EQUINIX INC
Form S-3/A
October 28, 2005
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As filed with the Securities and Exchange Commission on October 28, 2005

Registration No. 333-128857

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2 to

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EQUINIX, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**77-0487526**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

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301 Velocity Way, Fifth Floor

Foster City, CA 94404

(650) 513-7000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Brandi Galvin Morandi

General Counsel and Assistant Secretary

Equinix, Inc.

301 Velocity Way, Fifth Floor

Foster City, CA 94404

(650) 513-7000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

The Commission is requested to send copies of all communications to:

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155 Constitution Drive

Menlo Park, California 94025

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. ¨

This Amendment No. 2 to Registration Statement also constitutes Post-Effective Amendment No. 1 to Registration Statement No. 333-104077, which was declared effective on June 27, 2003, and to Registration Statement No. 333-120224, which was declared effective on December 22, 2004. Such Post-Effective Amendment shall hereafter become effective concurrently with the effectiveness of this Registration Statement and in accordance with Section 8(c) of the Securities Act of 1933. Pursuant to Rule 429 under the Securities Act of 1933, the prospectus filed as part of this Registration Statement also constitutes a prospectus for Registration Statement No. 333-104077 and Registration Statement 333-120224; the 2,953,353 shares of Common Stock remaining unsold from Registration Statement No. 333-104077 and the 4,144,216 shares of Common Stock remaining unsold from Registration Statement No. 333-120224 will be combined with the 3,091,980 shares of Common Stock to be registered pursuant to this Registration Statement to enable an aggregate of 10,189,549 shares of Common Stock to be offered pursuant to the combined prospectus.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this registration statement and accompanying prospectus is not complete and may be changed. The selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This registration statement and accompanying prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated October 28, 2005

10,189,549 Shares

Common Stock

INVESTING IN OUR COMMON STOCK INVOLVES CERTAIN RISKS. SEE RISK FACTORS STARTING ON PAGE 2.

This prospectus relates to 10,189,549 shares of our common stock that may be offered for sale or otherwise transferred from time to time by entities affiliated with STT Communications Ltd (which we refer to herein as the selling stockholder). The selling stockholder is our single largest stockholder and beneficially owns approximately 37% of our common stock as of the date of this prospectus. The shares being offered by the selling stockholder consist of (i) 7,114,630 currently outstanding shares of common stock, (ii) 1,868,667 shares of common stock issuable by Equinix upon conversion of outstanding shares of series A preferred stock, (iii) 240,578 shares of common stock issuable by Equinix upon conversion of outstanding series A-1 convertible secured notes (assuming conversion on November 7, 2005 of the aggregate principal amount, together with all accrued interest thereon, outstanding on such date) and (iv) 965,674 shares of common stock issuable by Equinix upon exercise of an outstanding series A-1 preferred stock warrant and conversion of the series A preferred stock issuable thereunder into shares of common stock. Equinix will not receive any proceeds from the sale of its common stock by the selling stockholder.

The securities being offered by this prospectus may be sold (directly, or through agents or dealers designated from time to time) in a single transaction or from time to time on terms to be determined at the time of sale. The prices at which these securities may be sold will be determined by the prevailing market price for the shares or negotiated transactions.

Our common stock is quoted on The Nasdaq National Market under the symbol EQIX. On October 27, 2005, the last reported sale price of the common stock on The Nasdaq National Market was $38.34 per share.

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

The date of this prospectus is , 2005

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we are filing with the Securities and Exchange Commission (the SEC) utilizing a shelf registration process. This prospectus provides you with a general description of the securities that the selling stockholder may offer from time to time. This prospectus does not contain all of the information included in the registration statement. You should read this prospectus together with the additional information described in the section Where You Can Find More Information on page 17.

You should rely only on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference.

We have not authorized anyone to provide you with different information. The selling stockholder is not offering securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus, or any prospectus supplement, is accurate at any date other than the date indicated on the cover page of these documents.

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.

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RISK FACTORS

In addition to the other information in this report, the following risk factors should be considered carefully in evaluating our business, us and the sale of shares of our common stock contemplated hereby:

Risks Related to Our Business

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

Although we have generated cash from operations since the quarter ended September 30, 2003, for the years ended December 31, 2004 and 2003, we incurred net losses of $68.6 million and $84.2 million, respectively. For the nine months ended September 30, 2005, we incurred a net loss of $10.0 million. In light of new rules regarding the expensing of stock-based compensation, we do not expect to become net income positive for the foreseeable future. In addition, if we acquire or build-out additional IBX centers, we will have additional depreciation and amortization expenses that will negatively impact our ability to achieve and sustain profitability. Even without giving effect to the expensing of stock-based compensation, there can be no guarantee that we will become profitable, and we may continue to incur additional losses. Even if we achieve profitability, given the competitive and evolving nature of the industry in which we operate, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We expect our operating results to fluctuate.

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

- financing or other expenses related to the acquisition, purchase or construction of additional IBX centers;
- mandatory expensing of employee stock-based compensation, including restricted shares;
- demand for space, power and services at our IBX centers;
- changes in general economic conditions and specific market conditions in the telecommunications and Internet industries;
- costs associated with the write-off of unimproved or underutilized property;
- the provision of customer discounts and credits;

- the mix of current and proposed products and services and the gross margins associated with our products and services;
- the timing required for new and future centers to become fully utilized;
- competition in the markets in which we operate;
- conditions related to international operations;
- the timing and magnitude of operating expenses, including taxes, 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 or the documents incorporated herein by reference, could have a material adverse effect on our business, results of operations and financial condition. Although we have experienced growth in revenues in recent quarters, this growth rate is not

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necessarily indicative of future operating results. It is possible that we 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 our future performance. In addition, our operating results in one or more future quarters may fail to meet the expectations of securities analysts or investors. If this occurs, we could experience an immediate and significant decline in the trading price of our stock.

If the market price of our stock continues to be highly volatile, the value of an investment in our common stock may decline.

Since January 1, 2005, our common stock has traded between $31.39 and $46.39 per share. The market price of the shares of our common stock has been and may continue to be highly volatile. Actual sales, or the market s perception with respect to possible sales, of a substantial number of shares of our common stock by STT Communications Ltd (STT Communications), our principal stockholder, or others within a narrow period of time could cause our stock price to fall. Announcements by us or others may also have a significant impact on the market price of our common stock. These announcements may include:

- our operating results;
- new issuances of equity, debt or convertible debt;
- developments in our relationships with corporate customers;
- announcements by our customers or competitors;
- announcements with respect to the intentions of STT Communications, our principal stockholder, with respect to its holdings of our common stock;
- changes in regulatory policy or interpretation;
- changes in the ratings of our stock by securities analysts;
- purchase or development of real estate and/or additional IBX centers;
- announcements with respect to the operational performance of our IBX centers;
- market conditions for telecommunications stocks in general; and
- general economic and market conditions.

The stock market has from time to time experienced extreme price and volume fluctuations, which have particularly affected the market prices for emerging telecommunications companies, and which have often been unrelated to their operating performance. These broad market fluctuations may adversely affect the market price of our common stock.

Our inability to use our tax net operating losses will cause us to pay taxes at an earlier date and in greater amounts which may harm our operating results.

We believe that our ability to use our pre-2003 tax net operating losses, or NOLs, in any taxable year is subject to limitation under Section 382 of the United States Internal Revenue Code of 1986, as amended (the Code), as a result of the significant change in the ownership of our stock that resulted from our combination with i-STT Pte. Ltd., and Pihana Pacific, Inc. in 2002, which we call the combination. We expect that a significant portion of our NOLs accrued prior to December 31, 2002 will expire unused as a result of this limitation. In addition to the limitations on NOL carryforward utilization described above, we believe that Section 382 of the Code will also significantly limit our ability to use the depreciation and amortization on our assets, as well as certain losses on the sale of our assets, to the extent that such depreciation, amortization and

losses reflect unrealized depreciation that was inherent in such assets as of the date of the combination. These limitations will cause us to pay taxes at an earlier date and in greater amounts than would occur absent such limitations.

We believe that the sale of all or substantially all of the securities held by STT Communications pursuant to this registration statement would also trigger a new limitation under the Code. As a result of our market capitalization, however, such a limitation is not expected to have a material impact on our ability to use the NOLs generated up to the date of such a sale.

We are exposed to potential risks from recent legislation requiring companies to evaluate controls under Section 404 of the Sarbanes-Oxley Act of 2002.

Although we received an unqualified opinion regarding the effectiveness of our internal controls over financial reporting as of December 31, 2004, in the course of our ongoing evaluation of our internal controls over financing reporting, we have identified certain areas which we would like to improve and are in the process of evaluating and designing enhanced processes and controls to address these areas identified during our evaluation, none of which we believe constitutes or will constitute a material change. However, we cannot be certain that our efforts will be effective or sufficient for us, or our independent registered public accounting firm, to issue unqualified reports in the future, especially as our business continues to grow and evolve.

It may be difficult to design and implement effective financial controls for combined operations, and differences in existing controls of any acquired businesses may result in weaknesses that require remediation when the financial controls and reporting are combined.

