara, California, and acquire certain related assets. The 160,000 square foot data center would become our 14th IBX hub, expanding our global footprint to over 1.2 million square feet in five countries. Sprint s Santa Clara center provides a physical infrastructure that

is consistent with our industry leading standards, and currently hosts some of the top Internet companies. Consistent with our model of network-neutrality, we will offer a choice of networks in the new center. We may begin placing customers in the center December 1, 2003, subject to the satisfaction of closing conditions and completion of closing under our agreement with Sprint.

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Credit Facility Amendment. We have received consent from our senior lenders to amend the terms of our credit facility contingent upon the closing of this offering and the prepayment described below. The material terms of the amendment are as follows:

- We agree to prepay the greater of (i) 50% of the gross proceeds from this offering (which will be $45.0 million assuming the underwriters do not exercise their over-allotment option), or (ii) $25.0 million, as a permanent pay down of our outstanding principal balance of $90.5 million as of September 30, 2003;

- The banks agree to amend the cash sweep provision, which currently commences on March 31, 2004 and which require us to pay down our principal balance in an amount equal to 50% of any cash on our balance sheet in excess of $20.0 million. This provision will be amended such that it will not commence until March 31, 2005 and will only be triggered on cash amounts in excess of $25.0 million; and

- The banks agree to extend the term of the credit facility from December 2005 to December 2006. In addition, assuming a prepayment of $45.0 million, the banks will amend the amortization schedule to the following schedule: 2004 $12.0 million; 2005 $12.0 million; 2006 $20.5 million.

Company Information

Our principal executive offices are located at 301 Velocity Way, Fifth Floor, Foster City, CA 94404 and our telephone number is (650) 513-7000. Our website is located at *www.equinix.com*. Information contained on our website is not part of this prospectus supplement.

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THE OFFERING

Common Stock offered by the Company	4,500,000 shares
Common stock to be outstanding after the offering	13,920,777 shares*
Use of proceeds	We will use the proceeds for general corporate purposes, including repayment of debt, capital expenditures, possible acquisitions of complementary businesses or technologies, and investments. See Use of Proceeds.
Dividend policy	Holders of common stock are entitled to receive cash dividends when, and if, declared by our board of directors out of funds legally available. Since inception, we have not paid any cash dividends on common stock and we do not have any present intention to commence payment of any cash dividends. In addition, we are prohibited from paying cash dividends under covenants contained in our current credit agreements.
Nasdaq National Market symbol for common stock	EQIX

* Excludes 3,500,481 shares of common stock issuable upon the exercise of outstanding options as of September 30, 2003, 5,921,275 shares reserved for the conversion of convertible secured notes as of September 30, 2003, 2,834,341 shares reserved for the conversion of issued and outstanding preferred stock and a preferred stock warrant as of September 30, 2003 and 268,561 shares of common stock issuable upon the exercise of outstanding common stock warrants as of September 30, 2003.

STT Communications, or one of its wholly owned subsidiaries, will purchase approximately 1,535,948 of the shares to be sold in this offering pursuant to contractual rights granted to STT Communications in connection with our combination and financing transactions in December 2002. If the underwriters exercise their over-allotment option in full, STT Communications may purchase 349,780 additional shares of common stock to allow STT Communications to maintain its current percentage ownership of Equinix of approximately 34% (assuming conversion of all outstanding convertible secured notes and exercise of its outstanding options and warrants). The 349,780 shares would be in addition to the 675,000 shares reserved for the over-allotment option.

Unless we specifically state otherwise, all information contained in this prospectus supplement and the accompanying prospectus assumes that the underwriters do not exercise their over-allotment option.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data should be read in conjunction with our consolidated financial statements and their related notes and Management s Discussion and Analysis of Financial Condition and Results of Operations. The consolidated statement of operations data for the period from June 22, 1998 (inception) to December 31, 1998 and for the years ended December 31, 1999 to 2002 are derived from, and are qualified by reference to, the audited consolidated financial statements and their related notes. The consolidated statement of operations data for the nine months ended September 30, 2002 and 2003 and the balance sheet data as of September 30, 2003 are derived from our unaudited condensed interim consolidated financial statements and their related notes. The pro forma as adjusted column gives effect to this offering and the repayment on our credit facility in conjunction with this offering as though they had occurred on September 30, 2003. See Capitalization.

	Period from June 22, 1998 (inception) to December 31,	Years Ended December 31,				Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in thousands, except per share data)						
Statement of Operations Data:							
Revenues	$	$ 37	$ 13,016	$ 63,414	$ 77,188	$ 58,385	$ 84,788
Costs and operating expenses:							
Cost of revenues		3,268	43,401	94,889	104,073	78,599	95,567
Sales and marketing	47	3,949	20,139	16,935	15,247	12,168	14,210
General and administrative	902	12,603	56,585	58,286	30,659	22,735	26,350
Restructuring charges				48,565	28,885	28,960	
Total costs and operating expenses	949	19,820	120,125	218,675	178,864	142,462	136,127
Loss from operations	(949)	(19,783)	(107,109)	(155,261)	(101,676)	(84,077)	(51,339)
Interest income	150	2,138	16,430	10,656	998	961	182
Interest expense	(220)	(3,146)	(29,111)	(43,810)	(35,098)	(26,411)	(15,317)
Gain on debt extinguishment					114,158	27,188	
Net loss	$ (1,019)	$ (20,791)	$ (119,790)	$ (188,415)	$ (21,618)	$ (82,339)	$ (66,474)
Historical net loss per share:							
Basic and diluted	$ (46.32)	$ (159.93)	$ (111.23)	$ (76.62)	$ (7.23)	$ (28.12)	$ (7.52)
Weighted average shares	22	130	1,077	2,459	2,990	2,928	8,837
Pro forma net loss per share (unaudited):							
Basic and diluted					$ (2.89)		$ (4.98)
Weighted average shares					7,490		13,337

As of

September 30, 2003

	Actual	Pro Forma As Adjusted
	(dollars in thousands)	
Balance Sheet Data:		
Cash, cash equivalents and short-term investments	$ 25,223	$ 65,219
Accounts receivable, net	9,393	9,393
Property and equipment, net	347,846	347,846
Total assets	424,386	464,382
Debt facilities and capital lease obligations, excluding current portion	1,404	1,404
Credit facility, excluding current portion	81,038	36,029
Senior notes	29,142	29,142
Convertible secured notes	28,475	28,475
Total stockholders equity	231,559	316,555
Other Financial Data:		
Net cash used in operating activities	(20,344)	(20,344)
Net cash used in investing activities	(4,183)	(4,183)
Net cash provided by financing activities	4,971	44,967

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RISK FACTORS

You should carefully consider the risks described below and all of the information contained in this prospectus supplement and the accompanying prospectus. If any of the following risks actually occur, our business, financial condition and results of operations could be harmed, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

We have a limited operating history and we face challenges typically experienced by early-stage companies.

We were founded in June 1998 and did not recognize any revenue until November 1999. In October 2002, we entered into agreements to consummate a series of related acquisition and financing transactions. These transactions closed on December 31, 2002. Under the terms of these agreements, we combined our business with two similar businesses, that of i-STT Pte Ltd, or i-STT, and Pihana Pacific, Inc., or Pihana. We refer to this transaction as the combination. i-STT was founded in January 2000 and did not recognize any revenue until May 2000. Pihana was founded in June 1999 and did not recognize any revenue until June 2000. We expect that we will encounter challenges and difficulties frequently experienced by early-stage companies in new and rapidly evolving international markets, such as our ability to generate cash flow, hire, train and retain sufficient operational and technical talent, and implement our plan with minimal delays. We may not successfully address any or all of these challenges and our failure to do so would seriously harm our business plan and operating results, and affect our ability to raise additional funds.

Equinix s, i-STT s and Pihana s businesses have incurred substantial losses in the past, may continue to incur additional losses in the future and will not be profitable until the combined company reverses this trend.

Equinix has incurred losses since inception and incurred losses of approximately $21.6 million for 2002 (this includes the benefit of a gain on debt extinguishment of $114.2 million), i-STT has incurred losses since inception and incurred losses of approximately $8.0 million for 2002 and Pihana has incurred losses since inception and incurred losses of approximately $148.5 million (this includes restructuring and impairment charges of $113.3 million) for the same period. For the nine months ended September 30, 2003, the combined company incurred additional losses of $66.5 million. Until the quarter ended September 30, 2003, the combined company did not generate cash from operations. There can be no guarantee that the combined company will become profitable and the combined company may continue to incur additional losses. Even if the combined company achieves profitability, given the competitive and evolving nature of the industry in which it operates, the combined company may not be able to sustain or increase profitability on a quarterly or annual basis.

We expect our operating results to fluctuate.

Equinix has experienced fluctuations in its results of operations on a quarterly and annual basis. The fluctuation in our operating results may cause the market price of our common stock to decline. We expect to experience significant fluctuations in our operating results in the foreseeable future due to a variety of factors, including:

acquisition of additional IBX hubs;

demand for space and services at our IBX hubs;

changes in general economic conditions and specific market conditions in the telecommunications and Internet industries;

the provision of customer discounts and credits;

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- the mix of current and proposed products and services and the gross margins associated with our products and services;
- competition in the markets;
- conditions related to international operations;
- the operating costs attributable to our real and personal property tax obligations related to our IBX hubs;
- the timing and magnitude of operating expenses, capital expenditures and expenses related to the expansion of sales, marketing, operations and acquisitions, if any, of complementary businesses and assets; and
- the cost and availability of adequate public utilities, including power.

Any of the foregoing factors, or other factors discussed elsewhere in this prospectus supplement, could have a material adverse effect on our business, results of operations, and financial condition. Although the combined company has experienced growth in revenues in recent quarters, this growth rate is not necessarily indicative of future operating results. It is possible that the combined company may never generate net income on a quarterly or annual basis. 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 the combined company s future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors. If this occurs, we could experience an immediate and significant decline in the trading price of our stock.

We have significant debt and we may not generate sufficient cash flow to meet our debt service obligations and repay our indebtedness.

As of September 30, 2003, our total debt, gross of unamortized discounts, consists primarily of the following:

- a total of $30.5 million principal amount of senior notes;
- a total of $90.5 million principal amount of loans under our credit facility;
- a total of $41.4 million of convertible secured notes; and
- approximately $4.5 million of other outstanding debt facilities and capital lease obligations.

Our credit facility currently matures in December of 2005 and the convertible secured notes and our senior notes mature in November and December of 2007, respectively. Each of these obligations require significant amounts of liquidity in order to meet payment obligations. In 2004,

we are required to make $12.0 million in principal payments to our senior lenders, and in 2005 we are required to pay our senior lenders approximately $77.5 million in principal. We have received consent from our senior lenders to extend the term of the credit facility to December 2006 contingent upon the closing of this offering and our payment to our senior lenders of at least $45.0 million from the proceeds of this offering. If we are unable to meet our debt service obligations our lenders could require immediate repayment of all amounts outstanding. We do not have sufficient cash reserves to repay such amounts and we would need to obtain additional financing to repay our lenders.

Our ability to arrange additional financing and the cost of this financing will depend upon many factors, including:

- general economic and capital markets conditions generally, and in particular the non-investment grade debt market;
- conditions in the Internet infrastructure market;
- credit availability from banks or other lenders;

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- investor confidence in the telecommunications industry generally and our company specifically;
- the success of our IBX hubs; and
- provisions of tax and securities laws that are conducive to raising capital.

If we need additional funds, our inability to raise them will have an adverse effect on our operations, including our lenders ability to foreclose on substantially all of our assets. If we decide to raise additional funds by incurring debt, we may become subject to additional or more restrictive financial covenants and ratios.

The amount of our debt could have other important consequences, including:

- impairing our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes;
- requiring us to dedicate a substantial portion of our operating cash flow to paying principal and interest on indebtedness, thereby reducing the funds available for operations;
- impairing our ability to adjust rapidly to changing market conditions, invest in new or developing technologies, or take advantage of significant business opportunities that may arise; and
- making us more vulnerable if a general economic downturn continues or if its businesses experience difficulties.

If we cannot generate sufficient additional revenue we may not be able to meet our debt service obligations when due.

We are subject to restrictive covenants under our credit agreements that limit our flexibility in managing our business and could trigger an acceleration of our outstanding indebtedness if we were to breach such covenants.

Our credit agreements require that we maintain specific financial ratios and comply with covenants, including a monthly cash covenant, and contain numerous restrictions on our ability to incur debt, pay dividends or make other restricted payments, sell assets, enter into affiliate transactions and take other actions. Furthermore, our existing financial arrangements are, and future financing arrangements are likely to be, secured by substantially all of our assets. If we are unable to meet the terms of the financial covenants or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could result in the acceleration of outstanding indebtedness and cause our debt to become immediately due and payable. If an acceleration occurs, we will not be able to repay our debt, and it is unlikely that we will be able to borrow sufficient additional funds to refinance our debt. Even if new financing is made available to us, it may not be available on terms acceptable to us.

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

In 2002, our sales outside North America represented less than 1% of our revenues, i-STT s sales outside North America represented approximately 100% of its revenues and Pihana s sales outside North America represented approximately 45% of its revenues. For the nine months ended September 30, 2003, the combined company recognized 16% of its revenues outside North America. We anticipate that, for the foreseeable future, approximately 15% to 20% of the combined company s revenues will be derived from sources outside North America. Our management team is comprised primarily of Equinix executives before the combination, some of whom have had limited or no experience overseeing international operations.

To date, the neutrality of the Equinix IBX hubs and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our recently acquired IBX hubs, in Singapore in

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particular, the limited number of carriers available diminishes that advantage. As a result, we may need to adapt our key revenue-generating services and pricing to be competitive in that market.

We may experience gains and losses resulting from fluctuations in foreign currency exchange rates, and we currently do not engage in any hedging activities to mitigate such risks. 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 more expensive in local currencies. Our international operations are generally subject to a number of additional risks, including:

- costs of customizing IBX hubs 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;
- political and economic instability;
- ability to obtain, transfer, or maintain licenses required by governmental entities with respect to the combined business; and
- compliance with governmental regulation with which we have little experience.

To date, the majority of Equinix s revenues and costs have been denominated in U.S. dollars, the majority of i-STT s revenues and costs have been denominated in Singapore dollars and the majority of Pihana s revenues and costs have been denominated in U.S. dollars, Japanese yen and Australian, Hong Kong and Singapore dollars. Although the combined company may undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, it does not currently intend to eliminate all foreign currency transaction exposure.

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

We may seek to acquire complementary businesses, products, services and technologies. As a result of these acquisitions, we may be required to incur additional debt and expenditures and issue additional shares of our stock to pay for the acquired business, product, service or technology, which will dilute existing stockholders ownership interest in the combined company and may delay, or prevent, our profitability. These acquisitions may also expose us to risks such as:

the possibility that we may not be able to successfully integrate acquired businesses or achieve the level of quality in such businesses to which our customers are accustomed;

the possibility that senior management may be required to spend considerable time negotiating agreements and integrating acquired businesses; and

the possible loss or reduction in value of acquired businesses.

On October 27, 2003, we announced that we signed an agreement to sublease Sprint s E|Solutions Internet Center in Santa Clara and acquire certain related assets. In negotiating this transaction we were only able to conduct limited due diligence and received limited representations and warranties. If the subleased facility and acquired assets are not in the condition we believe them to be in, we may be required to incur substantial additional costs to repair the acquired facility and related assets. If incurred, these costs could materially adversely affect our business, financial condition and results of operations. We expect to close the transaction with Sprint on December 1, 2003. If we fail to close the transaction we will not be reimbursed for our costs incurred to date and we will not realize the anticipated benefits of the transaction.

We cannot assure you that we would successfully overcome these risks or any other problems encountered with these acquisitions.

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STT Communications holds a substantial portion of our stock and has significant influence over matters requiring stockholder consent.

As of September 30, 2003, STT Communications owns approximately 26% of our outstanding voting stock. In addition, STT Communications is not prohibited from buying shares of our stock in public or private transactions. Because of the diffuse ownership of our stock, STT Communications has significant influence over matters requiring our stockholder approval. Following the expiration of restrictions on STT Communications preventing it from converting its convertible secured notes and warrants into voting stock, STT Communications may own more than 40% of our voting stock. As a result, STT Communications will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which could prevent or delay a third party from acquiring or merging with us. STT also has a right of first offer which entitles them to participate in an offering of our equity securities, or securities convertible into our equity securities, to maintain their ownership percentage prior to such offering. STT Communications, or one of its wholly owned subsidiaries, will purchase 1,535,948 of the shares to be sold in this offering pursuant to contractual rights granted to STT Communications in connection with our combination and financing transactions in December 2002. If the underwriters exercise their over-allotment option in full, STT Communications may purchase 349,780 additional shares of common stock to allow STT Communications to maintain its current percentage ownership of Equinix of approximately 34% (assuming conversion of all outstanding convertible secured notes and exercise of its outstanding options and warrants).

We may be forced to take steps, and may be prevented from pursuing certain business opportunities, to ensure compliance with certain tax-related covenants agreed to by us in the combination agreement.

