EQUINIX INC
Form 424B2
November 14, 2005
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-128857

PROSPECTUS SUPPLEMENT

TO PROSPECTUS DATED OCTOBER 28, 2005

5,150,000 Shares

Common Stock

This prospectus supplement relates to the sale of 5,150,000 shares of our common stock by the selling stockholder, i-STT Investments Pte. Ltd., a subsidiary of STT Communications Ltd. As of September 30, 2005, STT Communications Ltd was our single largest stockholder and beneficially owned approximately 37% of our common stock.

The selling stockholder has granted the underwriters an option to purchase up to 739,549 additional shares of our common stock to cover over-allotments.

All net proceeds from the sale of our common stock pursuant to this prospectus supplement will go to the selling stockholder.

Concurrently with this offering, i-STT Investments (Bermuda) Ltd., a subsidiary of the selling stockholder, has entered into a prepaid forward purchase agreement with Credit Suisse First Boston Capital LLC, an affiliate of Credit Suisse First Boston LLC, an underwriter of this offering. Pursuant to that forward purchase agreement, i-STT Investments (Bermuda) Ltd. expects to sell between 3,643,820 and 4,300,000 shares of our common stock (or to deliver the cash value thereof) on or about November 15, 2008, based on the average of the volume weighted average price per share of our common stock on each of the 20 trading days immediately prior to, but not including, the second trading day preceding that date. Those shares of our common stock are not offered under this prospectus supplement. In connection with that forward purchase agreement, we understand that Credit Suisse First Boston (USA), Inc. expects to issue and sell, in a registered offering, a series of debt securities that will be mandatorily exchangeable into shares of our common stock (or the cash value thereof) based on the same formula as in the forward purchase agreement described above and on the same date on which the shares are to be delivered under that forward purchase agreement. Neither we nor i-STT Investments (Bermuda) Ltd. will have any obligation to deliver additional shares of our common stock pursuant to the forward purchase agreement, or any obligation to deliver shares of our common stock to any holder of the mandatorily exchangeable debt securities. See Prospectus Supplement Summary The Concurrent Offering on page S-4 of this prospectus supplement.

Our common stock is quoted on The Nasdaq National Market under the symbol EQIX. On November 9, 2005, the closing sale price of our common stock on The Nasdaq National Market was $35.64 per share.

Investing in our common stock involves certain risks. See Risk Factors beginning on page S-9.

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 related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$ 35.6400	$ 183,546,000
Underwriting Discount	$ 1.3365	$ 6,882,975
Proceeds to Selling Stockholder	$ 34.3035	$ 176,663,025

The underwriters expect to deliver the shares to purchasers on or about November 16, 2005.

The date of this prospectus supplement is November 9, 2005.

Joint Bookrunners

Citigroup **Credit Suisse First Boston**

Goldman, Sachs & Co.

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PROSPECTUS

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement supplements the prospectus dated October 28, 2005, which is a part of the Registration Statement (Registration No. 333-128857) and which relates to the offering of our common stock by the selling stockholder.

This document has two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Unless the context otherwise indicates, references in this prospectus supplement to prospectus refer to this entire document, including the prospectus supplement and the accompanying prospectus. **To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recently dated document shall control.**

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. You should also read and consider the information in the documents we have referred you to in the section entitled Where You Can Find More Information.

You should rely only on the information contained, incorporated or deemed incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to give any information or to make any representation not contained, incorporated or deemed incorporated by reference in this prospectus supplement or the accompanying prospectus in connection with the offering of our common stock by the selling stockholder in this offering. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is correct as of any date after the respective dates of this prospectus supplement and the accompanying prospectus, even though this prospectus supplement and the accompanying prospectus are delivered or the shares are offered or sold on a later date.

Neither this prospectus supplement nor the accompanying prospectus is an offer to sell any security other than our common stock, and they are not soliciting an offer to buy any security other than our common stock. Neither this prospectus supplement nor the accompanying prospectus is an offer to sell the common stock to any person, and they are not soliciting an offer from any person to buy the common stock, in any jurisdiction where the offer or sale to that person is not permitted.