Our ability to manage our operations and growth will require us to improve our operational, financial and management controls, as well as our internal reporting systems and controls. We may not be able to implement improvements to our internal reporting systems and controls in an efficient and timely manner and may discover deficiencies in existing systems and controls.

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

For the years ended December 31, 2004 and 2003, we recognized 13% and 15%, respectively, of our revenues outside North America. For the nine months ended September 30, 2005, we recognized 13% of our revenues outside North America. We anticipate that for the foreseeable future, a significant part of the company s revenues will be derived from sources outside North America.

To date, the neutrality of our IBX centers and the variety of networks available to our customers has often been a competitive advantage for us. In certain of our acquired IBX centers, in Singapore in particular, the limited number of carriers available reduces that advantage. As a result, we may need to adapt our key revenue-generating services and pricing to be competitive in that market.

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

in Singapore dollars, Japanese yen and Australia and Hong Kong dollars. Although we have and may continue to undertake foreign exchange hedging transactions to reduce foreign currency transaction exposure, we do not currently intend to eliminate all foreign currency transaction exposure. 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 centers for foreign countries;
- protectionist laws and business practices favoring local competition;
- greater difficulty or delay in accounts receivable collection;

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- 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 evolving governmental regulation with which we have little experience.

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

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

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

We have recently acquired several new IBX centers, and we may seek to acquire additional IBX centers, real estate for development of new IBX centers, 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 common stock to pay for the acquired business, product, service or technology, which will dilute our stockholders ownership interest 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 additional capital expenditures may be required;
- the possibility that senior management may be required to spend considerable time negotiating agreements and integrating acquired businesses;
- the possible loss or reduction in value of acquired businesses;
- the possibility that our customers may not accept either the existing equipment infrastructure or the look-and-feel of a new or different IBX center;

- the possibility that carriers may find it cost-prohibitive or impractical to bring fiber and networks into a new IBX center;

- the possibility of preexisting undisclosed liabilities regarding the property or IBX center, including but not limited to environmental or asbestos liability, of which our insurance may be insufficient or for which we may be unable to secure insurance coverage; and

- the possibility that the concentration of our IBX centers in the Silicon Valley may increase our exposure to seismic activity and that these facilities may be located on or near the fault zones for which we may not have adequate levels of earthquake insurance.

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

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

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

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

As of September 30, 2005, STT Communications, through its subsidiary, i-STT Investments Pte. Ltd., beneficially owned approximately 37% of our outstanding common 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. As a result, STT Communications is 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 Communications 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. We have entered into an agreement with STT Communications and its affiliate pursuant to which, and effective only upon the closing of any offering of our common stock under this registration statement, STT Communications will no longer be entitled to this right of first offer. STT Communications periodically assesses its strategic goals and objectives. Based on its current assessment, it has determined that its holdings of our common stock is no longer a core asset. Therefore, STT Communications does not intend to play a strategic role in Equinix going forward. As a result, STT Communications has asked and we have agreed to assist STT Communications with the orderly divestiture of its holdings of our common stock. If a single holder purchases all or most of STT Communications shares or if STT Communications retains a substantial portion of its holdings, we could continue to be subject to these risks.

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

Our IBX centers are susceptible to regional costs of power, electrical power shortages, planned or unplanned power outages such as those that occurred in California during 2001 and in the U.S. Northeast in 2003, or natural disasters such as the tornados in the U.S. East Coast in 2004, and limitations, especially internationally, on availability of adequate power resources. Power outages could harm our customers and our business. We attempt to limit exposure to system downtime by using backup generators and power supplies, however we may not be able to limit our exposure entirely even with these protections in place, as was the case with power outages we experienced in our Chicago and Washington, D.C. metro area IBX centers in 2005. In addition, the overall power shortage in California has increased the cost of energy, which we may not be able to pass on to our customers.

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

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

Our IBX centers are subject to state and local real property taxes. The state and local real property taxes on our IBX centers 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.

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, 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 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. Currently, the fair market value of our United States real property interests is significantly below the 50% threshold. However, in order to assure compliance with the FIRPTA covenant, 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, we may take proactive steps to avoid our capital stock being deemed United States real property interest, including, but not limited to, (a) a sale-leaseback transaction with respect to some or all of our 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 take these actions only if such actions are commercially reasonable for Equinix and our stockholders. We have entered into an agreement with STT Communications and its affiliate pursuant to which, and effective only upon the closing of any offering of our common stock under this registration statement, we will no longer be bound by the FIRPTA covenant as of September 30, 2009.

If regulated materials are discovered at facilities leased or owned by us, we may be required to remove or clean-up such materials, the cost of which could be substantial.

We are subject to various environmental and health and safety laws and regulations, including those relating to the generation, storage, handling and disposal of hazardous substances and wastes. Certain of these laws and regulations also impose joint and several liability, without regard to fault, for investigation and cleanup costs on current and former owners and operators of real property and persons who have disposed of or released hazardous substances into the environment. Our operations involve the use of hazardous substances and materials such as petroleum fuel for emergency generators, as well as batteries, cleaning solutions and other materials. In addition, we lease, own or operate real property at which hazardous substances and regulated materials have been used in the past. At some of these locations, hazardous substances or regulated materials are known to be present in soil or groundwater and there may be additional unknown hazardous substances or regulated materials present at sites we own, operate or lease. To the extent any hazardous substances or any other substance or material must be cleaned up or removed from such property, we may be responsible under applicable laws, regulations or leases for the removal or cleanup of such substances or materials, the cost of which could be substantial. In addition, noncompliance with existing, or adoption of more stringent, environmental or health and safety laws and regulations or the discovery of previously unknown contamination could require us to incur costs or become the basis of new or increased liabilities that could be material.

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Our non-U.S. customers include numerous related parties of the selling stockholder.

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, entities affiliated with STT Communications make investments in various companies; they have 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 during 2002, 2003, 2004 and 2005 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, to Crosslink Capital, Inc. and its affiliates (collectively, Crosslink) in connection with Crosslink s purchase of our Series A-2 Convertible Secured Notes, and to the public and STT Communications in connection with our follow-on equity offering in late 2003. The shares of common stock issued in the senior note exchange are currently freely tradable. The shares of common stock issued in connection with the combination have been registered for resale as of June 30, 2003, 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 and the shares of common stock issued upon conversion of the convertible secured notes issued in the Crosslink financing have been registered for resale as of July 30, 2004. The shares sold to the public and STT Communications in connection with our follow-on equity offering in November 2003 are freely tradable by the public, subject, in the case of STT Communications, to compliance with Rule 144 resale restrictions applicable to affiliates. In February 2004, we issued $86,250,000 in aggregate principal amount of 2.5% Convertible Subordinated Debentures due 2024. These debentures are convertible into 2,183,548 shares of our common stock. Holders of these debentures may convert their debentures into shares of our common stock during any calendar quarter if the sale price of our common stock is greater than or equal to 120% of the conversion price per share of our common stock for 20 out of any 30 consecutive trading days or if the trading price of our debentures falls below specified prices. In January 2005, 95% of STT Communications outstanding convertible secured notes and associated interest were converted into shares of our non-voting series A-1 preferred stock. In February 2005, STT Communications elected to convert all of the shares of series A-1 preferred stock into 4.1 million shares of our common stock. Sales or distributions of all or a significant portion of these shares of our common stock could reduce the market price of our common stock.

An offering of these shares and the related transactions may affect the market for our common stock for some period of time.

The shares being offered represent a substantial portion of our outstanding common stock, and all of our securities held by STT Communications and its affiliates, and will substantially increase the number of publicly traded shares of our common stock. No prediction can be made about the effect, if any, of this offering on the market price for our common stock. Sales or distributions of substantial amounts of our common stock, or the perception that such sales or distributions may occur, could adversely affect prevailing market prices for our common stock.

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

The presence of diverse telecommunications carriers fiber networks in our IBX centers is critical to our ability to retain and attract new customers. We are not a telecommunications carrier, and as such we rely on third

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parties to provide our customers with carrier services. We believe that the availability of carrier capacity will directly affect our ability to achieve our projected results. We rely primarily on revenue opportunities from the telecommunications carriers customers to encourage them to invest the capital and operating resources required to connect from their facilities to our IBX centers. Carriers will likely evaluate the revenue opportunity of an IBX center 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 centers or that once a carrier has decided to provide Internet connectivity to our IBX centers that it will continue to do so for any period of time. Further, many carriers are experiencing business difficulties or announcing consolidations. As a result, some carriers may be forced to downsize or terminate connectivity within our IBX centers which could have an adverse effect on our operating results.

Our new IBX centers require construction and operation of a sophisticated redundant fiber network. The construction required to connect multiple carrier facilities to our IBX centers 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 centers does not occur, is materially delayed or is discontinued, or is subject to failure, our operating results and cash flow will be adversely affected. Any hardware or fiber failures on this network may result in significant loss of connectivity to our new IBX expansion centers. This could affect our ability to attract new customers to these IBX centers or retain existing customers.