We agreed to a covenant in the combination agreement (which we refer to as the FIRPTA covenant) that we would use all commercially reasonable efforts to ensure that at all times from and after the closing of the combination until such time as neither STT Communications nor its affiliates hold our capital stock or debt securities (or the capital stock received upon conversion of the debt securities) received by STT Communications in connection with the consummation of the transactions contemplated in the combination agreement, none of our capital stock issued to STT Communications would constitute United States real property interests within the meaning of Section 897(c) of the Internal Revenue Code of 1986, which we call the Code. Under Section 897(c) of the Code, our capital stock issued to STT Communications would generally constitute United States real property interests at such point in time that the fair market value of the United States real property interests owned by us equals or exceeds 50% of the sum of the aggregate fair market values of (a) our United States real property interests, (b) our interests in real property located outside the U.S., and (c) any other assets held by us which are used or held for use in our trade or business. Given that we currently own significant amounts of United States real property interests, we may be limited with respect to the business opportunities we may pursue, particularly if the business opportunities would increase the amounts of United States real property interests owned by us or decrease the amount of other assets owned by us. In addition, pursuant to the FIRPTA covenant we may be forced to take commercially reasonable proactive steps to ensure our compliance with the FIRPTA covenant, including, but not limited to, (a) a sale-leaseback transaction with respect to all real property interests, or (b) the formation of a holding company organized under the laws of the Republic of Singapore which would issue shares of its capital stock in exchange for all of our outstanding stock (this reorganization would require the submission of that transaction to our stockholders for their approval and the consummation of that exchange). We will only be required to take these actions if such actions are commercially reasonable for Equinix or our stockholders.

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

In the past, a substantial portion of i-STT s financing, as well as its revenues, has been derived from its affiliates, including STT Communications. We continue to have contractual and other business relationships and may engage in material transactions with affiliates of STT Communications. Circumstances may arise in which the interests of STT Communications affiliates may conflict with the interests of our other stockholders. In addition, Singapore Technologies Pte Ltd, an affiliate of STT Communications, makes investments in various

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companies; it has invested in the past, and may invest in the future, in entities that compete with us. In the context of negotiating commercial arrangements with affiliates, conflicts of interest have arisen in the past and may arise, in this or other contexts, in the future. We cannot assure you that any conflicts of interest will be resolved in our favor.

A significant number of shares of our capital stock have been issued in the past 12 months and may be sold in the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well.

We issued a large number of shares of our capital stock to the former Pihana stockholders, STT Communications, and holders of our senior notes in connection with the combination, financing and senior note exchange and to Crosslink Capital in connection with the Crosslink financing. The shares of common stock issued in the senior note exchange are currently freely tradeable. The shares of common stock issued in connection with the combination have been registered for resale as of June 30, 2003 and the shares of common stock issued upon exercise of the warrants issued in connection with the Crosslink financing have been registered for resale as of September 22, 2003. Subject to the restrictions described in our proxy statement dated December 12, 2002, the convertible secured notes and warrants issued in connection with the financing and the Crosslink financing are immediately convertible or exercisable into shares of common stock and the underlying shares of common stock may be registered for resale. Sales of a substantial number of shares of our common stock by these parties within any narrow period of time could cause our stock price to fall. In addition, the issuance of the additional shares of our common stock as a result of these transactions will reduce our earnings per share, if any. This dilution could reduce the market price of our common stock unless and until we achieve revenue growth or cost savings and other business economies sufficient to offset the effect of this issuance. We cannot assure you that we will achieve revenue growth, cost savings or other business economies.

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

The presence of diverse telecommunications carriers fiber networks in our IBX hubs is critical to our ability to attract new customers. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results.

We are not a telecommunications carrier, and as such we rely on third parties to provide our customers with carrier services. We rely primarily on revenue opportunities from the telecommunications carriers customers to encourage them to invest the capital and operating resources required to build facilities from their locations to our IBX hubs. Carriers will likely evaluate the revenue opportunity of an IBX hub based on the assumption that the environment will be highly competitive. We cannot assure you that any carrier will elect to offer its services within our IBX hubs or that once a carrier has decided to provide Internet connectivity to our IBX hubs that it will continue to do so for any period of time.

The construction required to connect multiple carrier facilities to our IBX hubs is complex and involves factors outside of our control, including regulatory processes and the availability of construction resources. If the establishment of highly diverse Internet connectivity to our IBX hubs does not occur or is materially delayed or is discontinued, our operating results and cash flow will be adversely affected. Further, many carriers are experiencing business difficulties. As a result, some carriers may be forced to terminate connectivity within our IBX hubs.

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 customers IBX infrastructure and customers equipment located in our IBX hubs. The services we provide are subject to failure resulting from numerous factors, including:

human error;

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- physical or electronic security breaches;
- fire, earthquake, flood and other natural disasters;
- water damage;
- power loss;
- sabotage and vandalism; and
- failure of business partners who provide the combined company s resale products.

Problems at one or more of our IBX hubs, 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. As a result, service interruptions or significant equipment damage in our IBX hubs could result in service level commitments to these customers. In the past, a limited number of our customers have experienced temporary losses of power and failure of our services levels on products such as bandwidth connectivity. If we incur significant financial commitments to our customers in connection with a loss of power, or our failure to meet other service level commitment obligations, our liability insurance may not be adequate to cover those expenses. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations, particularly in the early stage of our development, could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

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

A portion of the managed services business we acquired in the combination involves the processing and storage of confidential customer information. Inappropriate use of those services could jeopardize the security of customers confidential information causing losses of data or financially impacting us or our customers. Efforts to alleviate problems caused by computer viruses or other inappropriate uses or security breaches may lead to interruptions, delays or cessation of our managed services.

There is no known prevention or defense against denial of service attacks. During a prolonged denial of service attack, Internet service will not be available for several hours, thus impacting hosted customers on-line business transactions. Affected customers might file claims against us under such circumstances.

Our business could be harmed by prolonged electrical power outages or shortages, increased costs of energy or general availability of electrical resources.

Our IBX hubs are susceptible to regional costs of power, electrical power shortages, planned or unplanned power outages caused by these shortages such as those that occurred in California during 2001 and in the Northeast in 2003, and limitations, especially internationally, of adequate power resources. The overall power shortage in California has increased the cost of energy, which we may not be able to pass on to our customers. We attempt to limit exposure to system downtime by using backup generators and power supplies. Power outages, which last beyond our backup and alternative power arrangements, could harm our customers and our business.

We resell products and services of third parties that may require us to pay for such services even if our customers fail to pay us for the services which may have a negative impact on our operating results.

In order to provide resale services such as bandwidth, managed services, backup and recovery services and other network management services, we will contract with third party service providers. These services require

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us to enter into fixed term contracts for services with third party suppliers of products and services. If we experience the loss of a customer who has purchased a resale product, we will remain obligated to continue to pay our suppliers for the term of the underlying contracts. The payment of these obligations without a corresponding payment from customers will reduce our financial resources and may have a material adverse affect on our financial performance and operating results.

IBM accounts for a significant portion of our revenues, and the loss of IBM as a customer could significantly harm our business, financial condition and results of operations.

For the nine months ended September 30, 2003, IBM accounted for 16% of our revenue. For the year ended December 31, 2002, IBM accounted for 20% of our revenue and as of December 31, 2002 accounted for 15% of our accounts receivable. We expect that IBM will continue to account for a significant portion of our revenue for the foreseeable future, although we expect revenues received from IBM to decline as a percentage of our total revenues as we add new customers in our IBX hubs. If we lose IBM as a customer, our business, financial condition and results of operations could be adversely affected.

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

Our IBX hubs and other products and services must be able to differentiate themselves from existing providers of space and services for telecommunications companies, web hosting companies and other colocation providers. In addition to competing with neutral colocation providers, we must compete with traditional colocation providers, including local phone companies, long distance phone companies, Internet service providers and web hosting facilities. Likewise, with respect to our other products and services, including managed services, bandwidth services and security services, we must compete with more established providers of similar services. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than us.

Because of their greater financial resources, some of our competitors have the ability to adopt aggressive pricing policies, especially if they have been able to restructure their debt or other obligations. As a result, in the future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas where we have IBX hubs. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX hubs. We believe our neutrality provides us with an advantage over these competitors. However, if these competitors were able to adopt aggressive pricing policies together with offering colocation space, our ability to generate revenues would be materially adversely affected.

We may also face competition from persons seeking to replicate our IBX concept by building new centers or converting existing centers that some of our competitors are in the process of divesting. Competitors may operate more successfully or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in peering arrangements may be reluctant or slow to adopt our approach that may replace, limit or compete with their existing systems. In addition, other companies may be able to attract the same potential customers that we are targeting. Once customers are located in competitors facilities, it will be extremely difficult to convince them to relocate to our IBX hubs.

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

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base, consisting of a variety of companies, including network service providers, site and performance management companies, and enterprise and content companies. The more balanced the customer base within each IBX hub,

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 hubs will depend on a variety of factors, including the presence of multiple carriers, the mix of products and services offered by us, the overall mix of customers, the IBX hub s operating reliability and security and our ability to effectively market our services. In addition, some of our customers are and will continue to be Internet companies that face many competitive pressures and that may not ultimately be successful. If these customers do not succeed, they will not continue to use the IBX hubs. This may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

Increases in property taxes could adversely affect our business, financial condition and results of operations.

Our IBX hubs are subject to state and local real property taxes. The state and local real property taxes on our IBX hubs may increase as property tax rates change and as the value of the properties are assessed or reassessed by taxing authorities. Many state and local governments are facing budget deficits, which may cause them to increase assessments or taxes. If property taxes increase, our business, financial condition and operating results could be adversely affected.

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

A customer s decision to license cabinet space in one of our IBX hubs and to purchase additional services typically involves a significant commitment of resources and will be influenced by, among other things, the customer s confidence in our financial strength. In addition, some customers will be reluctant to commit to locating in our IBX hubs until they are confident that the IBX hub has adequate carrier connections. As a result, we have a long sales cycle. Delays due to the length our sales cycle may materially adversely affect our business, financial condition and results of operations.

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

In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. During the quarter ended September 30, 2001, putative shareholder class action lawsuits were filed against us, a number of our officers and directors, and several investment banks that were underwriters of our initial public offering. The suits allege that the underwriter defendants agreed to allocate stock in our initial public offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases in the aftermarket at pre-determined prices. Plaintiffs allege that the prospectus for our initial public offering was false and misleading and in violation of the securities laws because it did not disclose these arrangements. In July 2003, a special litigation committee of our board of directors agreed to participate in a settlement with the plaintiffs. The settlement agreement is subject to court approval and sufficient participation by defendants in similar actions. If the proposed settlement is not approved by the court or a sufficient number of defendants do not participate in the settlement, the defense of this litigation may increase our expenses and divert management s attention and resources. An adverse outcome in this litigation could seriously harm our business and results of operations. In addition, we may, in the future, be subject to other securities class action or similar litigation.

Risks Related to Our Industry

If the economy does not improve and the use of the Internet and electronic business does not grow, our revenues may not grow.

Acceptance and use of the Internet may not continue to develop at historical rates and a sufficiently broad base of consumers may not adopt or continue to use the Internet and other online services as a medium of

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commerce. Demand for Internet services and products are subject to a high level of uncertainty and are subject to significant pricing pressure, especially in Asia-Pacific. In addition, even if consumers do adopt and continue to use online services, we do not expect a significant increase in revenues until the economy begins to improve generally. As a result, we cannot be certain that a viable market for our IBX hubs will materialize. If the market for our IBX hubs grows more slowly than we currently anticipate, our revenues will not grow and our operating results will suffer.

Government regulation may adversely affect the use of the Internet and our business.

Various laws and governmental regulations governing Internet related services, related communications services and information technologies, and electronic commerce remain largely unsettled, even in areas where there has been some legislative action. This is true both in the U.S. and the various foreign countries in which we now operate. It may take years to determine whether and how existing laws, such as those governing intellectual property, privacy, libel, telecommunications services, and taxation, apply to the Internet and to related services such as ours. We have limited experience with such international regulatory issues and substantial resources may be required to comply with regulations or bring any non-compliant business practices into compliance with such regulations. In addition, the development of the market for online commerce and the displacement of traditional telephony service by the Internet and related communications services may prompt an increased call for more stringent consumer protection laws or other regulation both in the U.S. and abroad, that may impose additional burdens on companies conducting business online and their service providers. The compliance with, adoption or modification of, laws or regulations relating to the Internet, or interpretations of existing laws, could have a material adverse effect on our business, financial condition and results of operation.

Recent terrorist activity throughout the world and military action to counter terrorism could adversely impact our business.

The September 11, 2001 terrorist attacks in the U.S., the ensuing declaration of war on terrorism and the continued threat of terrorist activity and other acts of war or hostility appear to be having an adverse effect on business, financial and general economic conditions internationally. These effects may, in turn, increase our costs due to the need to provide enhanced security, which would have a material adverse effect on our business and results of operations. These circumstances may also adversely affect our ability to attract and retain customers, our ability to raise capital and the operation and maintenance of our IBX hubs.

Risks Related to an Offering of Our Common Stock

Management might apply the net proceeds of this offering to uses that do not improve our operating results or increase the value of your investment.

Our management will have considerable discretion in the application of the net proceeds of this offering and you will not have the opportunity, as part of your investment decision, to assess how the proceeds will be used. The net proceeds may be used for corporate purposes that do not improve our operating results or market value and you will not have the opportunity to evaluate the economic, financial, or other information on which we base our decisions on how to use the proceeds. Pending application of the proceeds, they might be placed in investments that do not produce income or that lose value.

Our directors exert substantial influence over matters requiring stockholder approval.

Our directors, and entities affiliated with them together beneficially own a substantial portion of our outstanding common stock. As a result, these stockholders are able to exercise substantial influence over all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in our control that may be viewed as beneficial by other stockholders. See also the risk factor entitled

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STT Communications holds a substantial portion of our stock and has a significant influence over matters requiring stockholder consent on page S-9.

Future sales of shares by us or by existing stockholders could affect our stock price.

The shares held by our stockholders, including our executive officers and directors, may be sold in the public market at any time and from time to time subject in certain cases to volume limitations under Rule 144 of the Securities Act and various vesting agreements. If any of these stockholders sell substantial amounts of our common stock in the public market, the market price of our common stock could decline. In addition, shares subject to outstanding options and shares reserved for future issuance under our stock option and purchase plans will continue to become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements and the securities rules and regulations applicable to these shares. Furthermore, certain of our directors and officers have entered into written trading plans designed to comply with Rule 10b5-1 of the 1934 Act under which they have been selling shares of our common stock in the public market, which sales could have an adverse effect on our stock price. See also the risk factor entitled A significant number of shares of our capital stock have been issued in the past 12 months, and may be sold in the market in the near future on page S-11.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the registration statement of which they are a part contain or incorporate by reference forward-looking statements that involve risks and uncertainties. Statements contained in this prospectus supplement, the related prospectus and the registration statement or statements incorporated by reference herein or therein that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the 1934 Act, including statements regarding our financial outlook, competitive position, business strategies, expectations, beliefs, intentions or other strategies regarding the future. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth in this prospectus supplement under Risk Factors. You should carefully consider the risks described in the Risk Factors section, in addition to the other information set forth in this prospectus supplement and incorporated by reference herein, before making an investment decision.

USE OF PROCEEDS

We will use the net proceeds from the sale of our common stock that we may offer with this prospectus supplement and any accompanying prospectus for general corporate purposes. General corporate purposes may include repayment of debt, capital expenditures, possible acquisitions of complementary businesses or technologies and investments. We have received the consent of our senior lenders to amend the terms of our credit facility contingent upon the closing of this offering and the payment described below. Under the terms of the amendment we are required to pay the greater of $25.0 million or 50% of the gross proceeds of this offering (which will be $45.0 million assuming the underwriters do not exercise their over-allotment option) to pay down the principal balance of our credit facility as well as any lenders fees and expenses in connection with the amendment. If the underwriters exercise their over-allotment option, we will use 50% of the gross proceeds to pay down an additional portion of the principal balance of our credit facility. Similarly, if STT Communications exercises its right to purchase additional shares of common stock following an exercise of the underwriters over-allotment option, we will use 50% of the gross proceeds to pay down an additional portion of the principal balance of our credit facility. The interest rate on our credit facility is currently 5.92% and currently has a final maturity of December 2005. Following the payment required by the amendment described above, our credit facility will have a final maturity of December 2006. We expect this amendment to be finalized prior to the closing of this offering. We may invest the net proceeds temporarily or use them to repay short-term debt until we use them for their stated purpose.

DIVIDEND POLICY

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. In addition, we are prohibited from paying cash dividends under covenants contained in our current credit agreements. 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 as our board of directors may deem relevant.

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COMMON STOCK PRICE RANGE

Our common stock is traded on the Nasdaq National Market System under the symbol of EQIX. Our common stock began trading in August 2000. The following table sets forth on a per share basis the high and low closing prices for our common stock as reported on the Nasdaq National Market during the periods indicated. On December 31, 2002, we completed a 32 for 1 reverse stock split of our common stock in order to comply with Nasdaq initial listing requirements. The per share information presented below reflects this reverse stock split.