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

In addition, as used in this prospectus supplement, the term:

- i-STT Investments (Bermuda) refers to i-STT Investments (Bermuda) Ltd., a Bermuda corporation, a direct, wholly owned subsidiary of i-STT Investments Pte. Ltd.;
- selling stockholder refers to i-STT Investments Pte. Ltd., a Singapore corporation, a direct, wholly owned subsidiary of STT Communications Ltd; and

STT Communications refers to STT Communications Ltd, a Singapore corporation, the sole, direct stockholder of i-STT Investments Pte. Ltd., and the sole, indirect stockholder of i-STT Investments (Bermuda) Ltd.

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PROSPECTUS SUPPLEMENT SUMMARY

The following should be read together with the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This section contains a general summary of the information contained in this prospectus supplement. 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 identified in the accompanying prospectus under the caption Where You Can Find More Information.

Equinix, Inc.

Equinix provides network neutral colocation, interconnection and managed services to enterprises, content companies, systems integrators and the world s largest network providers. Through our Internet Business Exchange hubs, or IBX hubs, in eleven markets in the U.S. and Asia-Pacific, 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 a strong financial position continue to drive new customer growth and bookings. As a result of our largely fixed cost model, any growth in revenue would likely drive incremental margins and increased operating cash flow.

Our network neutral business model is a key differentiator for us in the market. Because we do not operate a network, we are able to offer our customers direct interconnection to the largest aggregation of bandwidth providers and Internet service providers. The world s top tier Internet service providers, numerous access networks, second tier providers and international carriers, such as AOL, AT&T, British Telecom, Cable & Wireless, Comcast, Level 3, MCI, NTT, SingTel and Qwest are all currently located at our IBX hubs. Access to such a wide variety of networks has attracted 9 of the top 10 Internet properties and numerous other enterprise and government customers, including Amazon.com, Electronic Arts, Fox Sports, Fujitsu, Gannett, The Gap, Goldman Sachs, Google, IBM, MSN, NASA, Solo Cup, Sony, Washington Mutual, and Yahoo!.

Our 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 provide scalable and reliable connectivity that allows our customers to exchange traffic directly with the service provider of their choice.

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

The market for these services has historically been served by large telecommunications carriers who have bundled their telecommunications services and managed services with their colocation offerings. A number of these telecommunications carriers have recently eliminated or reduced their colocation footprint to focus on their core businesses. Additionally, many of the competitive providers have failed to scale their businesses and have been forced to exit the market. This reduction in supply in the industry has stabilized pricing and increased the demand for our centers because we have gained many of those customers displaced from these companies as access to their networks is also available in our IBX hubs. Strategically, we will continue to look at attractive opportunities to grow our market share and selectively improve our footprint and service offerings.

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Our Strategy

Our objective is to become the premier Internet exchange hub for content providers, enterprises and government customers to locate their network infrastructure and exchange traffic with the world s largest network providers. Key components of our strategy include the following:

Continue to Build upon our Critical Mass of Network Providers and Content Companies, and Grow our Position within Enterprise and Government. 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 service over 200 unique networks, including all of the top tier networks, allowing our customers to directly interconnect with providers that serve more than 90% of global Internet routes. We have a growing mass of key players in the enterprise sector, such as The Gap, Gannett, Goldman Sachs, IBM, SOLO Cup, Sony, Washington Mutual, XM Radio and others. Similarly, we have experienced increasing success in attracting customers from the government sector within defense and security, such as NASA. We expect these sectors to be a key growth driver in 2006 and beyond.

Leverage the Network Effect. As network providers, content providers, enterprise and government customers 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 our customers overall cost while increasing their flexibility.