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

Our business depends on providing customers with highly reliable service. We must protect our customers IBX infrastructure and their equipment located in our IBX centers. We continue to acquire IBX centers not built by us. If these IBX centers and their infrastructure assets are not in the condition we believe them to be in, we may be required to incur substantial additional costs to repair or upgrade the facilities. The services we provide in each of our IBX centers are subject to failure resulting from numerous factors, including:

- human error;
- physical or electronic security breaches;
- fire, earthquake, flood and other natural disasters;
- water damage;
- fiber cuts;
- power loss;
- sabotage and vandalism; and
- failure of business partners who provide our resale products.

Problems at one or more of our IBX centers, whether or not within our control, could result in service interruptions or significant equipment damage. We have service level commitment obligations to certain of our customers, including our significant customers. As a result, service interruptions or significant equipment damage in our IBX centers could result in difficulty maintaining service level commitments to these customers. For example, for the nine months ended September 30, 2005, we recorded $607,000 in service level credits to various customers associated with two separate power outages that affected our Chicago and Washington, D.C. metro area IBX centers. 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 and revenue reserves may not be adequate. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenues and our operating results.

Furthermore, we are dependent upon Internet service providers, telecommunications carriers and other website operators in the U.S., Asia and elsewhere, some of which have experienced significant system failures and electrical outages in the past. Users of our services may in the future experience difficulties due to system failures unrelated to our systems and services. If for any reason, these providers fail to provide the required services, our business, financial condition and results of operations could be materially 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 and subjecting us to the risk of lawsuits. 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 may not be available for several hours, thus negatively impacting hosted customers on-line business transactions. Affected customers might file claims against us under such circumstances. Our property and liability insurance may not be adequate to cover these customer claims.

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

In order to provide resale services such as bandwidth, managed services and other network management services, we contract with third party service providers. These services require 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, 2005 and 2004, IBM accounted for 11% and 13%, respectively, of our revenues. We expect that IBM will continue to account for a significant portion of our revenue for the foreseeable future. Although the term of our IBM contract runs through 2009, IBM currently has the right to reduce its commitment to us pursuant to the terms and requirements of its customer agreement. If we lose IBM as a customer or if it significantly reduces the level of its commitment, 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 centers and other products and services must be able to differentiate themselves from those of other 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. Similarly, with respect to our other products and services, including managed services, bandwidth services and security services, we must compete with more established providers of similar services. Most of these companies have longer operating histories and significantly greater financial, technical, marketing and other resources than us.

Because of their greater financial resources, some of our competitors have the ability to adopt aggressive pricing policies, especially if they have been able to restructure their debt or other obligations. As a result, in the

future, we may suffer from pricing pressure that would adversely affect our ability to generate revenues and adversely affect our operating results. In addition, these competitors could offer colocation on neutral terms, and may start doing so in the same metropolitan areas in which we have IBX centers. Some of these competitors may also provide our target customers with additional benefits, including bundled communication services, and may do so in a manner that is more attractive to our potential customers than obtaining space in our IBX centers. 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. We may experience competition from our landlords in this regard. Rather than leasing available space in our buildings to large single tenants, they may decide to convert the space instead to smaller square foot units designed for multi-tenant colocation use. Landlords may enjoy a cost effective advantage in providing services similar to those provided by our IBXs, and this could also reduce the amount of space available to us for expansion in the future. Competitors may operate more successfully or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in outsourcing arrangements may be reluctant or slow to replace, limit or compete with their existing systems by becoming a customer. In addition, other companies may be able to attract the same potential customers that we are targeting. Once customers are located in competitors facilities, it may be extremely difficult to convince them to relocate to our IBX centers.

Because we depend on the retention of key employees, failure to maintain stock option incentives may be disruptive to our business.

Our success in retaining key employees and discouraging them from moving to a competitor is an important factor in our ability to remain competitive. As is common in our industry, our employees are typically compensated through grants of stock options in addition to their regular salaries. We occasionally grant new stock options to employees as an incentive to remain with the company. To the extent we are unable to adequately maintain these stock option incentives due to stock option expensing or otherwise and should employees decide to leave the company, this may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

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 center, the better we will be able to generate significant interconnection revenues, which in turn increases our overall revenues. Our ability to attract customers to our IBX centers will depend on a variety of factors, including the presence of multiple carriers, the mix of products and services offered by us, the overall mix of customers, the IBX centers operating reliability and security and our ability to effectively market our services. In addition, some of our customers are, and are likely to 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 centers. This may be disruptive to our business and may adversely affect our business, financial condition and results of operations.

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 centers and to purchase additional services typically involves a significant commitment of resources. In addition, some customers will be reluctant to commit to locating in our IBX centers until they are confident that the

IBX center has adequate carrier

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connections. As a result, we have a long sales cycle. Furthermore, we may expend significant time and resources in pursuing a particular sale or customer that does not result in revenue. Delays due to the length of 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 stockholder 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, as amended, is subject to court approval and sufficient participation by defendants in similar actions. If the proposed settlement, as amended, is not approved by the court or a sufficient number of defendants do not participate in the settlement, the defense of this litigation may continue and therefore 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 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 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. As a result, we cannot be certain that a viable market for our IBX centers will materialize. If the market for our IBX centers grows more slowly than we currently anticipate, our revenues may not grow and our operating results could 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 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.

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

The telecommunications industry is currently undergoing consolidation. As customers combine businesses, they may require less colocation space, and there may be fewer networks available to choose from. Given the

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competitive and evolving nature of this industry, further consolidation of our customers and/or our competitors may present a risk to our network neutral business model and have a negative impact on our revenues. In addition, increased utilization levels industry-wide could lead to a reduced amount of attractive expansion opportunities available to us.

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

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

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FORWARD-LOOKING STATEMENTS

This prospectus, including the documents incorporated by reference herein, contains forward-looking statements that involve risks and uncertainties. Statements contained in this prospectus or incorporated by reference herein 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 or incorporated by reference 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 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 and incorporated by reference herein, before making an investment decision.

USE OF PROCEEDS

All net proceeds from the sale of our common stock will go to the selling stockholder. Accordingly, we will not receive any proceeds from the sale of the shares by the selling stockholder.

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SELLING STOCKHOLDER

The following table sets forth certain information, as of September 30, 2005, with respect to the number of shares of common stock owned by the selling stockholder named below on an actual basis and as adjusted to give effect to the sale of the shares offered hereby. The shares are being registered to permit public secondary trading of the shares, and the selling stockholder may offer the shares for resale from time to time. See Plan of Distribution on page 16.

STT Communications periodically assesses its strategic goals and objectives. Based on its current assessment, it has determined that its holdings of our common stock is no longer a core asset. Therefore, STT Communications does not intend to play a strategic role in Equinix going forward. As a result, STT Communications has requested us to and we have agreed to assist STT Communications with the orderly divestiture of its holdings of our common stock. We are filing this registration statement to facilitate this process. The terms of any particular offering of shares, which may include all or a portion of the shares, will be described in one or more prospectus supplements. The completion of any such offering will depend upon a number of factors, including general market conditions and other factors that STT Communications may deem relevant.

The shares being offered by the selling stockholder consist of 7,114,630 currently outstanding shares of common stock, 1,868,667 shares of common stock issuable by Equinix upon conversion of outstanding shares of series A preferred stock, 240,578 shares of common stock issuable by Equinix upon conversion of outstanding series A-1 convertible secured notes (assuming conversion on November 7, 2005 of the aggregate principal amount, together with all accrued interest thereon, outstanding on such date) and 965,674 shares of common stock issuable by Equinix 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.

	Shares Beneficially Owned Prior to Offering		Shares	Shares Beneficially Owned After the Offering[2]	
Name and Address of Selling Stockholder	**Number**	**Percent**	**Being Offered**	**Number**	**Percent**
Entities affiliated with STT Communications Ltd[1] 51 Cuppage Road, #10-11/17 Starhub Centre Singapore 229469	10,189,549	37.37%	10,189,549	0	0%

1 The shares are owned by i-STT Investments Pte. Ltd., a wholly owned subsidiary of STT Communications. In connection with any offering of shares hereunder, i-STT Investments Pte. Ltd. may transfer a portion of the shares to its wholly owned subsidiary, in which case i-STT Investments (Bermuda) Ltd. will also be a selling stockholder hereunder. Temasek Holdings (Private) Limited (Temasek), the ultimate parent entity of i-STT Investments Pte. Ltd., through its ultimate ownership of i-STT Investments Pte. Ltd., may be deemed to have voting and dispositive power over the shares owned beneficially and of record by i-STT Investments Pte. Ltd. Temasek expressly disclaims beneficial ownership of such shares. In addition, Temasek may be deemed to beneficially own 11,718 shares of common stock, which are owned beneficially and of record by Temasek s indirect, wholly-owned subsidiary, T.H.e Venture Pte Ltd.

2 Assumes sale of all the shares offered; however, the selling stockholder may or may not sell all or any of the offered shares.

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PLAN OF DISTRIBUTION

The term selling stockholder, as used in this prospectus, includes STT Communications and its affiliates, i-STT Investments Pte. Ltd. and i-STT Investments (Bermuda) Ltd., and any limited partners, donees and pledgees selling shares that are received from the selling stockholder.