	Price Range of Common Stock	
Period	**High**	**Low**
2001		
First Quarter	$ 224.00	$ 40.00
Second Quarter	55.36	19.00
Third Quarter	45.76	12.16
Fourth Quarter	107.84	12.48
2002		
First Quarter	$ 108.16	$ 33.92
Second Quarter	36.80	11.20
Third Quarter	18.56	6.72
Fourth Quarter	11.52	5.70
2003		
First Quarter	$ 7.95	$ 2.00
Second Quarter	10.67	2.85
Third Quarter	23.65	7.50
Fourth Quarter (through November 17, 2003)	21.40	17.04

The last reported sale price of our common stock on the Nasdaq National Market on November 17, 2003, was $21.40 per share. As of September 30, 2003, there were 499 registered holders of our common stock.

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CAPITALIZATION

The following unaudited table sets forth our capitalization as of September 30, 2003:

on an actual basis; and

pro forma as adjusted to reflect the sale of 4,500,000 shares offered herein at an offering price of $20.00 per share, after deducting the underwriting discount and estimated offering expenses, and a $45.0 million repayment of the credit facility pursuant to the amendment of the credit facility contemplated to close in conjunction with this offering.

Please read the capitalization table together with the sections of this registration statement entitled Selected Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements included in this prospectus supplement.

	As of September 30, 2003	
	Actual	Pro Forma As Adjusted
	(dollars in thousands)	
Cash, cash equivalents and short-term investments	$ 25,223	$ 65,219
Current portion of debt facilities and capital lease obligations	$ 2,933	$ 2,933
Current portion of credit facility	$ 9,481	$ 9,490
Long-term debt, net of current portion:		
Debt facilities and capital lease obligations	$ 1,404	$ 1,404
Credit facility	81,038	36,029
Senior notes	29,142	29,142
Convertible secured notes (1)	28,475	28,475
Total long-term debt	140,059	95,050
Stockholders equity:		
Preferred stock, $0.001 par value per share; 100,000,000 shares authorized actual and pro forma as adjusted; 1,868,667 shares issued and outstanding actual and pro forma as adjusted (2)	2	2
Common stock, $0.001 par value per share; 300,000,000 shares authorized actual and pro forma as adjusted; 9,420,777 shares issued and outstanding actual; and 13,920,777 shares issued and outstanding pro forma as adjusted (3)	9	14
Additional paid-in capital	650,608	735,599
Deferred stock-based compensation	(1,636)	(1,636)

Accumulated other comprehensive income	683	683
Accumulated deficit	(418,107)	(418,107)
Total stockholders equity	231,559	316,555
Total capitalization	$ 371,618	$ 411,605

(1) Convertible secured notes are convertible into 5,921,275 shares of common and preferred stock as of September 30, 2003.

(2) Excludes 965,674 shares of preferred stock issuable upon the exercise of an outstanding warrant as of September 30, 2003. All shares of preferred stock are convertible into shares of common stock on a one for one basis.

(3) Excludes 3,500,481 shares of common stock issuable upon the exercise of outstanding options as of September 30, 2003, 5,921,275 shares reserved for the conversion of convertible secured notes as of September 30, 2003, 2,834,341 shares reserved for the conversion of issued and outstanding preferred stock and a preferred stock warrant as of September 30, 2003 and 268,561 shares of common stock issuable upon the exercise of outstanding common stock warrants as of September 30, 2003.

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SELECTED CONSOLIDATED FINANCIAL DATA

The following statement of operations data for the periods from our inception on June 22, 1998 to December 31, 1998, and for the years ended December 31, 1999 to 2002, and the balance sheet data as of December 31, 1998 to 2002 have been derived from our audited consolidated financial statements and the related notes to the financial statements. The statement of operations data for the nine months ended September 30, 2002 and 2003 and balance sheet data as of September 30, 2003 were derived from our unaudited condensed interim consolidated financial statements, which in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and results of operations for this period. Our historical results are not necessarily indicative of the results to be expected for the full year or future periods. The pro forma as adjusted column gives effect to this offering and the repayment on our credit facility in conjunction with this offering as though they had occurred on September 30, 2003. See Capitalization and Use of Proceeds. The following selected financial data should be read in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	Period from June 22, 1998 (inception) to December 31,	Years Ended December 31,				Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
	(dollars in thousands, except per share data)						
Statement of Operations Data:							
Revenues	$	$ 37	$ 13,016	$ 63,414	$ 77,188	$ 58,385	$ 84,788
Costs and operating expenses:							
Cost of revenues		3,268	43,401	94,889	104,073	78,599	95,567
Sales and marketing	47	3,949	20,139	16,935	15,247	12,168	14,210
General and administrative	902	12,603	56,585	58,286	30,659	22,735	26,350
Restructuring charges				48,565	28,885	28,960	
Total costs and operating expenses	949	19,820	120,125	218,675	178,864	142,462	136,127
Loss from operations	(949)	(19,783)	(107,109)	(155,261)	(101,676)	(84,077)	(51,339)
Interest income	150	2,138	16,430	10,656	998	961	182
Interest expense	(220)	(3,146)	(29,111)	(43,810)	(35,098)	(26,411)	(15,317)
Gain on debt extinguishment					114,158	27,188	
Net loss	$ (1,019)	$ (20,791)	$ (119,790)	$ (188,415)	$ (21,618)	$ (82,339)	$ (66,474)
Historical net loss per share:							
Basic and diluted	$ (46.32)	$ (159.93)	$ (111.23)	$ (76.62)	$ (7.23)	$ (28.12)	$ (7.52)
Weighted average shares	22	130	1,077	2,459	2,990	2,928	8,837
Pro forma net loss per share (unaudited):							
Basic and diluted					$ (2.89)		$ (4.98)
Weighted average shares					7,490		13,337

As of December 31,	As of September 30, 2003

	1998	1999	2000	2001	2002	Actual	Pro Forma As Adjusted
				(dollars in thousands)			
Balance Sheet Data:							
Cash, cash equivalents and short-term investments	$ 9,165	$ 222,974	$ 207,210	$ 87,721	$ 41,216	$ 25,223	$ 65,219
Accounts receivable, net		178	4,925	6,909	9,152	9,393	9,393
Restricted cash and short-term investments		38,609	36,855	28,044	1,981	2,193	2,193
Property and equipment, net	482	28,444	315,380	325,226	390,048	347,846	347,846
Construction in progress	31	18,312	94,894	103,691			
Total assets	10,001	319,946	683,485	575,054	492,003	424,386	464,382
Debt facilities and capital lease obligations, excluding current portion		8,808	6,506	6,344	3,633	1,404	1,404
Credit facility, excluding current portion				105,000	89,529	81,038	36,029
Senior notes		183,955	185,908	187,882	28,908	29,142	29,142
Convertible secured notes					25,354	28,475	28,475
Redeemable convertible preferred stock	10,436	97,227					
Total stockholders equity (deficit)	(846)	8,472	375,116	203,521	284,194	231,559	316,555
Other Financial Data:							
Net cash used in operating activities	(796)	(9,908)	(68,073)	(68,854)	(27,509)	(20,344)	(20,344)
Net cash used in investing activities	(5,265)	(86,270)	(302,158)	(153,014)	(7,528)	(4,183)	(4,183)
Net cash provided by financing activities	10,226	295,178	339,847	107,799	16,294	4,971	44,967

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, the words believes, anticipates, plans, expects, intends and similar expressions are intended to identify forward-looking statements. Our actual results and the timing of certain events may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a discrepancy include, but are not limited to, those discussed in Other Factors Affecting Operating Results and Liquidity and Capital Resources below. 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.

Overview

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies and systems integrators and the world s largest networks. Through our 13 IBX hubs in the U.S. and Asia customers can directly interconnect with each other for critical traffic exchange requirements. As of September 30, 2003, we had IBX hubs totaling an aggregate of more than one million gross square feet in the Washington, D.C., New York, Dallas, Chicago, Los Angeles, Honolulu and Silicon Valley areas in the United States and Singapore, Tokyo, Hong Kong and Sydney in the Asia-Pacific region.

Recent Developments. In October 2002, we entered into agreements to consummate a series of related acquisition and financing transactions. These transactions closed on December 31, 2002. Under the terms of these agreements, we combined our business with two similar businesses, that of i-STT Pte Ltd, or i-STT, and Pihana Pacific, Inc., or Pihana. i-STT s business was based in Singapore, with operations in Singapore and a joint venture in Thailand. During the quarter ended March 31, 2003, we recorded an adjustment to increase the goodwill acquired from the i-STT acquisition by $650,000 as a result of recording a liability related to our decision to wind-down the joint venture in Thailand. We completed the majority of this wind-down effort during the third quarter of 2003. Pihana s business was based in Hawaii, with operations in Honolulu, Los Angeles, Hong Kong, Singapore, Tokyo, and Sydney. In connection with the acquisition of i-STT and Pihana, we issued approximately 3.5 million shares of our common stock and approximately 1.9 million shares of our Series A preferred stock. We refer to this transaction as the combination. In conjunction with the combination, we issued to i-STT s former parent company, STT Communications Ltd., or STT Communications, a $30.0 million convertible secured note in exchange for cash. We refer to this transaction as the financing.

In April 2003, Equinix and certain of our subsidiaries and STT Communications entered into agreements with various entities affiliated with Crosslink Capital for a $10.0 million cash investment in Equinix in the form of additional convertible secured notes. This transaction closed in June 2003. We refer to this transaction as the Crosslink financing.

In October 2003, the Company announced that it had entered into definitive agreements in which it would sublease a Sprint data center in Santa Clara and acquire certain related assets. The Company anticipates completing this proposed transaction with Sprint on December 1, 2003 subject to closing conditions contained in the definitive agreements.

In October 2003, we filed a shelf registration statement on Form S-3 that will enable us to sell shares of our common stock. The aggregate of the offering prices from this shelf registration statement will not exceed $150.0 million. The number of shares that may be sold pursuant to the shelf registration statement will vary depending on the share price of our common stock at the time of the sale.

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In addition, we have received consent from our senior lenders to amend the terms of our credit facility contingent upon this closing of this offering and the prepayment described below. The material terms of the amendment are as follows:

- we agree to prepay the greater of (i) 50% of the gross proceeds from this offering (which will be $45.0 million assuming the underwriters do not exercise their over-allotment option), or (ii) $25.0 million, as a permanent pay down of our currently outstanding principal balance of $90.5 million as of September 30, 2003;

- the banks agree to amend the cash sweep provision, which currently commences on March 31, 2004 and which require us to pay down our principal balance in an amount equal to 50% of any cash on our balance sheet in excess of $20.0 million. This provision will be amended such that it will not commence until March 31, 2005 and will only be triggered on cash amounts in excess of $25.0 million; and

- the banks agree to extend the term of the credit facility from December 2005 to December 2006. In addition, assuming a prepayment of $45.0 million, the banks will amend the amortization schedule to the following schedule: 2004 $12.0 million; 2005 $12.0 million; 2006 $20.5 million.

As of September 30, 2003, we had $25.2 million of cash, cash equivalents and short-term investments. We believe that this cash and our anticipated cash flow generated from operations, will be sufficient to meet our working capital, debt service and corporate overhead requirements associated with our operations for the next twelve months.

In connection with the combination and financing, we amended the terms of the indenture governing our senior notes and extinguished $116.8 million of our senior notes in exchange for a combination of 1.9 million shares of our common stock and $15.2 million of cash. We refer to this transaction as the senior note exchange. Because we extinguished the debt in the senior note exchange at a significant discount, we recognized a substantial gain on debt extinguishment during the fourth quarter of 2002.

Furthermore, in conjunction with the combination, financing and senior note exchange, we amended our credit facility, and on December 31, 2002, we completed a 32 for 1 reverse stock split of our common stock in order to comply with Nasdaq initial listing requirements. Unless otherwise noted, all share and per share amounts in this prospectus supplement have been adjusted to give effect to the reverse stock split.

Risks and Uncertainties. Since inception, we have experienced operating losses and negative cash flow. As of September 30, 2003 we had an accumulated deficit of $418.1 million and accumulated cash used in operating and construction activities of $714.7 million. Given our limited operating history, we may not generate sufficient revenue to achieve desired profitability. We therefore believe that we will continue to experience operating losses for the foreseeable future, particularly from our newly-acquired operations in the Asia-Pacific region. See Risk Factors.

Under the terms of the amended credit facility, we must meet certain financial and non-financial covenants, including maintaining a monthly minimum cash balance. While these covenants were reset in December 2002 and are consistent with our expected future performance as a combined company, if we do not achieve the intended growth required or are unable to reduce costs to a level to comply with these covenants, we may be required to repay the $90.5 million currently outstanding under this facility. Since we do not have sufficient cash reserves to pay this outstanding obligation if an event of default occurs, we may be required to renegotiate with the debt issuers for forbearance, make other financial arrangements or take other actions in order to pay down the loan. There can be no assurance that such revised covenants will be met, or that we

will be able to obtain a forbearance or that replacement financing will be available. In addition, a default in the credit facility will trigger cross-default provisions in our other debt facilities. If the cash flows from operations are not sufficient to support our cash requirements, cost reductions implemented as a result of this could adversely affect the business and our ability to achieve our business objectives.

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Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions 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 on-going basis, management evaluates its estimates and judgments. Management bases its estimates and judgments on historical experience and on 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. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

- Revenue recognition and allowance for doubtful accounts;
- Restructuring charges;
- Accounting for income taxes;
- Contingent liabilities;
- Accounting for property and equipment;
- Impairment of long-lived assets; and
- Consolidation.

Revenue Recognition and Allowance for Doubtful Accounts. We derive our revenues from (a) recurring revenue streams, consisting primarily of colocation services, such as the licensing of cabinet space, power and bandwidth; interconnection services, such as cross connects; and managed infrastructure services, such as backup and recovery and various e-business services and (b) 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 billed monthly and recognized ratably over the term of the contract, generally one to three years. Non-recurring installation fees are deferred and recognized ratably over the term of the related contract. Professional service fees are recognized in the period in which the services were provided and represent the culmination of the earnings process. Fees for the provision of e-business services are recognized progressively as the services are rendered in accordance with the contract terms, except where the future costs cannot be reliably estimated, in which case fees are recognized upon the completion of services. Revenue from contract settlements is recognized on a cash basis for prior unrecognized services when no remaining performance obligations exist. We generally guarantee certain service levels, such as uptime, as outlined in individual customer contracts. To the extent that these service levels are not achieved, we reduce revenue for any credits given to the customer as a result. We generally have the ability to determine such service level credits prior to the associated revenue being recognized, and historically, these credits have not been significant.

Revenue is recognized as the service is provided when there is persuasive evidence of an arrangement, the fee is fixed or determinable and collection of the receivable is reasonably assured. It is customary business practice to obtain a signed master sales agreement and sales order prior to recognizing revenue in an arrangement. We assess the probability of collection based on a number of factors, including past transaction history with the customer and the credit-worthiness of the customer. We generally do not request collateral from our customers. If we determine that collection of a fee is not reasonably assured, we defer the fee and recognize revenue at the time collection becomes reasonably assured, which is generally upon receipt of cash. In addition, we also maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments for those customers that we had expected to collect the revenues. If the financial condition of our customers were to deteriorate or if they become insolvent, resulting in an impairment

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of their ability to make payments, 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 our reserves.

Our customer base has historically been composed of businesses throughout the U.S. Commencing in fiscal 2003, our revenues include revenues from our newly-acquired Asia-Pacific operations. For the nine months ended September 30, 2003 our revenues were split approximately 84% in the U.S. and 16% in Asia-Pacific. We perform ongoing credit evaluations of our customers. Revenues from one customer, IBM, accounted for 16% and 19%, respectively, of revenues for the nine months ended September 30, 2003 and 2002. As of December 31, 2002, one customer, IBM, accounted for 20% of annual revenues and 15% of accounts receivable. As of December 31, 2001, one customer, IBM, accounted for 15% of annual revenues and another customer, SiteSmith, accounted for 10% of accounts receivable. As of December 31, 2000, two customers, IBM and Loudcloud (now known as Opsware), accounted for 12% and 11% of annual revenues, respectively, and two customers, IBM and UUNET, accounted for 19% and 14% of accounts receivable, respectively. No other single customer accounted for greater than 10% of accounts receivable or annual revenues for the periods presented.

During the year ended December 31, 2001, we recognized approximately $200,000 of revenue in relation to equipment received from customers in lieu of cash. This equipment is being used in our operations and was valued based on management s assessment of the fair value of the equipment in relation to external prices for similar equipment.

In February and March 2002, we entered into arrangements with numerous vendors to resell bandwidth, as well as equipment. We began to offer such services in an effort to provide our customers a more fully-integrated services solution. Under the terms of the reseller agreements, we sell the vendors services or products to our customers and we will contract with the vendor to provide the related services or products. We recognize revenue from such arrangements on a gross basis in accordance with Emerging Issues Task Force, or EITF, Abstract No. 99-19, Recording Revenue as a Principal versus Net as an Agent. We act as the principal in the transaction as our customer services agreement identifies us as the party responsible for the fulfillment of product/services to our customers and have full pricing discretion. In the case of products sold under such arrangements, we take title to the products and bear the inventory risk as we have made minimum purchase commitments to various vendors. We have credit risk, as we are responsible for collecting the sales price from a customer, but must pay the amount owed to our suppliers after the suppliers perform, regardless of whether the sales price is fully collected. In addition, we will often determine the required equipment configuration and recommend bandwidth providers from numerous potential suppliers.