Promote our IBX Hubs as the Highest Performance Points on the Internet. Data center reliability is one of the most important attributes when customers are choosing a data center provider. Our premier IBX hubs are next-generation data centers and offer customers advanced security, reliability and redundancy. Our security design includes five levels of biometrics security to access customer cages. Our power infrastructure includes N+1 redundancy for all systems and has delivered 99.999% uptime over the period January 1, 2002 through September 30, 2005. Our support staff, trained to aid customers with operational support, are available 24 hours a day, 365 days a year.

Provide New Products and Services within our IBX Hubs. We plan to 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.

Ensure Continuous Growth for our Customers. We plan to expand in key markets based on customer demand to ensure a smooth growth path for our customers. For example, we have acquired six new IBX centers in our key markets over the last two years, increasing our customer cabinet capacity by 50%. Our strategy is to continue to grow in our existing markets and possibly expand to additional markets. We expect to execute this expansion strategy in a cost-effective and prudent manner through a combination of acquiring existing centers through lease or purchase, or building new centers based on key criteria in each market.

Recent Developments

In October 2005, we entered into a purchase and sale agreement to sell our Los Angeles IBX data center for $38.7 million and to lease it back from the purchaser pursuant to a long-term lease. We refer to this transaction as the Los Angeles IBX sale-leaseback transaction. The Los Angeles IBX sale-leaseback transaction is expected to close before the end of 2005.

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In October 2005, we purchased an office/warehouse complex known as the Beaumeade Business Park located in Ashburn, Virginia, which we refer to as the Ashburn campus. We purchased the entire 32.6-acre Ashburn campus containing six buildings with approximately 462,000 rentable square feet that is approximately 95% leased. We refer to this transaction as the Ashburn IBX property acquisition. We currently occupy approximately 269,000 square feet within three of the buildings. Payments due under the Ashburn IBX property acquisition total $53.0 million plus closing costs, which we paid for in full in October 2005. We will continue to operate our existing data centers within the Ashburn campus. We intend to sell those buildings that will not be used for our current operations or expansion plans. In addition, we have entered into a non-binding letter of intent to finance the Ashburn campus with a $60.0 million, 8% mortgage to be amortized over 20 years. We refer to this transaction as the Ashburn campus financing. The Ashburn campus financing is subject to the completion of definitive agreements, and although there is no assurance that the definitive agreements will be completed, we currently expect the Ashburn campus financing to close before the end of 2005.

In October 2005, we announced that we have entered into a non-binding letter of intent for the early termination of our 39 acre San Jose ground lease whereby we will pay $40.0 million over the next four years, commencing January 1, 2006, to terminate this lease, which would otherwise require significantly higher cumulative lease payments through 2020. We refer to this transaction as the San Jose ground lease termination. As a result of the San Jose ground lease termination, we expect to incur a significant restructuring charge in the fourth quarter of 2005. The San Jose ground lease termination is subject to the completion of definitive agreements, and although there is no assurance that the definitive agreements will be completed, we currently expect the San Jose ground lease termination to close before the end of 2005.

In October 2005, we elected to draw down a portion of the $50.0 million Silicon Valley Bank revolving credit line. We elected to borrow $30.0 million at a one-month LIBOR interest rate, inclusive of the applicable margin, of 5.72% per annum, which we refer to as the $30.0 million drawdown. The $30.0 million drawdown was used to fund a portion of the purchase of the Ashburn IBX property acquisition. On November 17, 2005, we may elect to either repay all or a portion of the $30.0 million drawdown, or convert the $30.0 million drawdown into a new borrowing at either the then applicable one, three or six month LIBOR rate plus an applicable margin or at the prime rate. Borrowings under the $50.0 million Silicon Valley Bank revolving credit line may be borrowed, repaid and reborrowed at a later date up to the final maturity date of the $50.0 million Silicon Valley Bank revolving credit line, which is September 16, 2008. As of October 31, 2005, in addition to the $30.0 million drawdown described above, we had utilized $5.2 million of the credit line through the issuance of letters of credit, and, as a result, we had $14.8 million remaining available for borrowing under the $50.0 million Silicon Valley Bank revolving credit line.