The shares covered by this prospectus may be sold by the selling stockholder or its transferees, distributees, pledgees, donees or other successors in interest at various times in one or more of the following transactions:

- in the over-the-counter market;
- on The Nasdaq National Market;
- in privately negotiated transactions; or
- in a combination of any of the above transactions.

In addition, the selling stockholder may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by third parties or borrowed from third parties to settle those sales or to close out any related open borrowings of stock, and may use securities received from us or others in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and will be identified in the applicable prospectus supplement (or a post-effective amendment). All such short sale transactions will be conducted in accordance with Regulation SHO promulgated under the Securities Exchange Act of 1934.

The selling stockholder may sell its shares at market prices prevailing at the time of the sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices.

The selling stockholder may use broker-dealers to sell its shares. If this happens, broker-dealers will either receive discounts or commissions from the selling stockholder, or they will receive commissions from purchasers of shares for whom they acted as agents.

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LEGAL MATTERS

The legality of the securities offered hereby will be passed upon for Equinix by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, Menlo Park, California.

(INCLUDING THOSE ABOVE)139,919515 39,000 1.53% (6) ________________________

(1) Direct ownership except as otherwise noted.

(2) Represents shares subject to options which could be exercised by April 1, 2008 by the named individuals or the Group.

(3) Shares of stock beneficially owned and vested shares held under 401(k) Plan as a percent of total outstanding shares as of February 1, 2008.

(4) Held in Hagan Family Trust, a Living Trust.

(5) 4,709 of these shares are owned jointly with his wife.

(6) If the 39,000 shares subject to exercisable options held by directors and officers as a group were included in the total amount of shares outstanding, then the percentage of Common Stock owned by the group would be 1.95%.

* Percentage owned of less than 1% of total outstanding shares not shown.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company□s directors, executive officers and holders of more than 10% of Common Stock to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. The Company believes that during the fiscal year ended November 30, 2007 all Section 16(a) filing requirements were met except that one Form 4 was filed late to report the purchase of Common Stock under the Company□s 401(k) Savings Plan by Daniel J. Emmett. The Form 4 was promptly filed upon discovery of the inadvertent omission.

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Equity Compensation Plan Information

The following table sets forth certain information as of November 30, 2007, regarding the Company□s 1994 Non-Employee Director Stock Option Plan, the 2001 Stock Incentive Plan and the 2004 Stock Incentive Plan.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants	Weighted-Average Exercise Price of Outstanding Options, Warrants and	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities

	and Rights # (a)	Rights $ (b)	Reflected in (a)) # (c)
Equity compensation plans approved by security holders (1)	54,250	30.80	298,950
Equity compensation plans not approved by security holders (2)	13,000	20.28	N/A
TOTAL	67,250	28.77	298,950

(1) The approved equity compensation plans consists of the 1994 Non-Employee Director Stock Option Plan, the 2001 Stock Incentive Plan and the 2004 Stock Incentive Plan.

(2) On January 24, 2001, the Board approved grants of options to purchase 6,000 shares of Common Stock to Non-management directors serving as a director at such time. These options are exercisable until January 24, 2011 and have an exercise price of $20.2813 per share, representing the fair market value of the shares on the date of the grant.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The following section provides an overview and analysis of the Company's executive compensation program. "CEO" and "PEO" refer to the Chief Executive Officer of the Company. "CFO" and "PFO" refer to the Chief Financial Officer of the Company.

Administration

The Company's executive compensation program is administered by the Compensation Committee, which is composed of three independent directors. The Compensation Committee has retained Mercer Consulting as its principal independent compensation consultant with respect to the Company's executive compensation matters. In its role as consultant to the Compensation Committee, Mercer Consulting is retained directly by the Compensation Committee, which has the authority to select, retain, and/or terminate its relationship with Mercer Consulting at its sole discretion. The Compensation Committee typically reviews the compensation of the Named Executive Officers on an annual basis in late January or early February. The Compensation Committee typically requests the recommendations of the CEO regarding the compensation of the CFO and other Named Executive Officers other than himself; however, final decisions regarding the compensation of all Named Executive Officers are made solely by the Compensation Committee and authorized by the Board.

Objectives

Ameron is a multinational manufacturer of highly-engineered products and materials for the chemical, industrial, energy, transportation and infrastructure markets. Ameron is the leading producer of water transmission lines; fiberglass-composite pipe for transporting oil, chemicals and corrosive fluids and specialized materials and products used in infrastructure products. One of the Company's major strategic objectives is to maintain consistent and quality earnings across all of the Company's areas of operations. These financial goals translate into the creation

of stockholder value and greater returns for stockholders. The purpose of the compensation program is to support these larger business imperatives and ultimately align the management team's interests with Ameron's stockholders. To achieve this purpose, the specific objectives of Ameron's compensation program are:

- to attract and retain highly qualified and productive members of the Company's management team;
- to motivate the Company's management team to achieve both annual and long-term financial goals approved by the Board of Directors; and
- to align the interests of the Company's management team with those of the Company's stockholders.

Philosophy

The components of the Company's executive compensation program are designed to achieve the objectives described above based on the following compensation philosophy:

Philosophy Component	Rationale
Compensation should support the business strategy	The purpose of the compensation program is to support Ameron's larger business goals and ultimately align the management team's interests with Ameron's stockholders.
Compensation should be primarily based on performance	Basing a significant portion of Named Executive Officer compensation on performance aligns the interests of management with stockholders, as executives will only be compensated if the Company's strategic and financial goals are achieved. The Company awards performance-based compensation through its annual bonus, long-term cash incentive award, and long-term equity compensation program. The annual bonus and long-term cash incentive award are tied to the Company's achievement of financial goals that are approved by the Board of Directors. The value of the equity portion is inherently tied to the Company's stock price in order to directly align the interests of the Named Executive Officers and the stockholders.
Compensation levels should be competitive	Awarding a competitive level of compensation is critical for Ameron to attract and retain highly qualified and productive members of the Company's management team. Total target direct compensation (base salary, annual bonus, long-term cash incentive awards and equity awards) of the Named Executive Officers should be fixed at levels generally comparable to those being paid to similarly situated executives of other U.S.-based general diversified manufacturing companies with similar domestic and international sales and industries, but adjusted based on the individual Named Executive Officer's experience, expertise and performance.

Executive Talent Market and Competitive Positioning

As discussed above, to help the Company attract and retain highly qualified and productive members of the Company's management team, the Company offers its NEOs compensation that is competitive with the compensation being offered by other U.S.-based general diversified manufacturing companies with similar domestic and international sales and industries. The Compensation Committee, with the assistance of its independent outside compensation consultants, has selected a group of companies ("Comparator Group") which it uses for Named Executive Officer compensation comparability purposes. In developing the Comparator Group, the Compensation Committee used various criteria, including:

Peer Group Screening Criteria	Description and Screening Methodology
Labor Market	• Labor market is defined by companies that Ameron competes with for executive talent. • The Compensation Committee believes that the Company's executive talent market is inclusive of, yet broader than, the Company's direct competitors.

Peer Group Screening Criteria	Description and Screening Methodology
Size	• Size is defined by the Company's annual revenue. • The Compensation Committee believes that there is a clear correlation between compensation levels and revenue size in the manufacturing sector, as larger companies tend to manage more capital and have more complex operations, which increases the job scope and responsibility associated with executive positions.
Business Complexity	• Business complexity is defined by number of business units, international footprint, and joint ventures. • The Compensation Committee recognizes that the Company has a greater number of business units, international operations and joint ventures than other organizations of similar revenue size, and therefore screened for companies that have two or more business units, international operations and/or joint venture activity to ensure that those companies have a similar level of diversity and complexity as the Company. The Company's consolidated operations currently include its Fiberglass-Composite Pipe Group, its Water Transmission Group and its Infrastructure Products Group. The Fiberglass-Composite Pipe Group manufactures and markets filament-wound and molded composite fiberglass pipe, tubing, fittings and well screens commonly used in oilfield applications. The Water Transmission Group manufactures and supplies concrete and steel pressure pipe, concrete non-pressure pipe, protective linings for pipe, and fabricated steel products such as wind towers. The Infrastructure Products Group manufactures and sells ready-mix concrete, sand and aggregates, and concrete and steel lighting and traffic poles. Additionally, the Company has a significant investment in TAMCO, which operates a steel mini-mill, and in several joint ventures in the Middle East which manufacture concrete and fiberglass-composite pipe. The Company's various businesses generally operate internationally, with manufacturing plants in the U.S., Mexico, Europe, South America and Asia.

Based on these criteria, the Compensation Committee has selected the following group of twelve companies as its current Comparator Group:

Dresser-Rand Group	Northwest Pipe Company
Gibraltar Industries	Schnitzer Steel
Grant Prideco	Texas Industries
Lufkin Industries	Trinity Industries
Martin Marietta Materials	Valmont Industries
National Oilwell Varco	Vulcan Materials

These companies compete in the building materials, water pipeline / heavy-duty steel fabrication, oilfield products and steel industries. They represent public manufacturing companies which compete directly with the Company's businesses, which would be direct competitors if such companies operated in the Company's geographic territories, which offer products similar to those sold by the Company, and/or which operate in markets generally served by the Company.