While we do not anticipate significant future equipment sales, as noted above, we entered into arrangements with numerous vendors to resell equipment in 2002. We had no equipment sales during the nine months ended September 30, 2003. For the year ended December 31, 2002, we recognized gross revenue of $2.9 million in connection with these reseller agreements as we acted as the primary obligor in these transactions.

Restructuring Charges. During the third quarter of 2001 and the second, third and fourth quarters of 2002, we recorded restructuring charges, primarily due to our revised European services strategy and exit costs related to excess leaseholds. These restructuring charges were comprised primarily of write-downs and write-offs of assets and accrued unfavorable lease commitments and related lease exit costs. The amount of the restructuring charges we recorded was based on our estimates of how long it would take to successfully negotiate lease terminations for the leaseholds we desired to exit and the related exit costs. In addition, we may incur additional restructuring charges if, in the future, we decide to modify our Asia-Pacific strategy in one or more of the countries we now operate in within the Asia-Pacific region. Should the actual lease exit costs and other accrued restructuring charges exceed the amount accrued, or a new restructuring activity is identified, additional restructuring charges may be required, which would decrease net income in the period such determination was made. Conversely, if actual lease exit and other restructuring charges are less than the amount accrued, an

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adjustment to accrued restructuring charges would be required, which would increase income in the period such determination was made. See Recent Accounting Pronouncements for a discussion of Accounting for Costs Associated with Exit or Disposal Activities.

Accounting for Income Taxes. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years 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 tax assets to the amounts expected to be realized.

We currently have provided for a full valuation allowance against our net deferred tax assets. We have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance. Based on the available objective evidence, management does not believe that the net deferred tax assets will be fully realizable. Should we determine that we would be able to realize our deferred tax assets in the foreseeable future, an adjustment to the deferred tax assets would increase income in the period such determination was made.

Contingent Liabilities. Management estimates exposure on contingent liabilities, such as litigation and property taxes, based on the best information available at the time of determination. For litigation claims, when management can reasonably estimate the range of loss and when an unfavorable outcome is probable, a contingent liability is recorded. For current legal proceedings, management believes that it has adequate legal defenses and that the ultimate outcome of these actions will not have a material effect on the Company s financial position, results of operations and cashflows. Furthermore, because of the uncertainties as to the outcome of these proceedings and since no range of loss can be estimated at this time, management has determined that no accrual is needed. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Revisions in our estimates of the potential liability could materially impact our results of operation and financial position.

With respect to real and personal property taxes, management 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 our control whereby the underlying value of the property or basis for which the tax is calculated on said property change, such as a landlord selling the underlying property of one of our IBX hub leases or a municipality changing the assessment value in a jurisdiction and, as a result, our property tax obligations may vary from period to period. Based upon the most current facts and circumstances, we make the necessary property tax accruals for each of our reporting periods. However, revisions in our estimates of the potential or actual liability could materially impact our results of operation and financial position.

Accounting for Property and Equipment. Property and equipment are stated at original cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally two to five years for non-IBX hub equipment and seven to ten years for IBX hub equipment. Leasehold improvements and assets acquired under capital lease are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement. In addition, we have capitalized certain interest costs during the construction phase. Once an IBX hub becomes operational, these capitalized costs are depreciated at the appropriate rate consistent with the estimated useful life of the underlying asset. We have issued numerous warrants to certain fiber carriers and our primary contractor responsible for the construction of many of our IBX hubs. We use the Black-Scholes option-pricing model to value these warrants. The value attributed to these warrants are included in our property and equipment and classified as a leasehold improvement. Amortization of such warrants is included in depreciation expense.

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Should management determine that the actual useful lives of our property and equipment placed into service is less than originally anticipated, or if any of our property and equipment was deemed to have incurred an impairment, additional depreciation, an impairment charge would be required, which would decrease net income in the period such determination was made. Conversely, should management determine that the actual useful lives of its property and equipment placed into service was greater than originally anticipated, less depreciation may be required, which would increase net income in the period such determination was made.

Impairment of Long-Lived Assets. We account for the impairment of long-lived assets in accordance with Statement of Financial Accounting Standard, or SFAS, No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which we adopted in fiscal 2002. We evaluate the carrying value of our long-lived assets, consisting primarily of our IBX hubs, whenever certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such events or circumstances include, but are not limited to, a prolonged industry downturn, a significant decline in our market value, or significant reductions in projected future cash flows. We prepare this analysis by assessing the future net cash flows generated by each IBX hub over their respectful useful lives and comparing this against the carrying value of that IBX hub. Our revenue and cost assumptions used in this analysis are based on numerous factors, including the current revenue and cost performance of each IBX hub, historical growth rates, the remaining space to fill each IBX hub to full capacity relative to the market demand in each of the individual geographic markets of each IBX hub, expected inflation rates and any other available economic indicators and factors that we feel are relevant. If the total of the undiscounted future cash flows is less than the carrying amount of the assets, we write down such assets based on the excess of the carrying amount over the fair value of the assets. Fair value is generally determined by calculating the discounted future cash flows using a discount rate based upon our weighted average cost of capital. Significant judgments and assumptions are required in the forecast of future operating results used in the preparation of the estimated future cash flows, including profit margins, long-term forecasts of the amounts and timing of overall market growth and our percentage of that market, groupings of assets, discount rates and terminal growth rates. In addition, significant estimates and assumptions are required in the determination of the fair value of our tangible long-lived assets, including replacement cost, economic obsolescence, and the value that could be realized in orderly liquidation. Changes in these estimates could have a material adverse effect on the assessment of our long-lived assets, thereby requiring us to write down the assets. Our long-lived assets at September 30, 2003 and December 31, 2002, including property and equipment and goodwill and identifiable intangible assets, totaled $347.8 million and $390.0 million, respectively, and $23.8 million and $24.9 million, respectively.

Consolidation. We follow the provisions of SFAS No. 94, Consolidation of All Majority-Owned Subsidiaries and EITF Abstract No. 96-16, Investor s Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights. As a result, all majority-owned subsidiaries are consolidated unless: (1) control is likely to be temporary, or (2) we do not have control. Evidence of such a lack of effective control includes our inability to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise.

As a result of the combination, we acquired a 60% interest in i-STT Nation Limited, an IBX hub operation in Thailand. However, as a result of certain substantive participating rights granted to minority shareholders, i-STT Nation Limited is not considered a controlled subsidiary and accordingly, it is not consolidated. Accordingly, we accounted for i-STT Nation Limited as an equity investment using the equity method of accounting. Under the preliminary purchase price allocation, we attributed no value to this investment as i-STT Nation Limited was in the early stages of operations and was not able to generate positive operating cashflow. During the nine months ended September 30, 2003, we made the decision to wind-down i-STT Nation Limited, entered into a wind-down agreement and liquidated this subsidiary. The costs of wind-down were accounted for as a purchase price adjustment.

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Results of Operations

Nine Months Ended September 30, 2003 and 2002 (unaudited)

Revenues. Our revenues for the nine months ended September 30, 2003 and 2002 were geographically comprised of the following (dollars in thousands):

	Nine Months Ended September 30,			
	2003	**%**	**2002**	**%**
U.S. revenues	$ 71,525	84%	$ 58,385	100%
Asia-Pacific revenues	13,263	16%		0%
Total revenues	$ 84,788	100%	$ 58,385	100%

Our geographic revenues for the nine months ended September 30, 2003 and 2002 were split between the following revenue streams (dollars in thousands):

	Nine Months Ended September 30,			
	2003	**%**	**2002**	**%**
Recurring revenues:				
U.S. recurring revenues	$ 66,793	79%	$ 47,777	82%
Asia-Pacific recurring revenues	11,668	14%		0%
Total recurring revenues	78,461	93%	47,777	82%
Non-recurring revenues:				
U.S. non-recurring revenues	4,732	5%	10,608	18%
Asia-Pacific non-recurring revenues	1,595	2%		0%
Total non-recurring revenues	6,327	7%	10,608	18%
Total revenues	$ 84,788	100%	$ 58,385	100%

We recognized revenues of $84.8 million for the nine months ended September 30, 2003, as compared to revenues of $58.4 million for the nine months ended September 30, 2002. Included in revenues for the nine months ended September 30, 2003, are the results of the two companies that we acquired on December 31, 2002, i-STT and Pihana, totaling $16.8 million. We segment our business geographically between the U.S. and Asia-Pacific.

U.S. Revenues. We recognized U.S. revenues of $71.5 million for the nine months ended September 30, 2003 as compared to $58.4 million for the nine months ended September 30, 2002. U.S. revenues consisted of recurring revenues of $66.8 million and $47.8 million, respectively, for the nine months ended September 30, 2003 and 2002, a 40% increase. Recurring revenues consist primarily of colocation services, such as the leasing of cabinet space and power, plus interconnection and managed infrastructure services. U.S. recurring revenues for the nine months ended September 30, 2003 includes $3.6 million of revenues generated from the two U.S. IBX hubs acquired from Pihana on December 31, 2002 located in Los Angeles and Honolulu. Excluding this revenue from the two acquired U.S. IBX hubs, the period over period growth in recurring revenues was primarily the result of an increase in orders from existing customers and growth in our customer base from 266 as of September 30, 2002 to 392 as of September 30, 2003. We expect our U.S. recurring revenues to continue to grow and remain our most significant source of revenue for the foreseeable future.

In addition, U.S. revenues consisted of non-recurring revenues of $4.7 million and $10.6 million, respectively, for the nine months ended September 30, 2003 and 2002. Non-recurring revenues are primarily related to the recognized portion of deferred installation revenue, custom service revenues, equipment resale revenue and settlement fees associated with certain contract terminations. The period over period decrease in U.S. non-recurring revenues was primarily the result of $2.9 million of equipment resale revenue and

$4.8 million in settlement fees from customers to terminate their contract recognized during the nine months ended September 30, 2002. There were no equipment resale transactions during the nine months ended September 30, 2003; however, we received $1.2 million of settlement fees during the nine months ended September 30, 2003, primarily as a result of bankruptcy related payments from both Worldcom and Excite@home. In February and March 2002, we entered into equipment reseller agreements with two related party companies and sold $2.9 million of equipment during the nine months ended September 30, 2002. Due to the low margins involved in reselling equipment, we are no longer actively pursuing equipment resale transactions, and as a result, we do not anticipate significant equipment resale revenues in the future. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. Settlement fees are recognized on a cash basis for prior unrecognized services when no remaining performance obligations exist. Excluding any settlement fees that we may recognize in the future, we expect our U.S. non-recurring revenues to decrease as a percent of our recurring revenues in the foreseeable future.

Asia-Pacific Revenues. As a result of the combination that closed on December 31, 2002, we recognized $13.3 million of revenues in Asia-Pacific during the nine months ended September 30, 2003. Prior to the combination we generated no revenues from outside of the United States. Asia-Pacific revenues consisted of recurring revenues of $11.7 million, primarily from colocation and managed infrastructure services, and non-recurring revenues of $1.6 million for the nine months ended September 30, 2003, which includes settlement fees of $534,000 from a customer that terminated its contract. Asia-Pacific revenues are generated from Singapore, Tokyo, Hong Kong and Sydney. Our Asia-Pacific revenues streams are similar to the revenue streams that we generate from our U.S. IBX hubs; however, our Singapore IBX hub has additional managed infrastructure service revenue streams, such as mail service and managed platform solutions, which we do not currently offer in any other IBX hub location.

Cost of Revenues. Cost of revenues increased to $95.6 million for the nine months ended September 30, 2003 from $78.6 million for the nine months ended September 30, 2002. Included in cost of revenues for the nine months ended September 30, 2003, are the results of the two companies that we acquired on December 31, 2002, i-STT and Pihana, totaling $18.9 million.

U.S. Cost of Revenues. U.S. cost of revenues increased to $79.6 million for the nine months ended September 30, 2003 as compared to $78.6 million for the nine months ended September 30, 2002. U.S. cost of revenues included $37.3 million and $35.1 million, respectively, of depreciation expense and $49,000 and $216,000, respectively, of stock-based compensation expense for the nine months ended September 30, 2003 and 2002. During the nine months ended September 30, 2003, we also recorded $485,000 of accretion expense associated with our asset retirement obligation relating to our various leaseholds, which consist primarily of our IBX hub operating leases, as required by a new accounting standard that we were required to adopt during 2003. In addition to depreciation, stock-based compensation and accretion expense, cost of revenues consists primarily of rental payments for our leased IBX hubs, site employees salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services, which we refer to as our cash cost of revenues. Furthermore, U.S. cost of revenues included the costs associated with the $2.9 million of equipment resale revenue that we recorded for the nine months ended September 30, 2002. We recorded no equipment resale revenue for the nine months ended September 30, 2003. Included in the U.S. cost of revenues for the nine months ended September 30, 2003, were the operating costs associated with the Los Angeles and Honolulu IBX hubs acquired from Pihana in the combination on December 31, 2002, which totaled $2.9 million ($2.5 million excluding depreciation). Excluding depreciation, stock-based compensation, accretion expense, the costs of equipment resales and the costs of operating the acquired U.S. IBX hubs, U.S. cost of revenues decreased period over period to $39.2 million for the nine months ended September 30, 2003 from $40.5 million for the nine months ended September 30, 2002, a 3% decrease. This decrease is primarily the result of reduced costs associated with the San Jose ground lease of $3.6 million as a result of the option that we exercised in September 2002 to return approximately one-half of the land commencing in October 2002; however, this decrease is partially offset by an increase in operating costs associated with certain of our IBX hubs as a result of

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(a) higher property taxes for certain IBX hubs and (b) increasing utility costs in line with increasing revenues for certain IBX hubs. Included in the overall increase in U.S. cost of revenues period over period, is approximately $1.0 million of incremental property tax fees that we recorded in the third quarter of 2003. Excluding the impact of these incremental property tax fees, we continue to anticipate that our cost of revenues will increase in the foreseeable future as the occupancy levels in our U.S. IBX hubs increase, although as a percent of revenues, we anticipate our cost of revenues will decline until such time as we reach certain pre-determined levels of profitability.

Asia-Pacific Cost of Revenues. As a result of the combination that closed on December 31, 2002, we incurred an additional $16.0 million in cost of revenues from our Asia-Pacific IBX hub operations during the nine months ended September 30, 2003. Included in this number is $3.6 million of depreciation expense. Excluding depreciation expense, our acquired cost of revenues totaled $12.4 million for Asia-Pacific, which we refer to as our cash cost of revenues. Our Asia-Pacific cash cost of revenues consist of the same type of cash costs that we incur in our U.S. IBX hub operations, namely rental payments for our leased IBX hubs, site employees salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services. Our Asia-Pacific cash costs of revenues are generated in Singapore, Tokyo, Hong Kong and Sydney. There are several managed IT infrastructure service revenue streams unique to our Singapore IBX hub, such as mail service and managed platform solutions, that are more labor intensive than our service offerings in the United States. As a result, our Singapore IBX hub has a greater number of employees than any of our other IBX hubs, and therefore, a greater labor cost relative to our other IBX hubs in the United States or other Asia-Pacific locations. We anticipate that our Asia-Pacific cash cost of revenues will experience moderate growth in the foreseeable future in relation to any revenue growth.

Sales and Marketing. Sales and marketing expenses increased to $14.2 million for the nine months ended September 30, 2003 from $12.2 million for the nine months ended September 30, 2002. Included in sales and marketing expenses for the nine months ended September 30, 2003, are the results of the two companies that we acquired on December 31, 2002, i-STT and Pihana, totaling $4.9 million.

U.S. Sales and Marketing Expenses. U.S. sales and marketing expenses decreased to $9.3 million for the nine months ended September 30, 2003 as compared to $12.2 million for the nine months ended September 30, 2002. Included in U.S. sales and marketing expenses were $243,000 and $802,000, respectively, of stock-based compensation expense for the nine months ended September 30, 2003 and 2002. During the nine months ended September 30, 2002, we recorded $2.3 million in bad debt expense, a substantial increase from the amount we typically expense (we recorded $49,000 of U.S. bad debt expense for the nine months ended September 30, 2003). The amount of bad debt expense that we recorded in the prior period was primarily the result of write-offs or full reserves of aged receivables associated with several customers, including Teleglobe, which had filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code last year. Excluding stock-based compensation and bad debt expense, U.S. sales and marketing expenses remained flat at $9.0 million for the nine months ended September 30, 2003 and 2002. Excluding stock-based compensation and bad debt expense, sales and marketing expenses consist primarily of cash compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. We continue to closely monitor our spending in all areas of the Company. We expect to see a moderate increase in sales and marketing spending in the future, although as a percent of revenues, we anticipate a decline in sales and marketing spending until such time as we reach certain pre-determined levels of profitability.