The Concurrent Offering

We understand that Credit Suisse First Boston (USA), Inc. expects to issue and sell, in a registered offering, $153,252,000 aggregate principal amount of its 5.50% Shared Appreciation Income Linked Securities due November 15, 2008, which we refer to as the SAILS. The SAILS are a series of debt securities that will be mandatorily exchanged at maturity, which is scheduled to be November 15, 2008, for between 3,643,820 and 4,300,000 shares of our common stock (or the cash value thereof) based on the average of the volume weighted price per share of our common stock on each of the 20 trading days immediately prior to the second trading day preceding such maturity date. Neither we nor i-STT Investments (Bermuda) will have any obligation to deliver additional shares of our common stock pursuant to the forward purchase agreement, or any obligation to deliver shares of our common stock to any holder of the SAILS. The closing of the sale of our common stock offered hereby is not contingent upon the closing of the offering of the SAILS.

In connection with the offering described in the preceding paragraph, the selling stockholder has advised us that its wholly owned subsidiary, i-STT Investments (Bermuda), expects to enter into a forward purchase

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agreement with Credit Suisse First Boston Capital LLC. Pursuant to that forward purchase agreement, i-STT Investments (Bermuda) has agreed to sell between 3,643,820 and 4,300,000 shares of our common stock (or to deliver the cash value thereof) based on the same formula as in the SAILS and on the same dates on which Credit Suisse First Boston (USA), Inc. is required to deliver shares of our common stock to the holders of the SAILS. Under that forward purchase agreement, Credit Suisse First Boston Capital LLC will, on the closing date of the offering of the SAILS, pay i-STT Investments (Bermuda) a negotiated price. i-STT Investments (Bermuda) expects to enter into a collateral agreement under which it will pledge to the collateral agent, to secure its obligations under the forward purchase agreement, the maximum number of shares it may be required to deliver thereunder. Until i-STT Investments (Bermuda) delivers shares of our common stock upon settlement of the forward purchase agreement, it will continue to beneficially own and vote the shares it expects to pledge under the collateral agreement. If i-STT Investments (Bermuda) elects to settle its obligations under the forward purchase agreement in cash instead of delivering shares of our common stock, it will continue to own those shares. i-STT Investments (Bermuda) will also continue to own any shares of our common stock that it has pledged but is not ultimately required to deliver under the forward purchase agreement due to the application of the formula therein.

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 or accessible through our website is not part of this prospectus supplement.

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THE OFFERING

Common stock offered by the selling stockholder	5,150,000 shares
Over-allotment option	The selling stockholder has granted the underwriters a 30-day option to purchase up to an additional 739,549 shares to cover over-allotments. (1)
Common stock to be outstanding after the offering and the concurrent offering	27,263,658 shares (2)
Use of proceeds	All net proceeds from the sale of our common stock will go to the selling stockholder.
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. Our ability to pay cash dividends is limited under our line of credit with Silicon Valley Bank.
Risk factors	For a discussion of specific risks you should consider before buying shares of our common stock, please see the risk factors described starting on page S-9.
Nasdaq National Market symbol for common stock	EQIX

(1) Unless otherwise indicated, all information in this prospectus supplement assumes exercise in full of the over-allotment option and the completion of the concurrent offering as described herein.

(2) Excludes 4,482,973 shares of common stock issuable upon the exercise of outstanding options and unvested restricted stock, 152,359 shares of common stock issuable upon the exercise of outstanding common stock warrants and 2,183,548 shares reserved for the conversion of the convertible subordinated debentures as of September 30, 2005. Includes 3,074,919 shares of common stock issued upon conversion of various convertible securities held by the selling stockholder as follows: on November 7, 2005, the selling stockholder elected to exercise its preferred stock warrant for 965,674 shares of our series A preferred stock and elected to convert an aggregate of $2,208,000 of its series A-1 convertible secured notes, including interest due through November 7, 2005, into 240,578 shares of our series A preferred stock. In addition, on November 9, 2005, the selling stockholder elected to convert all of its series A preferred stock into an aggregate of 3,074,919 shares of our common stock. The series A preferred stock converted into common stock on a 1 to 1 basis.