The Compensation Committee also reviews the roles and responsibilities of the Named Executive Officers in comparison to executives at companies within the Comparator Group as a basis for developing competitive market compensation levels for each Named Executive Officer. For example, the Compensation Committee compared the Company's CEO to other CEOs that also serve as a Chairman and/or President.

The Companys total direct compensation (base salary, annual bonus, long-term cash incentive award, long-term equity-based award) for the Named Executive Officers is positioned to provide a competitive award. The Compensation Committee specifically defines a competitive award as positioning total direct compensation at the 40th percentile of the Comparator Group. For fiscal year 2007, total direct compensation was positioned below the Comparator Groups 50th percentile to acknowledge the fact that the median annual revenue of the Comparator Group was larger than the Companys annual revenue.

Components of Executive Compensation

The executive compensation for the Named Executive Officers is comprised of the following components:

- base salary (i.e., fixed compensation);
- performance-based incentive compensation (i.e., variable compensation), including:
  - annual bonus,
  - long-term incentives, including:
    - ♦ long-term cash incentive awards,
    - ♦ long-term equity-based awards;
- retirement benefits; and
- perquisites and other benefits.

Discussion and Analysis

Base Salary. Base salary is the Companys basic element of compensation. It is also a principal element upon which target annual bonuses and long-term cash incentive awards are calculated. Base salary is designed to compensate the Named Executive Officers in part for their roles and responsibilities in the Company, and also to provide a stable and fixed level of compensation that serves as a retention tool. The base salaries of the Named Executive Officers are reviewed and fixed by the Compensation Committee on a yearly basis, typically in late January or early February. In general, the Compensation Committees goal is to position base salaries for the Named Executive Officers at the 50th percentile as compared to executives with similar positions and functional responsibilities within the Comparator Group. However, current base salaries for each Named Executive Officer also reflect adjustments by the Compensation Committee (both up and down) from the 50th percentile as a result of the Compensation Committees judgment of the individual Named Executive Officers expertise, experience and tenure in their current positions with the Company and the Compensation Committees evaluation of the individual Named Executive Officers overall performance. In setting base salaries for the Named Executive Officers, the Compensation Committee also considered survey data provided by Mercer Consulting in January 2007, which indicated that the base salaries among general industry companies nationwide increased approximately 3.9% during 2006. Based on this information and Compensation Committee judgment, in January 2007, the annual base salary of the CEO was increased approximately 4% from his 2006 annual base salary; the annual base salary of the CFO was increased approximately 4.2%; the annual base salary of Mr. Friedrich was increased approximately 4%; and the annual base salaries of Messrs. Giese, Solis and Wagner were increased approximately 3%. Following these adjustments, the aggregate of the base salaries of these Named Executive Officers as a whole for fiscal year 2007 was approximately at the 50th percentile of the Comparator Group.

Annual Bonus. The Companys annual bonus program (also known as its Management Incentive Compensation Plan, or MICP) is intended to motivate the Named Executive Officers to meet the annual performance goals of the Company. Annual bonuses are awarded to NEOs based on the Companys actual financial performance as compared to plan targets established by the Board at the beginning of the fiscal year. For fiscal year 2007, the corporate-wide performance measures used as the basis for the program were earnings per share (EPS) and return on sales (ROS). The Compensation Committee selected EPS and ROS because these financial measures are consistent with the Companys major strategic objective to grow profitably and because these performance measures have a strong correlation to stockholder value creation. For group

presidents, the Compensation Committee also relies on targets tied to return on net assets employed (RONAE) and group sales growth as the Compensation Committee believes that these factors best reflect business group profitability, which in turn drives long-term stockholder value. Because of the relatively volatile trade volume of the Companys shares, and the susceptibility of the Companys share price to volatility based on extraneous factors, the Compensation Committee does not believe that share price as a stand-alone metric is necessarily the best measure of corporate performance for annual bonus purposes. The performance measures are weighted for each Named Executive Officer based on the extent to which each executive can influence the particular performance results. The following table details the relative weighting for each Named Executive Officer:

	Annual Bonus Performance Measure Weighting			
Executive	**EPS**	**ROS**	**Group RONAE**	**Group Sales Growth**
James S. Marlen	50%	50%		
James R. McLaughlin	50%	50%		
Gary Wagner	50%	50%		
Javier Solis	50%	50%		
Ralph S. Friedrich	50%	50%		
Thomas Giese	10%	10%	70%	10%

For fiscal year 2007, the Compensation Committee established the following target bonuses for each Named Executive Officer (that is, the annual bonus awards to the Named Executive Officer if the Company achieved 100% of its target EPS, ROS, and, if applicable group, RONAE and sales growth):

Executive	**Target Bonus as Percent of Salary**
James S. Marlen	100%
James R. McLaughlin	80%
Gary Wagner	80%
Javier Solis	80%
Ralph S. Friedrich	40%
Thomas Giese	80%

These target bonus levels reflect the Compensation Committees review of the levels of target annual bonuses provided to similar executives in the Comparator Group. The Compensation Committees goal is to provide for annual cash incentive compensation to each Named Executive Officer at a level equal to the 50th percentile for similar executives within the Comparator Group. For fiscal year 2007, the annual bonus targets of the Named Executive Officers as a whole was approximately at the 50th percentile of the Comparator Group, although there was differentiation on the individual executive level. These individual differentiations are aligned with the Compensation Committees desire to provide a similar target bonus opportunity for the Named Executive Officers for internal equity reasons.

For purposes of the MICP, EPS is modified from the corresponding amount calculated under generally accepted accounting principles (GAAP) in that: (1) earnings are calculated based on audited income from consolidated companies after income tax, excluding equity in earnings of affiliated unconsolidated companies, plus after-tax cash received from affiliated unconsolidated companies; (2) income taxes are calculated based on plan tax rates; and (3) shares are based on the audited common shares outstanding as of the beginning of the plan year. ROS equals the pretax, before interest income of the Company, similarly adjusted to only include the cash received from affiliated unconsolidated companies, divided by the Companys sales. Group RONAE equals

the after-tax operating profit of the group excluding interest and intercompany royalties divided by certain of such groups operating assets. Non-GAAP after-tax operating profit is modified in that: (1) profits only include cash received from affiliated unconsolidated companies, minus income tax on cash received from such affiliated unconsolidated companies; and (2) income taxes are based on plan tax rates.

For fiscal year 2007, the plan target EPS was $4.70, the plan target ROS was 10.4% and the plan target RONAE for Mr. Gieses group was 10.1%. For fiscal year 2007, the actual EPS was $6.25, or approximately 133% of target, the actual ROS was 12.5%, or approximately 120% of target, the actual RONAE for Mr. Gieses group was negative 3.3%, for purposes of the MICP. For fiscal year 2007, the sales growth for Mr. Gieses group was 8.7%.

MICP bonus awards to Named Executive Officers are primarily formula driven and then modified up or down based on the Compensation Committees judgment as to the overall performance of the Company and the individual Named Executive Officer during the year. Additionally, MICP bonuses are adjusted by a positive or negative modifier based on the Companys reported earnings per share growth or drop from the prior year (EPS Modifier), reflecting the importance of earnings per share growth as an indicator of Company performance. For fiscal year 2007, the EPS

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Modifier was 125.9%. In evaluating the performance of individual Named Executive Officers other than the CEO, the Compensation Committee routinely solicits the opinion of the CEO; however the ultimate decisions as to bonus awards for all Named Executive Officers, including the CEO, are made solely by the Compensation Committee.

MICP bonus awards to the Named Executive Officers for fiscal year 2007, as reflected below in the Fiscal Year 2007 Summary Compensation Table were arrived at by the Compensation Committee based on target bonuses calculated in accordance with the target bonus guidelines described above, plus a factor of approximately 15% for Messrs. Marlen, Wagner and Solis based on the Compensation Committees recognition of the fact that the Companys sales and earnings for fiscal year 2007 were the highest in the Companys history, and the Compensation Committees judgment that such extraordinary results were achieved in large measure due to the excellent individual performances of those Named Executive Officers and their combined teamwork.

Long-Term Incentive Awards. The Companys long-term incentive program is intended to motivate the Named Executive Officers to meet the long-term performance goals of the Company. The Company awards long-term incentive compensation through the LTIP and its long-term equity compensation plan in the form of restricted stock awards that vest based on time and continued employment. The general purpose and rationale of the LTIP is to focus the Named Executive Officers on the Companys long-term financial goals. For further information on the LTIP, see the discussion below under Long-Term Cash Incentive Award. The general purpose and rationale of the restricted stock award is to focus the Named Executive Officers on long-term stockholder value creation and thereby align managements interests with those of stockholders, as well as to provide a retention vehicle to the management team. For further information on the restricted stock award, see the Long-Term Equity Compensation section.

For fiscal year 2007, the LTIP and restricted stock award level was determined so that the Named Executive Officer team as a group was positioned at the 40th percentile of the Comparator Group. Individual executives were positioned above or below the 40th percentile of the Comparator Group based on the Compensation Committees judgment, which considered factors such as expertise, experience, tenure in current position, and the Compensation Committees evaluation of the individual Named Executive Officers overall performance.