Asia-Pacific Sales and Marketing Expenses. As a result of the combination that closed on December 31, 2002, we incurred an additional $4.9 million of sales and marketing expenses, comprised of $3.3 million in cash sales and marketing expenses from our Asia-Pacific operations during the nine months ended September 30, 2003, and $1.6 million of amortization expense. Our Asia-Pacific sales and marketing expenses consist of the same type of cash costs that we incur in our U.S. operations, namely compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. Our Asia-Pacific sales and marketing expenses are generated in Singapore, Tokyo, Hong Kong and Sydney. We

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expect that our Asia-Pacific cash sales and marketing expenses will remain relatively flat in the foreseeable future. As a result of the combination that closed on December 31, 2002, we acquired several intangible assets that we amortize, namely the use of a tradename and certain customer contracts in Singapore valued at approximately $300,000 and $3.6 million, respectively. The tradename intangible asset is being amortized over one year and the customer contract intangible asset is being amortized over two years. As a result, we incurred a total of $1.6 million of amortization expense during the nine months ended September 30, 2003.

General and Administrative. General and administrative expenses increased to $26.4 million for the nine months ended September 30, 2003 from $22.7 million for the nine months ended September 30, 2002. Included in general and administrative expenses for the nine months ended September 30, 2003, are the results of the two companies that we acquired on December 31, 2002, i-STT and Pihana, totaling $6.3 million.

U.S. General and Administrative Expenses. U.S. general and administrative expenses decreased to $21.6 million for the nine months ended September 30, 2003 as compared to $22.7 million for the nine months ended September 30, 2002. Included in U.S. general and administrative expenses were $4.5 million and $4.4 million, respectively, of depreciation expense and $1.9 million and $4.6 million, respectively, of stock-based compensation expense for the nine months ended September 30, 2003 and 2002. In addition, general and administrative expenses for the nine months ended September 30, 2003, included $1.5 million of costs associated with a corporate headquarter office acquired from Pihana on December 31, 2002 located in Honolulu. This office was closed as of June 30, 2003. Excluding depreciation, stock-based compensation expense and the costs of the acquired Honolulu office, U.S. general and administrative expenses remained flat at $13.7 million for the nine months ended September 30, 2003 and 2002. Cash general and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses such as our corporate headquarter office lease. U.S. cash general and administrative expenses for the nine months ended September 30, 2002 included the elimination of a corporate bonus program, which resulted in savings during this period of $990,000. Excluding the effects of this particular item, U.S. cash general and administrative expenses decreased period over period by 7%. This period over period decrease in U.S. cash general and administrative expenses is the result of an overall reduction in spending due to cost containment efforts, including staff reductions of less than 10% done in 2002; reduced costs due to the relocation of our corporate headquarters to Foster City, California, which resulted in savings of $358,000 and a general reduction in corporate discretionary spending. We continue to closely monitor our spending in all areas of the Company. In addition, as a percent of revenues, we anticipate a decline in U.S. cash general and administrative spending until such time as we reach certain pre-determined levels of profitability.

Asia-Pacific General and Administrative Expenses. As a result of the combination that closed on December 31, 2002, we incurred an additional $4.7 million in general and administrative expenses from our newly-acquired Asia-Pacific operations. Our Asia-Pacific general and administrative expenses, which included $359,000 of depreciation expense, consist of the same type of costs that we incur in our U.S. operations, namely salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. Our Asia-Pacific general and administrative expenses are generated in Singapore, Tokyo, Hong Kong and Sydney. Our Asia-Pacific headquarter office is located in Singapore. Most of the corporate overhead support functions that we have in the U.S. also reside in our Singapore office in order to support our Asia-Pacific operations. In addition, we have separate corporate office locations in Tokyo and Hong Kong. We expect that our Asia-Pacific general and administrative expenses will remain relatively flat or experience only moderate growth for the foreseeable future.

Restructuring Charge. We did not incur any restructuring charges during the nine months ended September 30, 2003. During the nine months ended September 30, 2002, we recorded restructuring charges of $29.0 million. The restructuring charges consisted of (a) a $5.0 million option fee paid in May 2002 related to the amendment of our approximately 80 acre ground lease in San Jose, California from which we subsequently elected to exercise the option to permanently exclude 40 acres commencing October 1, 2002; (b) a write-off of property and equipment of $2.6 million, primarily leasehold improvements and some equipment, located in two

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unnecessary U.S. IBX expansion and headquarter office space operating leaseholds we had decided to exit and that do not currently provide any ongoing benefit; (c) a write-off of two U.S. letters of credit totaling $750,000 related to one U.S. operating leasehold we had committed to exit; (d) an accrual of $1.0 million related to the remaining estimated European exit costs; (e) an accrual of $500,000 severance charges related to a less than 10% reduction in workforce in an effort to reduce the cost structure of our corporate headquarter function; (f) an accrual of $115,000 related to additional U.S. leasehold exit costs and (g) a partial write-off of two letters of credit totaling in the amount of $19.0 million related to the exercise of the option to permanently terminate approximately one-half of the San Jose ground lease.

Interest Income. Interest income decreased to $182,000 from $961,000 for the nine months ended September 30, 2003 and 2002, respectively. Interest income decreased due to lower cash, cash equivalent and short-term investment balances held in interest-bearing accounts and lower interest rates received on those invested balances.

Interest Expense. Interest expense decreased to $15.3 million from $26.4 million for the nine months ended September 30, 2003 and 2002, respectively. The significant decrease in interest expense was primarily attributable to the retirement of $169.5 million of our 13% senior notes during 2002. In addition, we reduced the interest expense attributed to our credit facility due to a reduction in the principal balance outstanding and a reduction in the interest rates. However, these interest expense savings were partially offset by the approximately $5.0 million of non-cash interest expense associated with the $30.0 million 14% convertible secured note issued on December 31, 2002 as a result of the financing, and the $10.0 million 10% convertible secured note issued on June 5, 2003.

Gain on Debt Extinguishment. During the nine months ended September 30, 2002, the Company retired $52.8 million of its 13% senior notes in exchange for approximately 500,000 shares of our common stock and approximately $2.5 million of cash. As a result of these transactions, we recognized a $27.2 million net gain on debt extinguishment, after deducting transaction costs, interest waived and allocation of unamortized debt issuance costs and debt discount. We extinguished no senior notes during the nine months ended September 30, 2003.

Income Taxes. A full valuation allowance is recorded against our deferred tax assets as management cannot conclude, based on available objective evidence, when it is more likely than not that the gross value of its deferred tax assets will be realized.

Years Ended December 31, 2002 and 2001

Revenues. We recognized revenues of $77.2 million for the year ended December 31, 2002, as compared to revenues of $63.4 million for the year ended December 31, 2001. Revenues consisted of recurring revenues of $65.3 million and $57.6 million, respectively, for the year ended December 31, 2002 and 2001, primarily from the leasing of cabinet space, power and cross connects. Non-recurring revenues were $11.9 million and $5.8 million, respectively, for the year ended December 31, 2002 and 2001, primarily related to the recognized portion of deferred installation revenue and custom service revenues and one-time settlement fees associated with certain customer right-sizing or contract terminations. One-time settlement fees recognized during the year ended December 31, 2002 totaled approximately $4.5 million, including a $2.8 million one-time settlement with Qwest received in the third quarter of 2002, and approximately $562,000 for the corresponding period in 2001. Installation and service fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. One-time settlement fees are recognized upon contract termination. In February and March 2002, we entered into equipment reseller agreements with two related party companies. Included within the $11.9 million of non-recurring revenues for the year ended December 31, 2002, were $2.9 million of equipment sales resulting from these two equipment reseller agreements. There were no equipment sales in the year ended December 31, 2001. Excluding equipment sales, we recognized revenues of $74.2 million for the year ended December 31, 2002 as compared to revenues of $63.4 million for the year ended December 31, 2001, a 17% increase.

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The period over period growth in revenues was primarily the result of an increase in orders from existing customers and growth in our customer base from 218 customers as of December 31, 2001 to 303 customers as of December 31, 2002 on a pre-merger basis and one-time settlement fees associated with certain customer right-sizing or contract terminations. However, this growth in our customer base is partially offset by a number of our larger customers reducing the size of their contractual commitments to us. We refer to this effort as the right-sizing of our larger customer contracts. During late 2001 and throughout 2002, we proactively worked with certain of our larger customers to right-size their contractual commitments to help them better react to a slowdown in customer demand as a result of weaker economic conditions. Although these right-sizing efforts often result in a reduction in the number of cabinets these customers are obligated to pay for, many of these right-sizing efforts have resulted in the customer extending the term for the remaining cabinets. As a result, although the short-term recurring revenues from such customers are reduced, the overall contract value at times remains intact and the relationship with the customer is preserved, if not improved. As of December 31, 2002, we had successfully completed the right-sizing of most of our customers that had more than 100 cabinets booked, a booking level that represents our larger customers. These right-sizing efforts have, throughout 2002, been netted out against our new customer cabinet bookings, limiting our overall revenue growth during this period.

Commencing in fiscal 2003, our revenues will include revenues from our newly-acquired Asia-Pacific operations. We expect that revenues commencing in 2003 will be split approximately 85% in the U.S. and 15% in Asia-Pacific.

Cost of Revenues. Cost of revenues increased to $104.1 million for the year ended December 31, 2002 from $94.9 million for the year ended December 31, 2001. These amounts included $47.8 million and $40.0 million, respectively, of depreciation expense and $266,000 and $426,000, respectively, of stock-based compensation expense. In addition to depreciation and stock-based compensation, cost of revenues consists primarily of rental payments for our leased IBX hubs, site employees salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services. Furthermore, cost of revenues for the year ended December 31, 2002 included the costs associated with $2.9 million in equipment sales we recorded, which was approximately $2.8 million. Excluding depreciation, stock-based compensation expense and the costs of equipment sales, cash cost of revenues decreased slightly period over period to $53.1 million for the year ended December 31, 2002 from $54.4 million for the year ended December 31, 2001, a 2% decrease.

Cash cost of revenues for the year ended December 31, 2001 included $5.0 million in costs related to our European expansion plans. Due to the restructuring charge that we recorded in the third quarter of 2001, these costs were not in our cash cost of revenues for the year ended December 31, 2002; however, these savings were partially offset by the additional costs incurred of $3.7 million from (a) our newest and largest IBX hub opened during the first quarter of 2002 in the New York metropolitan area and (b) the costs associated with the ramp-up of our existing IBX hubs. In September 2002, we exercised an option to reduce the monthly operating costs under the San Jose ground lease by approximately one-half commencing October 2002, which resulted in savings of approximately $1.1 million as compared to the prior year. We anticipate that the costs associated with the continued ramp-up of our IBX hubs and the additional costs associated with some of our new services, such as bandwidth, will continue to increase in the foreseeable future; however, the cost savings resulting from the elimination of approximately half of the San Jose ground lease costs, which commenced in October 2002, should offset most of these increases for the foreseeable future in the U.S. However, commencing in fiscal 2003, our cost of revenues will include the cost of revenues associated with our Asia-Pacific operations.

Sales and Marketing. Sales and marketing expenses decreased to $15.2 million for the year ended December 31, 2002 from $16.9 million for the year ended December 31, 2001. These amounts included $952,000 and $2.8 million, respectively, of stock-based compensation expense. In addition, we recorded $2.3 million in bad debt expense for the year ended December 31, 2002, as compared to $477,000 recorded in the prior year. This substantial increase in bad debt expense was primarily the result of full provisions against aged receivables associated with two customers, Teleglobe and WorldCom, both of which filed for bankruptcy protection under

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Chapter 11 of the U.S. Bankruptcy Code in 2002. Excluding stock-based compensation and bad debt expense, cash sales and marketing costs decreased to $12.0 million for the year ended December 31, 2002 from $13.6 million for the year ended December 31, 2001, a 12% decrease. Cash sales and marketing expenses consist primarily of compensation and related costs for sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The decrease in sales and marketing expenses is the result of several cost saving initiatives that we undertook, including staff reductions of approximately 25% during 2001 that resulted in approximately $2.6 million in annual savings in sales and marketing costs and an overall decrease in discretionary spending. We continue to closely monitor our spending in all areas as a result of the current market conditions. However, commencing in fiscal 2003, our sales and marketing expenses will include the sales and marketing expenses associated with our Asia-Pacific operations.

General and Administrative. General and administrative expenses decreased to $30.7 million for the year ended December 31, 2002 from $58.3 million for the year ended December 31, 2001. These amounts included $5.7 million and $15.8 million, respectively, of stock-based compensation expense and $6.2 million and $9.6 million, respectively, of depreciation expense, resulting in $14.1 million or 43% decrease in period over period cash spending. Cash general and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The significant decrease in general and administrative expenses was primarily the result of several cost saving initiatives that we undertook, including staff reductions of approximately 25% during 2001 that resulted in approximately $4.9 million in annual savings in general and administrative costs and an overall decrease in discretionary spending. We continue to closely monitor our spending as a result of the current market conditions. However, commencing in fiscal 2003, our general and administrative expenses will include the general and administrative expenses associated with our Asia-Pacific operations.

Restructuring Charges. During the year ended December 31, 2002, we recorded restructuring charges of $28.9 million. The restructuring charges consisted of (a) a $5.0 million option fee paid in May 2002 related to the amendment of our approximately 80 acre ground lease in San Jose, California from which we subsequently elected to exercise the option to permanently exclude 40 acres commencing October 1, 2002; (b) a write-off of property and equipment of $2.6 million, primarily leasehold improvements and some equipment, located in two unnecessary U.S. IBX expansion and headquarter office space operating leaseholds we had decided to exit and that do not currently provide any ongoing benefit; (c) a write-off of one U.S. letters of credit totaling $250,000 related to one U.S. operating leasehold we had committed to exit; (d) an accrual of $1.0 million related to the remaining estimated European exit costs; (e) an accrual of $925,000 in severance charges related to a less than 10% reduction in workforce in an effort to reduce the cost structure of our corporate headquarter function that will result in approximately $2.8 million in annual savings; (f) an accrual of $115,000 related to additional U.S. leasehold exit costs and (g) a partial write-off of two letters of credit totaling $19.0 million associated with the exercise in September 2002 of our option to permanently terminate approximately one-half of our lease obligations under the San Jose ground lease.

During the quarter ended September 30, 2001, the Company took a restructuring charge of $48.6 million consisting of $45.3 million related to a revised European services strategy, $2.0 million for certain anticipated excess U.S. leasehold exit costs and $1.3 million related to a reduction in workforce, primarily in selling, general and administrative functions at the Company s headquarters. During third quarter 2001, the Company decided to partner with another Internet exchange company in Europe rather than build and operate its own centers outside of the U.S. As a result, the Company i) recorded a write-down of its European construction in progress assets to their net realizable value and recorded a charge totaling $29.3 million, ii) accrued certain leasehold exit costs for its European leasehold interests in the amount of $6.4 million, iii) wrote-off its European letters of credit that secured the European leasehold interests in the amount of $8.6 million and iv) accrued various legal, storage and other costs totaling $1.0 million to facilitate this change in strategy. In addition, the Company incurred a $2.0 million restructuring charge for leasehold exit costs associated with certain excess U.S. leases and a $1.3 million restructuring charge related to an approximate 15% reduction in workforce in an effort to streamline and reduce the cost structure of the Company s headquarter function.

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As of December 31, 2002, a total restructuring reserve of $1.7 million remained outstanding for all of the above accrued but unpaid restructuring charges. We began to realize the cost savings benefits resulting from the partial San Jose ground lease termination in cost of revenues during October 2002.

Interest Income. Interest income decreased to $998,000 from $10.7 million for the year ended December 31, 2002 and 2001, respectively. Interest income decreased due to lower cash, cash equivalent and short-term investment balances held in interest bearing accounts and lower interest rates received on those invested balances.

Interest Expense. Interest expense decreased to $35.1 million from $43.8 million for the year ended December 31, 2002 and 2001, respectively. The decrease in interest expense was attributable to the retirement of $52.8 million of our 13% senior notes during the first half of 2002 and to the decline in both the principal due and the interest rates associated with our credit facility.

Gain on Debt Extinguishment. During the first half of 2002, we retired $52.8 million of our senior notes in exchange for approximately 500,000 shares of our common stock and approximately $2.5 million of cash. On December 31, 2002, we retired an additional $116.8 million of our senior notes in exchange for approximately 1.9 million shares of our common stock and approximately $15.2 million of cash. As a result of these transactions, we recognized a $114.2 million net gain on debt extinguishment during 2002, after deducting transaction costs, interest waived and allocation of unamortized debt issuance costs and debt discount.

Years ended December 31, 2001 and December 31, 2000

Revenues. Revenues increased from $13.0 million for the year ended December 31, 2000 to $63.4 million for the year ended December 31, 2001. Revenues consist of recurring revenues of $57.6 million for 2001, versus $11.6 million for 2000, primarily from the leasing of cabinet space, and non-recurring revenues of $5.8 million for 2001, versus $1.4 million for 2000, related to the recognized portion of deferred installation revenue and custom service revenues. Installation fees are recognized ratably over the term of the contract. Custom service revenues are recognized upon completion of the services. Revenues increased year over year because we had more IBX hubs open and operational during 2001 than we had during 2000.