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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, Capitalization and Management s Discussion and Analysis of Financial Condition and Results of Operations located elsewhere in this prospectus supplement. The summary consolidated statement of operations data for the years ended December 31, 2000 to 2004 are derived from our audited consolidated financial statements and their related notes. The summary consolidated statement of operations data for the nine months ended September 30, 2005 and 2004 and the balance sheet data as of September 30, 2005 are derived from our unaudited condensed interim consolidated financial statements and their related notes. In the opinion of management, all financial information derived from such unaudited interim financial statements reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of that information. Historical results are not necessarily indicative of future performance and results for the nine months ended September 30, 2005 are not necessarily indicative of results to be expected for the full year. The pro forma as adjusted column for the summary consolidated balance sheet dated as of September 30, 2005 gives effect to the conversion of the following instruments held by the selling stockholder that were convertible into common stock as of September 30, 2005 as if they had converted on September 30, 2005: (i) 1,868,667 shares of common stock issuable upon conversion of outstanding shares of series A preferred stock; (ii) 237,309 shares of common stock issuable upon conversion of $2,058,000 of outstanding convertible secured notes (presented net of discount as $1,962,000 below) plus $120,000 of accrued but unpaid interest through September 30, 2005 (there are also $12,000 of unamortized debt issuance costs as of September 30, 2005 associated with these convertible secured notes) and (iii) 965,674 shares of common stock issuable upon exercise of an outstanding series A-1 preferred stock warrant and conversion of the series A-1 preferred stock issuable thereunder into shares of common stock (this warrant has an exercise price of $0.01 per share, which resulted in cash proceeds to us of approximately $10,000 upon exercise). Approximately $30,000 in additional interest accrued with respect to the convertible secured notes through their conversion which took place on November 7, 2005 and resulted in 3,269 additional shares of common stock being issued. This additional accrued interest is not reflected in the Pro Forma As Adjusted column. As described on page S-6, all such instruments were ultimately converted into common stock by the selling stockholder on November 9, 2005.

	Years ended December 31,					Nine months ended September 30,	
	2000	2001	2002	2003	2004	2004	2005
	(in thousands, except per share data)						
Statement of Operations Data:							
Revenues	$ 13,016	$ 63,414	$ 77,188	$ 117,942	$ 163,671	$ 118,682	$ 159,259
Costs and operating expenses:							
Cost of revenues	43,401	94,889	104,073	128,121	136,950	102,245	116,639
Sales and marketing	20,139	16,935	15,247	19,483	18,604	13,498	14,793
General and administrative	56,585	58,286	30,659	34,293	32,494	24,544	33,594
Restructuring charges		48,565	28,885		17,685		
Total costs and operating expenses	120,125	218,675	178,864	181,897	205,733	140,287	165,026
Loss from operations	(107,109)	(155,261)	(101,676)	(63,955)	(42,062)	(21,605)	(5,767)
Interest income	16,430	10,656	998	296	1,291	819	2,644
Interest expense	(29,111)	(43,810)	(35,098)	(20,512)	(11,496)	(8,765)	(6,332)
Gain (loss) on debt extinguishment and conversion			114,158		(16,211)	(16,211)	
Income taxes					(153)	(200)	(553)
Net loss	$ (119,790)	$ (188,415)	$ (21,618)	$ (84,171)	$ (68,631)	$ (45,962)	$ (10,008)
Net loss per share:							
Basic and diluted	$ (111.23)	$ (76.62)	$ (7.23)	$ (8.76)	$ (3.87)	$ (2.65)	$ (0.43)

Weighted average shares	1,077	2,459	2,990	9,604	17,719	17,370	23,335
Pro forma net loss per share (unaudited) (1):							
Basic and diluted					$ (2.82)		$ (0.38)
Weighted average shares					24,300		26,263

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	As of September 30, 2005	
	Actual	Pro Forma as Adjusted (2)
	(dollars in thousands)	
Balance Sheet Data:		