- **Long-Term Cash Incentive Award.** As noted above, the Companys LTIP is intended to motivate the Named Executive Officers to meet the long-term financial goals of the Company. The LTIP cash award is based on the Companys three-year financial targets established by the Board. For the fiscal years 2007-2009 performance cycle, the Compensation Committee selected EPS and return on equity (ROE) as the performance measures. EPS was selected to encourage the Named Executive Officers to have both a short-term and long-term focus on EPS performance. ROE was selected to encourage the Named Executive Officers to employ capital effectively in generating profits for the Company. Formulaically, the LTIP is based on achievement of the cumulative three-year target EPS, but also contingent upon

achievement of a threshold average ROE equal to 75% of the target average ROE for the three-year performance cycle. For Named Executive Officers who function as group presidents, their awards are also contingent upon achievement of a threshold average RONAE for their respective group equal to 75% of the target average RONAE for their respective group for the three-year performance cycle.

For the fiscal years 2007-2009 performance cycle the Compensation Committee established the following target awards (that is, the award which would be earned if the Company achieved 100% of its target EPS for that cycle):

Executive	Target LTIP as Percent of Salary
James S. Marlen	50%
James R. McLaughlin	40%
Gary Wagner	40%
Javier Solis	40%
Ralph S. Friedrich	20%
Thomas Giese	40%

For purposes of the LTIP awards, EPS, ROE and RONAE are modified from the corresponding measures calculated using GAAP, in that earnings are calculated based on audited income from consolidated companies after income tax, plus cash received from affiliated unconsolidated companies, minus income

tax on cash received from such affiliated unconsolidated companies. As with the annual bonus program, management is encouraged under the LTIP to maximize cash flow from affiliated unconsolidated companies. The LTIP measures performance over a three-year cycle. Unlike the annual bonus program, the LTIP uses GAAP measures which reflect actual versus plan income tax rates and actual fully-diluted shares rather than beginning shares outstanding.

For the fiscal years 2005-2007 performance cycle, target EPS was $10.50 and the threshold average ROE target was 7.4%. For that cycle, the actual EPS was $17.24 and the actual ROE was 15.9%, for purposes of the LTIP. For that cycle, the target average RONAE for Mr. Giese's group was 12%. For that cycle, the actual average RONAE for Mr. Giese's group was 4.7%. All actual awards to the Named Executive Officers for the fiscal years 2005-2007 performance cycle were strictly formula-driven.

- **Long-Term Equity Compensation.** Equity awards are considered by the Compensation Committee as an important element of long-term compensation that is intended to align the common interests of the Named Executive Officers and the stockholders and provide a retention vehicle for the management team. The Compensation Committee's perspective is that equity awards to Named Executive Officers, other than the CEO whose equity compensation is discussed in the section below captioned "Executive Compensation — Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table — Employment Agreements — Mr. James S. Marlen", should be in the form of grants of restricted stock with a three-year vesting schedule and with a grant date immediately following the Compensation Committee's meeting in late January or early February. The Compensation Committee has selected a three-year vesting schedule to support its goal of management retention. The grant date timing is based on the typical time the Compensation Committee reviews total direct compensation for the Named Executive Officers and is consistent with the time audited financial results for the completed fiscal year are released to stockholders and to the public.

Restricted stock awards shown on the "Fiscal Year 2007 Grants of Plan-Based Awards" table below represent equity awards made in February 2007 with respect to the Company's fiscal year 2006 performance. In January 2008 the Compensation Committee approved awards of restricted stock to the following Named Executive Officers with respect to fiscal year 2007 performance: 7,000 shares to Mr. Wagner, 6,000 shares to Mr. Solis and 2,000 shares to Mr. McLaughlin. Such awards with respect to fiscal year 2007 performance were approved by the Compensation Committee based on its recognition of the fact that the Company's sales and earnings for fiscal

year 2007 were the highest in the history of the Company, and the Compensation Committees judgment that such extraordinary results were achieved in large measure due to the excellent individual performances of those Named Executive Officers and their combined teamwork.

Retirement Benefits. Named Executive Officers participate in the Companys qualified pension plan (Ameron Pension Plan) to the same extent, and subject to the same terms and conditions, as other salaried employees of the Company. Retirement benefits under the Ameron Pension Plan are described in the section captioned Fiscal Year 2007-End Pension Benefits below. There are no supplemental executive retirement or pension benefits applicable to any of the Named Executive Officers.

Perquisites and Other Benefits. The following list highlights the perquisites and other benefits paid to the Named Executive Officers.

- Named Executive Officers participate in the Companys executive medical plan, which is a supplemental health insurance plan that reimburses Named Executive Officers for their out of pocket costs for deductibles, insurance co-payments and other medical costs which are not covered by the standard medical plan, subject to a reimbursement limitation of $10,000 per year.

- In fiscal year 2007, Named Executive Officers other than Messrs. Friedrich and McLaughlin participated in the Companys executive life insurance plan which provides that the Company will pay the beneficiary(ies) of the Named Executive Officer a death benefit equal to three times the Named Executive Officers base salary while the Named Executive Officer remains employed by the Company, and a death benefit equal to one times the Named Executive Officers base salary following retirement.

- In fiscal year 2007, Named Executive Officers other than Messrs. Friedrich, McLaughlin and Solis participated in the Companys financial planning and tax services plan which provides estate, tax and retirement planning, as well as tax return preparation services, through a third-party provider. The costs of such benefits are treated as income to the participating Named Executive Officers, however the Company provides a tax gross-up to such Named Executive Officers.

- Mr. Marlen is reimbursed for membership and dues to the Annandale Country Club located in Pasadena, California; the Regency Club located in Westwood, California; the Los Angeles Country Club located in Los Angeles, California; and the California Club also located in Los Angeles, California. Mr. Marlen receives these perquisites to allow him to represent the Companys business matters in the larger community.

- Mr. Wagner is reimbursed for membership and dues to the Regency Club, and a tax gross-up.

Impact of Accounting and Tax Treatments. Under Section 162(m) of the Code, publicly held companies may not take a tax deduction for compensation in excess of $1 million paid to the CEO or the other four most highly compensated executive officers unless that compensation meets the Internal Revenue Codes definition of performance-based compensation. Section 162(m) allows a deduction for compensation to a specified executive that exceeds $1 million only if it is paid (i) solely upon attainment of one or more performance goals, (ii) pursuant to a qualifying performance-based compensation plan adopted by the Compensation Committee, and (iii) the material terms, including the performance goals, of such plan are approved by the stockholders before payment of the compensation. The Committee considers deductibility under Section 162(m) with respect to executive compensation arrangements for the Named Executive Officers. The LTIP is considered to be performance-based and therefore not subject to the deduction limitation contained in Section 162(m).

Stock Ownership Guidelines. The Company does not presently have a policy or guidelines regarding stock ownership by its Named Executive Officers.

Fiscal Year 2007 Compensation Break Down. The three tables below set forth information with respect to the various types of compensation paid to the Named Executive Officers discussed above. The tables include

information with respect to restricted stock grants made in fiscal year 2008 to Messrs. McLaughlin, Wagner and Solis in respect of fiscal year 2007 performance. However, because of the accounting treatment of these grants under SFAS 123R, information with respect to these grants is not reflected in the tables included under “Executive Compensation.”

Fixed vs. Variable Compensation. The following table sets forth the relative proportions of fixed (base salary and equity award) versus variable (annual bonus and long-term cash incentive award) compensation for each of the Named Executive Officers for fiscal year 2007:

	Fixed Compensation			Variable Compensation		
Name	**Base Salary $**	**Equity Award $ (1)**	**Total Fixed Comp $**	**Annual MICP $**	**Long-term Cash Incentive Award $**	**Total Variable Comp $**
J. Marlen	848,810	1,544,040 (2)	2,392,850	1,900,000	854,880	2,754,880
J. McLaughlin	248,154	171,560	419,714	326,000	150,000	476,000
G. Wagner	379,051	600,460	979,511	675,000	304,880	979,880
J. Solis	322,705	514,680	837,385	575,000	259,560	834,560
R. Friedrich	185,871	—	185,871	125,000	74,880	199,880
T. Giese	261,238	—	261,238	—	—	—

Current vs. Long-Term Compensation. The following table sets forth the relative proportions of current compensation (base salary and annual bonus) versus long-term compensation (long-term cash incentive award and equity award) for each of the Named Executive Officers for fiscal year 2007:

	Current Compensation			Long-Term Compensation		
Name	**Base Salary $**	**Annual MICP $**	**Total Current Comp $**	**Long-term Cash Incentive Award $**	**Equity Award $ (1)**	**Total Long-Term Comp $**
J. Marlen	848,810	1,900,000	2,748,810	854,880	1,544,040 (2)	2,398,920
J. McLaughlin	248,154	326,000	574,154	150,000	171,560	321,560
G. Wagner	379,051	675,000	1,054,051	304,880	600,460	905,340
J. Solis	322,705	575,000	897,705	259,560	514,680	774,240
R. Friedrich	185,871	125,000	310,871	74,880	—	74,880
T. Giese	261,238	—	261,238	—	—	—

Mix of Long-Term Incentives. The following table sets forth the relative proportions of long-term cash incentive awards versus equity awards for each of the Named Executive Officers for fiscal year 2007:

Name	**Long-Term Cash Incentive Awards $**	**Equity Awards $ (1)**
J. Marlen	854,880	1,544,040 (2)
J. McLaughlin	150,000	171,560
G. Wagner	304,880	600,460
J. Solis	259,560	514,680
R. Friedrich	74,880	—

T. Giese		

(1) Equity Award value is based on the per share closing price of the Common Stock on the New York Stock Exchange on January 30, 2008 of $85.78

(2) Mr. Marlens equity award was made pursuant to an amendment to his employment agreement. Pursuant to the terms of the amendment, Mr. Marlen is entitled to receive annual grants under the Companys 2004 Stock Incentive Plan of 8,000 fully vested shares of Common Stock in February of 2008, 2009 and 2010, subject to the satisfaction of certain conditions. See Executive Compensation Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table Employment Agreements Mr. James S. Marlen.