Cost of Revenues. Cost of revenues increased from $43.4 million for the year ended December 31, 2000 to $94.9 million for the year ended December 31, 2001. These amounts include depreciation and amortization expense of $11.5 million and $40.0 million, respectively. In addition to depreciation and amortization, cost of revenues consists primarily of rental payments for our leased IBX hubs, site employees salaries and benefits, utility costs, power and redundancy system engineering support services and related costs and security services. The increase in cost of revenues was due to additional leases and increased expenses related to our opening of additional IBX hubs. During the quarter ended September 30, 2001, we revised our European services strategy that included exiting our European leases and various U.S. leaseholds. These actions reduced the cost of revenues commencing in fourth quarter 2001; however, these savings have been offset in part by increased cost of revenues associated with the opening of the New York metropolitan IBX hub during the first quarter of 2002, including related depreciation and amortization expense, and additional cost of revenues related to our existing IBX hubs as our installed base of customers grows.

Sales and Marketing. Sales and marketing expenses decreased from $20.1 million for the year ended December 31, 2000 to $16.9 million for the year ended December 31, 2001; however, these amounts include stock-based compensation expense of $6.3 million and $2.8 million, respectively, resulting in a 2% increase in period over period cash spending. Sales and marketing expenses consist primarily of compensation

and related costs for the sales and marketing personnel, sales commissions, marketing programs, public relations, promotional materials and travel. The increase in sales and marketing expense resulted from the addition of personnel in our sales and marketing organizations during the first half of 2001, reflecting our increased selling effort and our initiatives to develop market awareness. During the quarter ended September 30, 2001, we

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incurred a $1.3 million restructuring charge related to a reduction in workforce that included some sales and marketing staff.

General and Administrative. General and administrative expenses increased from $56.6 million for the year ended December 31, 2000 to $58.3 million for the year ended December 31, 2001. These amounts include stock-based compensation expense of $22.8 million and $15.8 million, respectively, and depreciation and amortization expense of $3.3 million and $9.6 million, respectively, resulting in an 8% increase in period over period cash spending. General and administrative expenses consist primarily of salaries and related expenses, accounting, legal and administrative expenses, professional service fees and other general corporate expenses. The increase in general and administrative expenses was primarily the result of increased expenses associated with additional hiring of personnel in management, finance and administration, as well as other related costs associated with supporting our expansion, particularly during the first quarter of 2001. During the second and third quarters of 2001, we implemented several cost-savings initiatives, including some staff reductions and an overall decrease in discretionary spending.

Restructuring Charge. During the quarter ended September 30, 2001, we took a restructuring charge of $48.6 million consisting of $45.3 million related to its revised European services strategy, $2.0 million for certain anticipated excess U.S. leasehold exit costs and $1.3 million related to a reduction in workforce, primarily in selling, general and administrative functions at our corporate headquarters. During third quarter 2001, we decided to partner with other Internet exchange companies in Europe rather than build and operate our own centers outside of the U.S. As a result, we (a) recorded a write-down of our European construction in progress assets to their net realizable value and recorded a charge totaling $29.3 million, (b) accrued certain leasehold exit costs for our European leasehold interests in the amount of $6.4 million, (c) wrote-off our European letters of credit that secured the European leasehold interests in the amount of $8.6 million and (d) accrued various legal, storage and other costs totaling $1.0 million to facilitate this change in strategy. We experienced some cost savings benefits from this restructuring charge during the fourth quarter of 2001, particularly in cost of revenues; however, these cost-savings were partially offset by the increased operating costs of the New York metropolitan area IBX hub beginning in the first quarter of 2002. In addition, we incurred a $2.0 million restructuring charge for leasehold exit costs associated with certain excess U.S. leases and a $1.3 million restructuring charge related to an approximate 15% reduction in workforce in an effort to reduce the cost structure of our corporate headquarter functions. We began to realize the cost savings benefits of the $2.0 million U.S. lease restructuring charge and $1.3 million workforce reduction restructuring charge commencing in the fourth quarter of 2001.

Interest Income. Interest income decreased from $16.4 million for the year ended December 31, 2000 to $10.7 million for the year ended December 31, 2001 as a result of a decline in short-term interest rates and reduced cash, cash equivalent and short-term investments.

Interest Expense. Interest expense increased from $29.1 million for the year ended December 31, 2000 to $43.8 million for the year ended December 31, 2001. The increase in interest expense was attributed to interest related to an increase in our debt facilities and capital lease obligations, including the credit facility, and amortization of the credit facility and other debt facilities and capital lease obligations debt issuance costs and discounts.

Liquidity and Capital Resources

Since inception, we have financed our operations and capital requirements primarily through the issuance of senior notes, the private sale of preferred stock, our initial public offering, our credit facility, which was later amended, our convertible secured notes, our combination with i-STT and Pihana and various types of debt facilities and capital lease obligations, for aggregate gross proceeds of $909.2 million. As of September 30, 2003, our total indebtedness from our senior notes, credit facility and other debt facilities and capital lease obligations was $166.9 million, including our $30.0 million convertible secured non-cash interest pay note issued in December 2002 and the $10.0 million convertible secured non-cash interest pay notes issued in connection with the Crosslink financing in June 2003.

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As of September 30, 2003, our principal source of liquidity was approximately $25.2 million in cash, cash equivalents and short-term investments.

Uses of Cash

Net cash used in our operating activities was $20.3 million for the nine months ended September 30, 2003 of which $16.4 million was related to the payment of accrued restructuring charges and accrued merger and financing costs related to the combination, financing and senior note exchange and aged payables. Net cash used in our operations was $29.7 million for the nine months ended September 30, 2002. We used cash during this period primarily to fund our net loss, including cash interest payments on senior notes and our credit facility. Net cash used in our operating activities was $27.5 million, $68.9 million and $68.1 million for the years ended December 31, 2002, 2001 and 2000, respectively. We used cash during these periods primarily to fund our net loss, including cash interest payments on senior notes and our credit facility.

Net cash used in investing activities was $4.2 million and $6.5 million for the nine months ended September 30, 2003 and 2002, respectively. Net cash used in investing activities during the nine months ended September 30, 2003 was primarily for capital expenditures and the purchase of $3.5 million of short-term investments; however, this was substantially offset by the release of restricted cash to fund a cash interest payment on our senior notes in January 2003. Net cash used in investing activities for the nine months ended September 30, 2002 was primarily attributable to the liquidation of accrued construction costs for the New York metropolitan area IBX hub, which opened during the first quarter of 2002, partially offset by the sale of some of our short-term investments. The amount of cash used in investing activities has decreased substantially as we have now substantially completed our current IBX hub rollout plan. Net cash used in investing activities was $7.5 million, $153.0 million and $302.2 million for the years ended December 31, 2002, 2001 and 2000, respectively. Net cash used in investing activities during these periods was primarily attributable to the construction of our IBX hubs and the purchase of restricted cash and short-term investments.

Net cash provided by financing activities was $5.0 million for the nine months ended September 30, 2003. Net cash used in financing activities was $13.7 million for the nine months ended September 30, 2002. Net cash provided by financing activities during the nine months ended September 30, 2003 was primarily the result of the $10.0 million in proceeds from the Crosslink financing, partially offset by payments of our various debt facilities and capital lease obligations. Net cash used in financing activities during the nine months ended September 30, 2002 was primarily attributable to the scheduled monthly payments of our debt facilities and capital lease obligations, a $5.0 million repayment on our credit facility and the principal repayment of $2.5 million of our senior notes and the costs associated with the exchange of the senior notes. Net cash generated by financing activities was $16.9 million, $107.8 million and $339.8 million for the years ended December 31, 2002, 2001 and 2000, respectively. Net cash generated by financing activities during the year ended December 31, 2002 was primarily attributable to the cash acquired in the acquisitions of i-STT and Pihana and proceeds from our $30.0 million convertible secured notes, offset by payments of $17.7 million used to retire approximately $169.5 million of our senior notes and the costs associated with the exchange of the senior notes and repayments under our credit facility of $13.5 million. Net cash generated by financing activities during the year ended December 31, 2001 was primarily attributable to the net $105.0 million draw down under our credit facility. Net cash generated by financing activities during the year ended December 31, 2000 was primarily attributable to the proceeds from the initial public offering of our common stock and the issuance of Series C redeemable convertible preferred stock.

Debt Obligations

As of September 30, 2003, our total indebtedness from our senior notes, credit facility, convertible secured notes and debt facilities and capital lease obligations was $166.9 million, as follows:

Senior Notes. In December 1999, we issued $200.0 million aggregate principal amount of 13% senior notes due 2007. During 2002, we retired $169.5 million of the senior notes in exchange for approximately

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2.4 million shares of common stock and approximately $21.3 million of cash. As of September 30, 2003, a total of $30.5 million of senior note principal remains outstanding, which is presented, net of unamortized discount, on our balance sheet at $29.1 million.

Credit Facility. In December 2000, we entered into the credit facility with a syndicate of lenders under which, subject to our compliance with a number of financial ratios and covenants, we were permitted to borrow up to $150.0 million. This facility was amended at various times during 2001 and 2002 and in connection with the combination, financing and completed senior note exchange, we entered into a further amendment to the credit facility. The most significant terms and conditions of this amendment were:

- we were granted a full waiver of previous covenant breaches and were granted consent to use cash to retire our senior notes in connection with the senior note exchange;

- future revenue and EBITDA covenants were eliminated and the remaining covenants and ratios were reset consistent with expected future performance of the combined company for the remaining term of the loan;

- we permanently repaid $8.5 million of the then currently outstanding $100.0 million balance, bringing our total amount owed under this facility to $91.5 million as of December 31, 2002; and

- the amortization schedule for the credit facility was amended such that the minimum amortization due in 2003-2004 was significantly reduced.

As of September 30, 2003, a total of $90.5 million of credit facility principal remains outstanding.

In addition, we have received consent from our senior lenders to amend the terms of our credit facility contingent upon the closing of this offering and the prepayment described below. The material terms of the amendment are as follows:

- we agree to prepay the greater of (i) 50% of the gross proceeds from this offering (which will be $45.0 million assuming the underwriters do not exercise their over-allotment option), or (ii) $25.0 million, as a permanent pay down of our currently outstanding principal balance of $90.5 million as of September 30, 2003;

- the banks agree to amend the cash sweep provision, which currently commences on March 31, 2004 and which require us to pay down our principal balance in an amount equal to 50% of any cash on our balance sheet in excess of $20.0 million. This provision will be amended such that it will not commence until March 31, 2005 and will only be triggered on cash amounts in excess of $25.0 million; and

- the banks agree to extend the term of the credit facility from December 2005 to December 2006. In addition, assuming a prepayment of $45.0 million, the banks will amend the amortization schedule to the following schedule: 2004 $12.0 million; 2005 $12.0 million; 2006 $20.5 million.

Convertible Secured Notes. In December 2002, in conjunction with the combination, STT Communications made a $30.0 million strategic investment in the company in the form of a 14% convertible secured note with an initial term of five years. The interest on the convertible secured note is payable in kind in the form of additional convertible secured notes, which we refer to as PIK notes . In May 2003, we issued the first PIK note for $1.4 million.

In June 2003, entities affiliated with Crosslink Capital made a $10.0 million strategic investment in the company in the form of 10% convertible secured notes due November 2007. The interest on the convertible secured notes is payable in kind in the form of additional convertible secured notes commencing on the second anniversary of the closing of this transaction.

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As of September 30, 2003, a total of $41.4 million of convertible secured notes were outstanding, which is presented, net of unamortized discount, on our balance sheet at $28.5 million.

Other Debt Facilities and Capital Lease Obligations. In May 1999, we entered into a master lease agreement with Comdisco in the amount of $1.0 million. This master lease agreement was increased by addendum in August 1999 by $5.0 million. This agreement bears interest at either 7.5% or 8.5% and is repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. In June 2003, we entered into an early termination agreement with Comdisco and made a payment to Comdisco of $1.9 million in full satisfaction of all amounts owed under these agreements.

In August 1999, we entered into a loan agreement with Venture Lending and Leasing in the amount of $10.0 million and fully drew down on this amount. This loan agreement bears interest at 8.5% and was repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. In October 2002, we amended the loan agreement to secure certain short-term cash deferment benefits. Under the terms of this amendment, we extended the maturity of the loan by 24 months and amortized the remaining principal balance and related balloon interest payment over this amended period ending March 1, 2005. In exchange, the Company issued new warrants and re-priced the original warrants. As of September 30, 2003, principal of $984,000 remained outstanding.

In March 2001, we entered into a loan agreement with Wells Fargo in the amount of $3.0 million and fully drew down on this amount. This loan agreement bears interest at 13.15% and is repayable over 36 months. As of June 30, 2002, we were not in compliance with one of the requirements of this loan. As a result, we reflected the full amount outstanding under this facility totaling $1.6 million as a current obligation on the accompanying balance sheet as of December 31, 2002. In January 2003, we reached an agreement with Wells Fargo and made a payment to Wells Fargo of approximately $1.7 million in full satisfaction of all amounts owed to Wells Fargo under the loan agreement.

In June 2001, we entered into a loan agreement with Heller Financial Leasing in the amount of $5.0 million and fully drew down on this amount. This loan agreement bears interest at 13.0% and is repayable over 36 months. In August 2002, we amended this loan to secure certain short-term cash deferments. Under the amended terms of this loan agreement, we extended the maturity of the loan by nine months. Commencing September 2002, we began to benefit from the reduction in monthly payments over the following 14 months thereby deferring approximately $1.2 million of principal payments. Commencing November 2003, the deferred principal payments will be repaid over the remaining 17 months of the loan ending March 2005. As of September 30, 2003, principal of $2.9 million remained outstanding.

In December 2002, in conjunction with our merger with Pihana, we acquired multiple capital leases with Orix. The original amount financed was approximately $3.5 million. These capital lease arrangements bear interest at an average rate of 6.4% per annum and are repayable over 30 months. As of September 30, 2003, principal of $652,000 remained outstanding.

As of September 30, 2003, a total of $4.5 million of our other debt facilities and capital lease obligations were outstanding, which is presented, net of unamortized discount, on our balance sheet at $4.3 million.

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Debt Maturities and Operating Lease Commitments

We lease our IBX hubs and certain equipment under non-cancelable operating lease agreements expiring through 2020. The following represents the minimum future operating lease payments for these commitments, as well as the combined aggregate maturities for all of our debt as of September 30, 2003 (unaudited) (in thousands):

	Debt facilities & capital lease obligations	Credit facility	Senior notes	Convertible secured notes	Operating leases	Total
2003	$ 864	$ 990	$	$	$ 5,090	$ 6,944
2004	2,907	11,981			25,100	39,988
2005	729	77,548			28,220	106,497
2006					28,935	28,935
2007			30,475	41,400	29,224	101,099
2008 and thereafter					207,704	207,704
	$ 4,500	$ 90,519	$ 30,475	$ 41,400	$ 324,273	$ 491,167

As of September 30, 2003, we had capital expenditure commitments of approximately $3.5 million related to a small expansion of our Singapore IBX hub, which we expect to fund during the fourth quarter of 2003 and first quarter of 2004. We believe that our cash on hand and the anticipated cash flow generated from operations, will be sufficient to meet our working capital, debt service and corporate overhead requirements associated with our operations for the next twelve months.

Recent Accounting Pronouncements

In November 2002, the Emerging Issues Task Force reached a consensus on Issue No. 00-21, Revenue Arrangements with Multiple Deliverables, or EITF 00-21. EITF 00-21 provides guidance on how to account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. We adopted the provisions of EITF 00-21 during the third quarter of 2003. The adoption of this statement has not had a material impact on our results of operations, financial position or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46, or FIN 46, Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51. FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after December 15, 2003. We are currently assessing the impact of the pronouncement on our consolidated financial statements, but believe that it will not have a material impact on our results of operations, financial

position or cash flows.

In April 2003, the FASB issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The new guidance amends SFAS No. 133 for decisions made as part of the Derivatives Implementation Group, or DIG, process that effectively required amendments to SFAS No. 133, and decisions made in connection with other FASB projects dealing with financial instruments and in connection with implementation issues raised in relation to the application of the definition of a derivative and characteristics of a derivative that contains financing components. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified

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after June 30, 2003 and for hedging relationships designated after June 30, 2003. We adopted the provisions of SFAS No. 149 during the third quarter of 2003. The adoption of this statement has not had a material impact on our results of operations, financial position or cash flows.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) because that financial instrument embodies an obligation of the issuer. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. To date, the impact of the effective provisions of SFAS No. 150 have not had a material impact on our results of operations, financial position or cash flows. While the effective date of certain elements of SFAS No. 150 have been deferred, the adoption of SFAS No. 150 when finalized is not expected to have a material impact on our financial position, results of operations or cash flows.

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BUSINESS

Overview

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies, systems integrators and the world s largest networks. Through our 13 Internet Business Exchange hubs, or IBX hubs, in the U.S. and Asia customers can directly interconnect with each other for critical traffic exchange requirements. Direct interconnection to our aggregation of networks, which serve more than 90% of the world s Internet routes, allows our customers to increase performance while significantly reducing costs. Based on our network neutral model and the quality of our IBX hubs, we believe we have established a critical mass of customers. This critical mass and the resulting network effect, combined with our improved financial position gained through the completion of a series of acquisitions and related financings at the end of last year, has allowed us to accelerate new customer growth and bookings. As a result of our fixed cost model, we believe this continued growth will drive higher incremental margins and increasing cash returns.

Our network neutral business model is a key differentiator for Equinix in the market. Because we do not operate a network, we are able to offer direct interconnection to the largest aggregation of bandwidth providers and Internet service providers. The world s top tier Internet service providers, and numerous access networks, second tier providers and international carriers such AT&T, British Telecom, Cable & Wireless, Level 3, MCI, NTT, SBC, SingTel and Qwest are all currently located at our IBX hubs. Access to such a wide variety of networks has attracted 7 of the top 10 Internet properties and numerous other customers, including Amazon.com, Electronic Arts, Electronic Data Systems, Fujitsu, Gannett, Google, IBM, MSN, Sony, Washingtonpost.Newsweek Interactive and Yahoo!.

Our products and services are comprised of three types: Colocation, Interconnection, and Managed IT Infrastructure services.

- Colocation services include cabinets, power, operations space and storage space for our customers colocation needs.
- Interconnection services allow customers to trade network traffic with each other simply and easily without contracting bandwidth through local service providers.
- Managed IT infrastructure services allow our customers to leverage our significant telecommunication expertise, maximize the benefits of our IBX hubs and optimize their infrastructure and resources.

This market has historically been served by large telecommunications carriers who have bundled their telecommunications services with their colocation offerings. Within the past six months, two major telecommunications companies have announced their plans to exit the U.S. market in order to focus on their core offerings. We believe we have an advantage in gaining the business of those customers displaced from these telecommunications companies because access to their networks are also available in our IBX hubs. Strategically, Equinix will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service streams.

Recent Developments

Acquisitions and Related Financings. On December 31, 2002, we completed the acquisitions of i-STT, the Internet infrastructure subsidiary of STT Communications Ltd., and Pihana Pacific, a second Asia-Pacific focused competitor. In connection with the acquisitions, we raised $30.0 million in proceeds through the issuance of a convertible secured note to STT Communications and substantially de-leveraged our balance sheet through the repayment and retirement of outstanding debt. Upon closing the acquisitions, we retired more than $116.0 million of our 13% senior notes, through a combination of cash and equity, and further reduced our credit facility by an additional $8.5 million. As a result of these transactions, STT Communications holds approximately 26% of our outstanding voting stock. In June 2003, we raised an additional $10.0 million through the issuance of convertible secured notes to Crosslink Capital.

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New IBX Addition. On October 27, 2003, we announced that we had signed a definitive agreement to sublease Sprint s E|Solutions Internet Center in Santa Clara, California, and acquire certain related assets. The 160,000 square foot data center would become our 14th IBX hub, expanding our global footprint to over 1.2 million square feet in five countries. Sprint s Santa Clara center provides a physical infrastructure that is consistent with our industry leading standards, and currently hosts some of the top Internet companies. Consistent with our model of network-neutrality, we will offer a choice of networks in the new center. We may begin placing customers in the center December 1, 2003, subject to the satisfaction of closing conditions and completion of closing under our agreement with Sprint.

Credit Facility Amendment. We have received consent from our senior lenders to amend the terms of our credit facility contingent upon the closing of this offering and the prepayment described below. The material terms of the amendment are as follows:

- We agree to prepay the greater of (i) 50% of the gross proceeds from this offering (which will be $45.0 million assuming the underwriters do not exercise their over-allotment option), or (ii) $25.0 million, as a permanent pay down of our outstanding principal balance of $90.5 million as of September 30, 2003;

- The banks agree to amend the cash sweep provision, which currently commences on March 31, 2004 and which require us to pay down our principal balance in an amount equal to 50% of any cash on our balance sheet in excess of $20.0 million. This provision will be amended such that it will not commence until March 31, 2005 and will only be triggered on cash amounts in excess of $25.0 million; and

- The banks agree to extend the term of the credit facility from December 2005 to December 2006. In addition, assuming a prepayment of $45.0 million, the banks will amend the amortization schedule to the following schedule: 2004 $12.0 million; 2005 $12.0 million; 2006 $20.5 million.

Industry Background

The Internet is a collection of numerous independent networks interconnected with each other to form a network of networks. Users on different networks are able to communicate with each other through interconnection between these networks. For example, when a user of the Internet sends an email to another user, assuming that each person uses a different network provider, the email must pass from one network to the other in order to get to the final destination.

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 for free. 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 MCI), Sprint, Ameritech and Pacific Bell (both now known as SBC).

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 Microsoft, Yahoo!, America Online and others. In addition, the providers, as well as a growing number of enterprises required a more secure, 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 were

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moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built fast enough to accommodate the growth in traffic. This led to a need by the large carriers to find a more efficient way to trade traffic or peer. Customers have chosen Equinix for their peering operations because they are now able to reach all of the networks they peer with all in one location, with simple direct connections. Their ability to peer across the room, instead of across a metro area has increased the scalability of their operations while decreasing cost by upwards of 50%.

Our IBX hubs are the next-generation interconnection points. They are designed to handle the scalability issues that exist between both large and small networks, as well as the interconnection between the emerging companies who have become critical to the Internet. We have been successful in uniting the major companies that make up the Internet infrastructure including AT&T, Cable & Wireless, Level 3, MCI, Qwest and Sprint. These companies, which constitute the world s largest top Internet service providers, together with most of the major broadband networks, including America Online, Comcast Corporation, Cox Communications, MSN, SBC and Shaw Communications, second tier backbones such as Global Crossing, Verio and WilTel, top international telecommunications carriers, including Bell Canada, British Telecom, Deutsche Telecom, France Telecom, Japan Telecom, KDDI, Singapore Telecom, StarHub, Telia and Telstra, and almost every fiber, sonet, Ethernet and competitive local exchange company, including Looking Glass Networks, OnFiber Communications and Yipes, and incumbent local exchange company, including Ameritech, SBC and Verizon, are our customers and use us to interconnect with each other and their customers. Additionally, we provide an important industry leadership role in the area of exchange points and are consistently looked to as an industry expert and key influence in this subject matter.

Content providers and enterprises can now control their own network performance and destiny by choosing the various service providers they wish to work with and by establishing direct connections for this connectivity. For our customers, this represents significant cost savings and increased performance.

Our Solution

Our IBX hubs provide the environment and services to meet the networking and IT operations challenges facing enterprises, networks and Internet businesses today. As a result, we are able to provide the following key benefits to our customers:

Quality. Our IBX centers provide customers with a secure, high quality solution for their colocation needs. Enterprise and content companies have demanding requirements for data center uptime, security, power backup and other important attributes. We have designed our centers and processes to exceed the requirements for the most important financial institutions, government agencies and key enterprise brands such as Amazon.com, Macromedia and Nasdaq Liffe. We have a track record of 99.9999% uptime and are continually testing and refining processes to ensure that we will continue to provide the stability and quality that customers expect.

Performance. Because we provide direct access to the providers that serve more than 90% of the world s Internet networks and users, customers can quickly, efficiently, cost-effectively and reliably exchange traffic with their network services providers for higher performance operations. Access to the more than 150 networks ensures high-quality interconnection. With the mass of networks present, global enterprises are increasingly looking at ways to provide network diversity and increase performance of their operations, and are utilizing our IBX hubs to ensure their IT infrastructures are operating at the interconnection hub of the Internet. By using multiple networks, customers are able to insure their operations in the event that one of their network service providers has a service interruption or restructuring in the business. The network service providers and geographic diversity we offer provides customers with the flexibility to enable the highest performing Internet operations.

Improved Economics. Our U.S. services such as Equinix GigE Exchange and Equinix Internet Core Exchange facilitate peering and dramatically reduce costs for critical transit, peering and traffic exchange operations by eliminating the costs of private peering or local loops. Networks such as Comcast, British Telecom

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and SBC and content providers such as Google, MSN and Yahoo! can save between 20% to 40% of bandwidth costs through the traffic exchange services we offer. In addition, in both the U.S. and Asia-Pacific, content companies and enterprises can save significant bandwidth costs because the number of networks housed within Equinix competing for the traffic of these companies results in lower prices while increasing performance.

Access to International Markets. We offer our network, content and enterprise customers a one-stop solution for their outsourced IT infrastructure needs in the U.S. and Asia-Pacific. This is especially important for U.S. enterprises who want to expand into Asia-Pacific, where the myriad of complexities for doing business in each country remains challenging. We offer a consistent standard of quality, a single contract and a single point of support for all our locations throughout the U.S. and Asia-Pacific.

Our Strategy

Our objective is to become the premier hub for critical Internet players to locate their operations in order to gain maximum benefits from the choice of networks and partners in the most simple and efficient manner. Key components of our strategy include the following:

Continue to Build upon our Critical Mass of Network Providers and Content Companies. We have assembled a critical mass of premier network providers and content companies and have become one of the core hubs of the Internet. This critical mass is a key selling point since content companies want to connect with a diverse set of networks to provide the best connectivity to their end-customers, and network companies want to sell bandwidth to content customers and interconnect with other networks in the most efficient manner available. Currently, we have over 150 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.

Leverage the Network Effect. As networks, content providers and other enterprises locate in our IBX hubs, it benefits their suppliers and business partners to do so as well to gain the full economic and performance benefits of direct interconnection. These partners, in turn, pull in their business partners, creating a network effect of customer adoption. Our interconnection services enable scalable, reliable and cost-effective interconnection and traffic exchange thus lowering overall cost and increasing flexibility.

Promote our IBX Hubs as the Highest Performance Points on the Internet. Our premier IBX hubs offer state of the art design and security, 24 hour / 365 days a year customer service, and high quality power and back-up redundancy with 99.9999% uptime.

Provide New Products and Services within our IBX Hubs. We will continue to offer additional products and services that are most valuable to our customers as they manage their Internet and network businesses and, specifically, as they attempt to effectively utilize multiple networks. For example, we offer an automated service to allow customers to easily choose and provision networks, a service that allows backup and recovery of data and a service that allows customers to self monitor their networks.

Customers

Our customers include carriers and other bandwidth providers, internet service providers, enterprises, content providers and system integrators. We offer each customer a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of September 30, 2003, we had 689 customers.

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Typical customers in each category include the following:

Carriers/Networks	Content Providers	Enterprise
AT&T	Amazon.com	Apple
British Telecom	Electronic Arts	Deutsche Boerse
Cable & Wireless	Google	Electronic Data Systems
Level 3	Hotwire	Fidelity Investments
MCI	MSN	Fujitsu
NTT	Newsweek	Gannett
Qwest	Sony	IBM
SBC	Washington Post	Macromedia
Sprint	Yahoo!	Trammell Crow

Customers typically sign renewable contracts of one or more years in length. Our single largest customer, IBM, represented approximately 16% and 19% of total revenues for the nine months ended September 30, 2003 and 2002, respectively, and approximately 20% and 15% of total revenues for the twelve months ended December 31, 2002 and 2001, respectively. No other single customer accounted for more than 10% of revenues for the nine months ended September 30, 2003 or 2002 or the twelve months ended December 31, 2002 or 2001.

Products and Services

Our products and services are comprised of three types: Colocation, Interconnection and Managed IT Infrastructure services.

Colocation Services

Our IBX hubs provide our customers with secure, reliable and fault-tolerant environments that are necessary for optimum Internet commerce interconnection. Our IBX hubs include multiple layers of physical security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days per year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other redundant, fault-tolerant infrastructure systems. Some specifications or services provided may differ in our Asia-Pacific locations in order to properly meet the local needs of customers in those locations.

Within our IBX hubs, 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 space as part of their complex solutions. Our colocation products and services include:

Cabinets. Our customers have several choices for colocating their networking and server equipment. They can place the equipment in one of our shared or private cages or customize their space. As a customer s colocation requirements increase, they can expand within their original cage or upgrade into a cage that meets their expanded requirements. Cabinets are priced with an initial installation fee and an ongoing recurring monthly charge.

Shared Cages. A shared cage environment is designed for customers needing less than five full cabinets to house their equipment. Each cabinet in a shared cage is individually secured with an advanced electronic locking system.

Private Cages. Customers that contract for a minimum of five full cabinets can use a private cage to house their equipment. Private cages are also available in larger full cabinet sizes. Each private cage is individually secured with the biometric hand-geometry system or other appropriate security.

IBXflex. This service allows customers to deploy mission-critical operations personnel and equipment on-site at our IBX hubs. Because of the close proximity to their end-users, IBXflex customers can offer a faster

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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 all 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 peering services. In peering, we provide an important industry leadership role by acting as the relationship broker between parties who would like to interconnect within our IBX hubs. Our staff has held significant positions in the leading industry groups such as the North American Network Operators Group, or NANOG, and the Internet Engineering Task Force, or IETF, and bring a tremendous amount of knowledge to this area. Our staff have published industry-recognized white papers and strategy documents in the areas of peering and interconnection, many of which are used by leading institutions worldwide in furthering the education and promotion of this important network arena. To showcase these efforts, we hold peering forums which are now widely recognized as a very important forum for the world s top peering experts. We will continue to develop additional services in the area of traffic exchange that will allow our customers to leverage the critical mass of networks now available in our IBX hubs. The current exchange services are comprised of the following:

Physical Cross-Connect/Direct Interconnections. Customers needing to directly and privately connect to another IBX 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 Core Exchange. This interconnection service enables direct peering interconnections between major backbone networks and providers. Equinix Internet Core Exchange is a pre-provisioned interconnection package that enables major backbones to connect their networks directly in a centralized, neutral environment for peering and transit. The service includes pre-provisioned interconnections, premium service levels and specialized customer service features to support the quality and support levels required by the largest Internet providers in the world. Internet Core Exchange services are priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix GigE Exchange. Customers may choose to connect to our exchange central switching fabric rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection instead of purchasing individual physical cross connects. The GigE Exchange service is offered as a bundled service that includes a cabinet, power, cross connects and port charges. The service is priced with an initial installation fee and an ongoing monthly recurring charge.

Internet Connectivity Services. Customers who are installing equipment in our IBX hubs generally require IP connectivity or bandwidth services. We offer customers the ability to contract for these services directly with the carrier or through us from any of the major bandwidth providers. Customers who wish to receive a single bill and a single point of support for all of their services contract through Equinix for their bandwidth needs. We provide these services on a retail basis through each individual carrier and customer and do not aggregate this traffic or run a network. Internet Connectivity Services are priced with an initial installation fee and an ongoing monthly recurring charge based on the amount of bandwidth committed or used.

Managed IT Infrastructure Services

With the continued growth in Internet use, networks, service providers, enterprises and content providers are challenged to deliver fast and reliable service, while lowering costs. With over 150 ISPs and carriers located in our IBX hubs, we leverage the value of network choice with our set of multi-network management and other outsourced IT services.

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Professional Services. Our IBX hubs are staffed with Internet and telecommunications specialists who are on-site and available 24 hours per day, 365 days per 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 staff for a variety of tasks, when their own staff is not on site. These tasks may include equipment rebooting, 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 Command Center. Through managed software architecture, Equinix Command Center allows customers to self-monitor, manage and control applications, network devices, systems resources and user transactions. This service provides our customers with direct control over infrastructure performance and service level agreements. The service features network monitoring and management, aggregated information across multiple IBX hubs, browser-based access to detailed monitoring, and a single point of contact for support and billing. The service is priced based upon the number of items a customer monitors and is billed monthly.

Equinix Backup and Recovery. The Equinix Backup & Recovery service is a business continuity solution that provides an enterprise-class, fully managed and monitored tape backup solution in the IBX center. The service ensures end-customer data is always secure and available whenever the customer needs to restore data to a production system, including an option to maintain copies of data outside the IBX center. Equinix Backup & Recovery can support multiple end-customer applications, operating systems and database management systems across an extensive variety of server makes and models. The service is priced with an initial installation fee and an ongoing monthly recurring charge.

Equinix Mail Service. Equinix s enterprise messaging service is a complete outsourced solution, primarily based mainly on the Lotus Notes and Microsoft Exchange platform, which customers entrust the operation and support of their messaging applications. This service is currently only available in our Singapore location and the service is priced with an initial installation fee and an ongoing monthly recurring charge.

Managed Platform Solutions. Managed Platform Solutions delivers pre-qualified, pre-installed, pre-hardened and fully managed systems platforms upon which customers can host their co-located applications. These platforms are available in different configuration to meet the needs of the customer. Each configuration includes the server(s), operating system, network connectivity, and system administration management as well as options for database and network administration. This service is only available in the Equinix Singapore location and the service is priced with an initial installation fee and an ongoing monthly recurring charge.

Sales and Marketing

Sales. We use a direct sales force and channel marketing program to market our services to network, content provider, enterprise, government and Internet infrastructure businesses. We organize our sales force by customer segments 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 Asian-Pacific regional headquarters in Singapore. Our U.S. sales offices are located in New York; Reston, Virginia; Los Angeles; Honolulu; Dallas; Chicago and Silicon Valley. Our Asia-Pacific sales offices are located in Hong Kong, Tokyo, Singapore and Sydney.

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 hub participants encourage their customers, suppliers and business partners to come into the IBX hubs. These customers, suppliers and business partners, in turn, encourage their business partners to locate in IBX hubs resulting in additional customer growth. This network effect significantly reduces our new customer acquisition costs.