Employment Agreements

The Company generally does not enter into employment agreements with its executive officers, including the Named Executive Officers. No Named Executive Officer is party to an employment agreement with the Company other than James S. Marlen. As discussed above, the Compensation Committee believes that the Named Executive Officers base salaries should be reviewed on an annual basis such that the Compensation Committee can position Named Executive Officer base salaries at the 50th percentile as compared to executives with similar positions and functional responsibilities within the Comparator Group, while still retaining flexibility to adjust base salary from this target (both up and down) based on the Companys performance as well as the Compensation Committees judgment of the individual Named Executive Officers expertise, experience and tenure in their current positions with the Company and the Compensation Committees evaluation of the individual Named Executive Officers overall performance. However, the Compensation Committee believed that it was appropriate to enter into an employment agreement with Mr. Marlen to ensure the long-term retention of his services as well as to provide him with appropriate incentives for future performance. The Compensation Committee believes that the benefits provided under the agreement are consistent with the Companys executive compensation philosophy discussed above. The terms of Mr. Marlens employment agreement are summarized below under Executive Compensation-Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table-Employment Agreements.

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Severance Arrangements

While the Company generally does not enter into employment agreements with its executive officers, it has entered into severance agreements with certain of the Named Executive Officers. The Company is party to severance agreements with Messrs. Wagner, Solis and McLaughlin. Mr. Marlens employment agreement also provides for a severance package in certain circumstances. The Compensation Committee believes the benefits provided under these arrangements are appropriate to assist the Company in retaining the employment of the executive officers. The terms of these agreements are summarized below under Executive Compensation-Change of Control Arrangements.

Compensation Committee Report

The Compensation Committee of the Board has reviewed and discussed with management of the Company the Compensation Discussion and Analysis included in this proxy statement and, based upon that review and discussion, recommended to the Board that it be included in this proxy statement.

Submitted by:

John E. Peppercorn, *Chairman*
David Davenport

Dennis Pouslen

Members of the Compensation Committee

EXECUTIVE COMPENSATION

Fiscal Year 2007 Summary Compensation Table

The following table sets forth information concerning the compensation received by the Companys Chief Executive Officer, the Companys Chief Financial Officer, the Companys three other most highly compensated executive officers, as well as one additional individual who would have been one of the Companys most highly compensated executive officers were he serving as an executive officer at the end of fiscal year 2007 (collectively, the Named Executive Officers).

Name and Principal Position	Year	Salary $ (1)	Bonus $	Stock Awards $ (2)	Option Awards $	Non-Equity Incentive Plan Compensation $	Change in Pension Value and Nonqualified Deferred Compensation Earnings $ (3)	All Other Compensation $	Total $
James S. Marlen Chairman & Chief Executive Officer	2007	848,810		2,218,141		2,754,880	24,627	117,920 (4)	5,964,378
James R. McLaughlin Senior Vice President, Chief Financial Officer & Treasurer	2007	248,154		21,849		476,000	57,679	19,381 (5)	823,062
Gary Wagner Executive President & Chief Operating Officer	2007	379,051		444,302		979,880	45,056	70,923 (6)	1,919,211
Javier Solis Executive Vice President, Administration, Secretary & General Counsel	2007	322,705		372,099		834,560	74,279	38,028 (7)	1,641,671
Ralph S. Friedrich	2007	185,871		21,849		200,880	56,268	13,244 (8)	478,112

Senior Vice President - Technology								
Thomas P. Giese Former Vice President & Group President, Water Transmission Group (9)	2007	261,238	225,882			71,151	52,582 (10)	610,853

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(1) Amounts shown include cash and non-cash compensation earned for services performed and received by the Executive Officers as well as amounts earned but deferred at the election of those officers or the Company during the fiscal years indicated.

(2) Certain awards of shares of restricted stock were made in fiscal years 2004, 2005, 2006 and 2007 under the Companys Restricted Stock Agreement pursuant to the 2004 Stock Incentive Plan. The amounts shown in this column consists of the compensation cost of awards of restricted stock that were recognized in fiscal year 2007 by the Company pursuant to SFAS 123R. Additional information related to the calculation of the compensation cost and the assumptions used is set forth in Note 13 Incentive Stock Compensation Plans of the Notes to the Consolidated Financial Statements of the Companys Annual Report on Form 10-K for fiscal year 2007.

There were no stock option awards to the Named Executive Officers in fiscal year 2007.

(3) Amounts reflect the aggregate increase in the actuarial present value of accumulated benefits under the qualified Ameron Pension Plan (Salaried Section) as of November 30, 2007.

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(4) Amount includes executive perquisites in the amount of $63,490, reimbursement for taxes on executive perquisites in the amount of $14,320, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,200 and dividends paid on unvested shares of restricted stock in the amount of $33,910. Executive perquisites include amounts paid by the Company for annual automobile allowance, club membership dues, financial planning and tax services and executive life and medical insurance premiums.

(5) Amount includes executive perquisites, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,556 and dividends paid on unvested shares of restricted stock in the amount of $713.

(6) Amount includes executive perquisites in the amount of $36,913, reimbursement for taxes on executive perquisites in the amount of $13,738, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,510 and dividends paid on unvested shares of restricted stock in the amount of $13,761. Executive perquisites include amounts paid by the Company for annual automobile

allowance, club membership dues, financial planning and tax services and executive life and medical insurance premiums.

(7) Amount includes executive perquisites in the amount of $20,175, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,461 and dividends paid on unvested shares of restricted stock in the amount of $11,392. Executive perquisites include amounts paid by the Company for annual automobile allowance and executive life and medical insurance premiums.

(8) Amount includes executive perquisites, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,915 and dividends paid on unvested shares of restricted common stock in the amount of $713.

(9) Mr. Giese resigned as an executive officer of the Company on November 15, 2007 in anticipation of his retiring from the Company on March 1, 2008.

(10) Amount includes executive perquisites $28,311, reimbursement for taxes on executive perquisites $11,889, a contribution by the Company to the 401(k) Savings Plan in the amount of $6,568 and dividends paid on unvested shares of restricted stock in the amount of $5,813. Executive perquisites include amounts paid by the Company for annual automobile allowance, financial planning and tax services and executive medical insurance premiums.

Fiscal Year 2007 Grants of Plan-Based Awards

The following table sets forth information concerning awards of stock options and restricted stock made to each of the Named Executive Officers during fiscal year 2007.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: # of Shares of Stocks or Units	Grant Date Fair Value of Stock And Option Awards
	Grant	Approval	Threshold	Target	Maximum	Threshold	Target	Maximum		
Name	Date	Date	$	$	$	# Shares	# Shares	# Shares	#	$ (2)
J. Marlen	1/30/07		106,860	427,440	854,800					
	2/9/07 (3)	1/31/07							14,896 (4)	1,202,554
	9/19/07 (3)	9/19/07				8,000	20,000	24,000		2,397,840
	9/19/07	9/19/07							54,000 (3)	5,395,140
J. McLaughlin	1/30/07		18,750	75,000	150,000					
	2/9/07	1/31/07							1,018 (4)	82,183
G. Wagner	1/30/07		38,110	152,440	304,880					
	2/9/07	1/31/07							6,206 (4)	501,010
J. Solis	1/30/07		32,445	129,780	259,560					
	2/9/07	1/31/07							4,965 (4)	400,824
R. Friedrich	1/30/07		9,360	37,440	74,880					
	2/9/07	1/31/07							1,018 (4)	82,183
T. Giese	1/30/07		26,265	105,060	210,120					

2/9/07	1/31/07	447 (5)	36,086

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(1) Amounts shown in this table were calculated using the salaries for the listed participants in the LTIP as of November 30, 2007. Actual payouts, if any, would be based on actual salaries at November 30, 2009, the end of the performance cycle. Participants in the LTIP are eligible to receive cash incentive awards and equity awards based on the financial performance of the Company and its business units, after the end of each three-year performance cycle. The above table shows, for the Named Executive Officers, the calculated future payouts, if any, under the LTIP for the three-year performance cycle which began in fiscal year 2007. Threshold amounts are the minimum amounts payable under the LTIP provided that the minimum level of performance is achieved with respect to the pre-established performance objective, measured in terms of cumulative earnings per share for that three-year cycle. If such performance is not achieved, amounts paid would be zero.