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Marketing. To support our sales effort and to actively promote our brand in the U.S. and Asia-Pacific, we conduct comprehensive marketing programs. Our marketing strategies include an active public relations campaign and on-going 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, computer and financial industry conferences and place our officers and employees in keynote speaking engagements at these conferences. In addition to these activities, we build recognition through sponsoring or leading industry technical forums and participating in Internet industry standard-setting bodies. We continue to develop and host the industry s most successful educational forums focused on peering technologies and peering practices for ISPs and content providers.

Competition

Our current and potential competition includes:

Internet data centers operated by established U.S. and Asia-Pacific communications carriers such as AT&T, Level 3, NTT and SingTel. Unlike the major network providers, who constructed data centers primarily to help sell bandwidth, we have aggregated multiple networks in one location, providing superior diversity, pricing and performance. Telecommunications companies data centers only provide one choice of carrier and generally require capacity minimums as part of their pricing structures. Locating in our IBX hubs provides access to top tier networks and allows customers to negotiate the best prices with a number of carriers resulting in better economics and redundancy. There have been two recent announcements that two major carriers who currently operate data centers are exiting the U.S. market. We believe we have an advantage in gaining the business of those customers displaced from these carriers because access to their networks are also available in our IBX hubs.

U.S. Network access points such as Palo Alto Internet Exchange and carrier operated NAPs. NAPs, generally operated by carriers, are typically older facilities and lack the incentive to upgrade the infrastructure in order to scale with traffic growth. In contrast, we provide state-of-the-art, secure facilities and geographic diversity with round the clock support and a full range of network and content provider offerings.

Vertically integrated web site hosting, colocation and ISP companies such as AboveNet, Digex/MCI. Most managed service providers require that customers purchase their entire network and managed services directly from them. We are a network and service provider aggregator and allow customers the ability to contract directly with the networks and web-hosting partner best for their business. By locating in one of our IBX centers, hosting companies add more value to our business proposition by bringing in more partners and customers and thus creating a network effect.

Unlike other providers whose core businesses are bandwidth or managed services, we focus on neutral hubs for networks, content providers, enterprises and government. As a result, we are free of the channel conflict common at other hosting/colocation companies. We compete based on the quality of our facilities, our ability to provide a one-stop solution in our U.S. and Asia-Pacific locations, the superior performance and diversity of our network neutral strategy and the economic benefits of the aggregation of top networks and Internet businesses under one roof. Specifically, we have established relationships with a number of leading hosting companies such as IBM (our largest customer) and EDS. We expect to continue to benefit from several industry trends including the consolidation of supply in the colocation market, the need for contracting with multiple networks due to the uncertainty in the telecommunications market and the continued growth of the large and stable systems integrators.

Employees

As of September 30, 2003, we had 443 employees. We had 285 employees based in the U.S. and 158 employees based in Asia-Pacific. Of our U.S. employees, we had 181 based at our corporate headquarters in

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Foster City, California and our regional sales offices. Of those employees, 75 were in engineering and operations, 62 were in sales and marketing and 44 were in management and finance. We had 104 employees based at our Washington, D.C.; New York, New York; Dallas, Texas; Chicago, Illinois; Los Angeles, California; Honolulu, Hawaii and Silicon Valley area IBX hubs. Of our Asia-Pacific employees, we had 92 at our Asia-Pacific headquarters in Singapore and our other regional offices. Of those employees, 19 were in engineering and operations, 33 were in sales and marketing and 40 were in management and finance. We had 66 employees based at our Singapore, Tokyo, Hong Kong and Sydney IBX hubs.

Corporate Information

We were incorporated in Delaware in June 1998. We are required to file reports under the Exchange Act with the SEC. You may read and copy our materials on file with the SEC at the SEC s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You may obtain information regarding the SEC s Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at http://www.sec.gov that contains reports, proxy and information statements and other information. You may also obtain copies of our annual report on Form 10-K, our quarterly reports on Form 10-Q and our current reports on Form 8-K by visiting the investor relations page on our website, www.equinix.com. Information contained on our website is not part of this prospectus supplement.

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MANAGEMENT

The following table sets forth the name, age as of September 30, 2003, and position of our directors and executive officers.

Name	Age	Positions and Offices Held with the Company
Lee Theng Kiat	50	Chairman of the Board
Steven Poy Eng	47	Director
Gary Hromadko	51	Director
Scott Kriens	46	Director
Jean F.H.P. Mandeville	43	Director
Andrew S. Rachleff	44	Director
Dennis Raney	61	Director
Peter F. Van Camp	47	Director and Chief Executive Officer
Michelangelo Volpi	36	Director
Marjorie S. Backaus	41	Chief Business Officer
Peter T. Ferris	46	Vice President, Sales
Brandi L. Galvin	30	General Counsel and Assistant Secretary
Philip J. Koen	51	President and Chief Operating Officer
Renée F. Lanam	41	Chief Financial Officer and Secretary
Keith D. Taylor	41	Vice President, Finance and Chief Accounting Officer

Lee Theng Kiat has served as the chairman of the board since December 2002. Mr. Lee has been president and chief executive officer of Singapore Technologies Telemedia Pte. Ltd, an information and communications company, since November 1995. Mr. Lee also serves on the board of directors of Enersave Holdings Limited and Horizon Education & Technologies Limited, both public-listed companies in Singapore, as well as several privately held and non-listed public companies in Singapore.

Steven Eng has served as a director of Equinix since December 2002. Mr. Eng has been a program manager of network management systems at WAM!NET Government Services, Inc. since April 2002. Prior to joining WAM!NET Mr. Eng served as vice president of Exodus Communications from March 1995 to September 2001.

Gary Hromadko has served as a director of Equinix since June 2003. Mr. Hromadko has been a venture partner at Crosslink Capital, a venture capital firm, since June 2002. In addition to his responsibilities with Crosslink Capital, Mr. Hromadko has been active as a private investor since 1998. Mr. Hromadko serves on the board of directors of Electric Cloud, Inc., a privately held company.

Scott Kriens has served as a director of Equinix since July 2000. Mr. Kriens has been president, chief executive officer and chairman of the board of directors of Juniper Networks, Inc., an Internet infrastructure solutions company, since January 1996. From April 1986 to January 1996, Mr. Kriens served as vice president of sales and vice president of operations at StrataCom, Inc., a telecommunications equipment company, which he co-founded in 1986. Mr. Kriens serves on the board of directors of Verisign, Inc. and Juniper Networks, Inc., both public companies, as well as several privately held companies.

Jean Mandeville has served as a director of Equinix since December 2002. Mr. Mandeville has been the chief financial officer of Singapore Technologies Telemedia Pte. Ltd since July 2002. From January 1998 to June 2002, Mr. Mandeville served in various capacities at British Telecom PLC, including President of Asia Pacific from July 2000 to June 2002, Director of International Development Asia Pacific from June 1999 to July 2000 and GM, Special Projects from January 1998 to July 1999. Mr. Mandeville also served on the board of directors of SmarTone HK and LGT Korea, both public companies, and serves on the board of several privately held companies.

Andrew Rachleff has served as a director of Equinix since September 1998. In May 1995, Mr. Rachleff co-founded Benchmark Capital, a venture capital firm, and has served as a general partner since that time. Prior to

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co-founding Benchmark Capital, Mr. Rachleff spent ten years as a general partner with Merrill, Pickard, Anderson & Eyre, a venture capital firm. Mr. Rachleff also serves on the board of directors of Opsware, Inc. and Blue Coat Systems, Inc. (formerly known as CacheFlow Inc.), both public companies, as well as several privately held companies.

Dennis Raney has served as a director of Equinix since April 2003. Mr. Raney has been the chief financial officer of eONE Global, LP since July 2001. Prior to joining eONE Global, Mr. Raney held the position of chief financial officer and executive vice president at Novell Inc. from March 1998 to July 2001. Mr. Raney also serves on the board of directors of ProBusiness, a public company, and Redleaf Group Inc., a privately held company.

Peter Van Camp has served as Equinix s chief executive officer and as a director since May 2000. From June 2001 to December 2002, Mr. Van Camp was also chairman of the board. From January 1997 to May 2000, Mr. Van Camp was employed at UUNET, the Internet division of WorldCom, where he served as president of Internet markets and, most recently, as president of the Americas region. During the period from May 1995 to January 1997, Mr. Van Camp was president of Compuserve Network Services, an Internet access provider. Before holding this position, Mr. Van Camp held various positions at Compuserve, Inc. during the period between October 1982 to May 1995. Mr. Van Camp currently serves as a director of Packeteer, Inc., a public company.

Michelangelo Volpi has served as a director of Equinix since November 1999. Mr. Volpi joined Cisco Systems, Inc., or Cisco, a data communications equipment manufacturer, in 1994. Currently, he holds the position of senior vice president for Cisco s Internet switching and services group. Prior to his current position, Mr. Volpi was chief strategy officer for Cisco where he played an instrumental role in the creation of Cisco s acquisition and investment strategies. Before joining Cisco, Mr. Volpi spent three years at Hewlett Packard s Optoelectronics Division.

Marjorie S. Backaus has served as Equinix s chief business officer since June 2003. From November 1999 until June 2003, Ms. Backaus served as chief marketing officer, and from February 2000 to June 2003, she served as Vice President of Market Strategy. During the period from August 1996 to November 1999, Ms. Backaus was vice president of marketing at Global One, an international telecommunications company. From November 1987 to August 1996, Ms. Backaus served in various positions at AT&T, a telecommunications company, including positions in regulatory, product management and strategic alliances.

Peter T. Ferris has served as Equinix s vice president, sales since July 1999. During the period from June 1997 to July 1999, Mr. Ferris was vice president of sales for Frontier Global Center, a provider of complex web site hosting services. From June 1996 to June 1997, Mr. Ferris served as vice president, eastern sales at Genuity Inc., an Internet services provider. From December 1993 to June 1996, Mr. Ferris was vice president, mid-Atlantic sales at MFS DataNet Inc., a telecommunications services provider.

Brandi L. Galvin has served as Equinix s general counsel and assistant secretary since January 2003. Before joining Equinix, Ms. Galvin was employed at the law firm of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, or Gunderson Dettmer, where she was an associate from September 1997 to January 2003.

Philip J. Koen has served as Equinix s president and chief operating officer since May 2001. From July 1999 to May 2001, Mr. Koen also served as Equinix s chief financial officer and secretary. In addition, Mr. Koen served as the Company s corporate development officer from May 2000 to May 2001. Before joining Equinix, Mr. Koen was employed at PointCast, Inc., an Internet company, where he served as chief executive officer during the period from March 1999 to June 1999; chief operating officer during the period from November 1998 to March 1999; and

chief financial officer and executive vice president responsible for software development and network operations during the period from July 1997 to November 1998. From December 1993 to May 1997, Mr. Koen was vice president of finance and chief financial officer of Etec Systems, Inc., a semi-conductor equipment company. Mr. Koen currently serves as a director of BlueCoat Systems, Inc., a public company.

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Renée F. Lanam has served as Equinix s chief financial officer and secretary since February 2002, and as general counsel from April 2000 to January 2003. From April 2000 to February 2002, Ms. Lanam also served as Equinix s assistant secretary. In addition, Ms. Lanam served as vice president of corporate finance from November 2001 to February 2002. Before joining Equinix, Ms. Lanam was employed at Gunderson Dettmer, where she was an associate from January 1996 to January 2000 and a partner from January 2000 to April 2000. Prior to joining Gunderson Dettmer, Ms. Lanam was an associate at the law firms of Jackson, Tufts, Cole & Black and Brobeck, Phleger & Harrison, LLP.

Keith D. Taylor has served as Equinix s vice president, finance, and chief accounting officer since February 2001. From February 1999 to February 2001, Mr. Taylor served as Equinix s director of finance and administration. Before joining Equinix, Mr. Taylor was employed by International Wireless Communications, Inc., an operator, owner and developer of wireless communication networks, as vice president finance and interim chief financial officer. Prior to joining International Wireless Communications, Inc., Mr. Taylor was employed by Becton Dickinson & Company, a medical and diagnostic device manufacturer, as a senior sector analyst for the diagnostic businesses in Asia, Latin America and Europe.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of September 30, 2003, and as of the completion of this offering, certain information with respect to shares beneficially owned by (i) each person who is known by Equinix to be the beneficial owner of more than five percent of our outstanding shares of common stock, (ii) each of our directors, (iii) each of the executive officers named in Executive Compensation and Related Information in our proxy statement dated May 16, 2003, and (iv) all current directors and executive officers as a group. Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under this rule, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option or warrant) within sixty (60) days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following table does not necessarily reflect the person s actual voting power at any particular date. Unless otherwise indicated, the address for each listed stockholder is c/o Equinix, Inc., 301 Velocity Way, Fifth Floor, Foster City, California 94404.

	Shares Beneficially Owned#		Percentage of Total#	
Name of Beneficial Owner	**Before the Offering**	**After the Offering**	**Before the Offering**	**After the Offering**
Peter F. Van Camp (1)	228,154	228,154	2.37%	1.61%
Albert M. Avery IV (2)	27,761	27,761	*	*
Steven Poy Eng 51 Cuppage Road #10-11/17 StarHub Centre Singapore 229469	0	0		
Gary Hromadko (3)	150,000	150,000	1.57	1.07
Lee Theng Kiat (4) 51 Cuppage Road #10-11/17 StarHub Centre Singapore 229469	0	0		
Dennis Raney	3,000	3,000	*	*
Renee F. Lanam (5)	55,953	55,953	*	*
Jean F.H.P. Mandeville (6) 51 Cuppage Road #10-11/17 StarHub Centre	0	0		

Singapore 229469				
Andrew S. Rachleff (7)	272,054	272,054	2.89	1.95
Michelangelo Volpi	0	0		
Scott Kriens (8)	1,563	1,563	*	*
Marjorie S. Backaus (9)	44,129	44,129	*	*
Peter T. Ferris (10)	50,826	50,826	*	*
Entities affiliated with STT Communications Ltd. (11) 51 Cuppage Road #10-11/17 StarHub Centre Singapore 229469	4,311,616	7,311,616	40.00	40.00
Entities affiliated with Goldman Sachs (12) 85 Broad Street New York, NY 10004	1,042,799	1,042,799	11.07	7.49
Entities affiliated with Crosslink Capital, Inc. (13) Two Embarcadero Center, Suite 2200 San Francisco, CA 94111	2,850,000	2,850,000	24.16	17.49
All current directors and executive officers as a group (15 persons) (14)	981,818	981,818	9.78	6.76

This table does not reflect the effect of a potential exercise by the underwriters of their over allotment option.

* Less than 1%.

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(1) Includes 221,904 shares subject to options that are exercisable within 60 days of September 30, 2003.

(2) Includes 3,046 shares subject to options that are exercisable within 60 days of September 30, 2003.

(3) Based on the Schedule 13D filed with the Securities and Exchange Commission on June 17, 2003, this includes 25,000 shares of common stock and 125,000 shares that may be acquired within 60 days of September 30, 2003 upon the conversion of series a-2 convertible secured notes.

(4) Mr. Lee is President of Singapore Technologies Telemedia Pte. Ltd. Based on the Schedule 13D filed with the Securities and Exchange Commission on October 11, 2002, as amended by the Schedule 13D/A filed with the Securities and Exchange Commission on January 3, 2003, Mr. Lee is not deemed to beneficially own the shares which are beneficially owned by STT Communications Ltd., a subsidiary of Singapore Technologies Telemedia Ptc. Ltd., set forth in footnote 11.

(5) Includes 52,985 shares subject to options that are exercisable within 60 days of September 30, 2003.

(6) Mr. Mandeville is Chief Financial Officer of Singapore Technologies Telemedia Pte. Ltd. Based on the Schedule 13D filed with the Securities and Exchange Commission on October 11, 2002, as amended by the Schedule 13D/A filed with the Securities and Exchange Commission on January 3, 2003, Mr. Mandeville is not deemed to beneficially own the shares which are beneficially owned by STT Communications Ltd., a subsidiary of Singapore Technologies Telemedia Ptc. Ltd., set forth in footnote 11.

(7) Represents 266,718 shares of common stock held by Benchmark Capital Partners II, L.P., as nominee for Benchmark Capital Partners II, L.P., Benchmark Founders Fund II, L.P., Benchmark Founders Fund II-A, L.P. and Benchmark Members Fund II, L.P., and 3,578 shares of common stock held by Benchmark Capital Partners IV, L.P., as nominee for Benchmark Capital Partners, IV, L.P., Benchmark Founders Fund IV, L.P., Benchmark Founders Fund IV-A, L.P. and related individuals. Mr. Rachleff is a managing member of Benchmark Capital Management Co. II, LLC, the general partner of Benchmark Capital Partners, II, L.P., Benchmark Founders Fund II, L.P. Benchmark Founders Fund II-A, L.P. and Benchmark Members Fund II, L.P. Mr. Rachleff is also a managing member of Benchmark Capital Management Co., IV, LLC, the general partner of Benchmark Capital Partners, IV, L.P., Benchmark Founders Fund IV, L .P. and Benchmark Founders Fund IV-A, L.P. In addition, includes 195 shares of common stock and 1,563 shares subject to options that are exercisable within 60 days of September 30, 2003.

(8) Includes 1,563 shares subject to options that are exercisable within 60 days of September 30, 2003.