(2) Certain awards of shares of restricted stock were made in fiscal years 2004, 2005, 2006 and 2007 under the Companys Restricted Stock Agreement pursuant to the 2004 Stock Incentive Plan. The amounts shown in this column consists of the compensation cost of awards of restricted stock that were recognized in fiscal year 2007 by the Company pursuant to SFAS 123R. Additional information related to the calculation of the compensation cost and the assumptions used is set forth in Note 13 Incentive Stock Compensation Plans of the Notes to the Consolidated Financial Statements of the Companys Annual Report on Form 10-K for the fiscal year 2007.

(3) See Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards TableEmployment AgreementsMr. James S. Marlen below.

(4) Reflects awards of shares of restricted stock pursuant to the Companys 2004 Stock Incentive Plan Restricted Stock Agreement granted on February 9, 2007. Such restricted stock vests at 33-1/3% per year with the exception of Mr. Gieses shares which vested on November 30, 2007. Any dividends generally declared by the Company are paid during the restricted period on shares of restricted stock.

Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table

Employment Agreements

The Company has entered into an employment agreement with Mr. James S. Marlen, the material terms of which are summarized below. The Company has not entered into an employment agreement with any other Named Executive Officer.

Mr. James S. Marlen. In January 2003, the Company entered into an Amended and Restated Employment Agreement (Employment Agreement) with Mr. Marlen for his continued employment as Chairman, President and CEO. The term of the Employment Agreement was due to expire when Mr. Marlen attained the age of 67½ on September 14, 2008. However, as previously reported, the Company and Mr. Marlen entered into a First Amendment to the Employment Agreement (the Amendment) on September 19, 2007. The principal basis for

the Company to enter into the Amendment was the judgment of the Board that Mr. Marlen was the best person to continue to serve as Chairman, President and CEO of the Company. Pursuant to the Amendment, the term of the Employment Agreement was extended to March 31, 2010; provided, however, that the Company, in the sole discretion of the Board, may further extend the term for up to eight months to end not later than November 30, 2010. Mr. Marlen’s annual base salary rate is subject to merit increases based on annual reviews by the Board, with participation in the MICP, the LTIP, and other executive compensation and benefit plans.

The Amendment provides that Mr. Marlen will be entitled to receive annual grants under the Company’s 2004 Stock Incentive Plan of 18,000 fully vested shares of Common Stock in February of 2008, 2009 and 2010, so long as both a “Change of Control” of the Company has not occurred and Mr. Marlen continues to be employed by the Company as its Chairman of the Board, President, or Chief Executive Officer as of the applicable grant dates. Mr. Marlen will not be entitled to receive these annual grants after a “Change of Control” or after his employment with the Company terminates for any reason (including termination with or without cause or due to retirement, resignation, death or disability).

Also under the terms of the Amendment, on September 19, 2007 the Company and Mr. Marlen entered into a certain Performance Stock Unit Agreement (the “Performance Stock Unit Agreement”), pursuant to which he may receive up to 24,000 shares of Common Stock. Upon vesting, each performance stock unit equals the right to receive one share of Common Stock. The Performance Stock Unit Agreement provides for cliff vesting of the performance stock units at the end of the term of the Employment Agreement; provided that the performance stock

units will vest earlier upon a “Change of Control” or upon Mr. Marlen’s “Termination Without Cause,” or by reason of his death or disability. No performance stock units will vest if Mr. Marlen retires, resigns or his employment is terminated other than for a Termination Without Cause prior to a Change of Control or before the end of the term of his employment agreement. The Performance Stock Unit Agreement provides for a target grant of 20,000 performance stock units, but the ultimate number will depend on the per share closing price of the Common Stock on the date of vesting. Specifically, if the per share closing price of the Common Stock on the date of vesting is at or below $75.00, 8,000 units will vest. As the per share closing stock price increases, the number of units that vest will increase, up to a maximum of 24,000 if the per share closing price of the Common Stock on the date of vesting is at or above $119.00.

For the purposes of the Employment Agreement, the Amendment and the Performance Stock Unit Agreement, the following terms have the following definitions:

- A “Termination Without Cause” shall exist if Mr. Marlen’s employment is terminated by the Company for any reason except: (a) willful breach of duty by Mr. Marlen in the course of his employment, (b) habitual neglect of duty or continued incapacity to perform it or (c) a material breach by Mr. Marlen of his obligations under the Employment Agreement (as Amended by the Amendment); provided, however, that Company shall provide Mr. Marlen with not less than sixty (60) days prior written notice describing the behavior or conduct which is alleged by the Company to constitute Cause for termination and Mr. Marlen shall be provided with reasonable opportunity to correct such behavior or conduct within that notice period. Additionally, if the title of President, Chief Executive Officer or Chairman of the Board is removed from Mr. Marlen without his consent and he terminates his employment within six (6) months of the removal of any such title, such termination shall be deemed to be a “Termination Without Cause” by the Company.

- “Change of Control” shall mean one or more of the following: (a) the acquisition, directly or indirectly by any person or related group of persons (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), but other than the Company or a person that directly or indirectly controls, is controlled by, or is under control with the Company, of beneficial ownership (as defined in Rule 13d-3 of the Exchange Act) of securities of the Company that results in such person or related group of persons beneficially owning securities representing 40% or more of the combined voting power of the Company’s then-outstanding securities; (b) a merger or consolidation to which the Company is a party, if (i) the beneficial owners of the Company’s securities immediately before the transaction, do not, immediately after the transaction, have beneficial ownership of securities of the surviving entity or parent thereof representing at least 50% of the combined voting power of the then-outstanding securities of the surviving entity or parent, and (ii) the directors of the Company immediately prior to consummation of the transaction do not constitute at

least a majority of the board of directors of the surviving entity or parent upon consummation of the transaction; (c) a change in the composition of the Board over a period of thirty-six (36) consecutive months or less such that a majority of the Board members ceases by reason of one or more contested elections for Board membership, to be comprised of individuals who either (i) have been Board members since the beginning of such period or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (i) who were still in office at the time the Board approved such election or nomination; or (d) the sale, transfer or other disposition of all or substantially all of the Company’s assets in complete liquidation or dissolution of the Company unless (i) the beneficial owners of the Company’s securities immediately before the transaction have, immediately after the transaction, beneficial ownership of securities representing at least 50% of the combined voting power of the then-outstanding securities of the entity acquiring the Company’s assets, and (ii) the directors of the Company immediately prior to consummation of the transaction constitute a majority of the board of directors of the entity acquiring the Company’s assets upon consummation of the transaction.

Outstanding Equity Awards at Fiscal Year 2007 End

The following table sets forth information concerning each of the Named Executive Officer’s equity awards that were outstanding as of the end of fiscal year 2007. None of the Named Executive Officers holds any options to purchase Common Stock.

	Stock Awards			
Name	**Number of Shares or Units of Stock That Have Not Vested #**	**Market Value of Shares or Units of Stock That Have Not Vested $**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #**	**Equity Incentive Plan Awards Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested $ (1)**
J. Marlen	—	—	115,396 (1)(2)	12,206,589
J. McLaughlin	—	—	1,018 (3)	107,684
G. Wagner	—	—	15,373 (3)	1,626,156
J. Solis	—	—	12,465 (3)	1,318,548
R. Friedrich	—	—	1,018 (3)	107,684
T. Giese	—	—	5,000 (3)	528,900

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(1) Value is based on the per share closing price of the Common Stock of $105.78 on the New York Stock Exchange on November 30, 2007, the last day of fiscal year 2007.

(2) The vesting dates on the outstanding unvested shares for Mr. Marlen are:

	Grant Date 2/1/05	**Grant Date 1/25/06**		**Grant Date 2/9/07**			**Grant Date 9/19/07**		
Vesting	**2/1/08**	**1/25/08**	**1/25/09**	**2/9/08**	**2/9/09**	**2/9/10**	**2/1/08 (a)**	**2/1/09 (a)**	**2/1/09 (a)**

J. Marlen	7,500	7,500	7,500	4,965	4,965	4,969	18,000	18,000	18,000

(a) Pursuant to the terms of the Amendment, the shares of Common Stock will not vest if either a Change of Control has occurred or Mr. Marlen is no longer employed by the Company as its Chairman of the Board, President, or Chief Executive Officer at or prior to the applicable grant date. See Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table Employment Agreements Mr. James S. Marlen above.

(b) The Performance Stock Unit Agreement governing this grant provides for cliff vesting of the performance stock units at the end of the term of Mr. Marlen s employment agreement (that is, as early as March 31, 2010, but no later than November 30, 2010). However, the performance stock units will vest earlier upon either a Change of Control or upon the termination of Mr. Marlen s employment without Cause, or by reason of his death or disability. Upon vesting each performance stock unit shall equal one share of Common Stock. The number of performance stock units that will vest will be based on the per share closing price of the Common Stock at the time of the applicable event triggering vesting, but in no case shall exceed 24,000. See Narrative Discussion to Fiscal Year 2007 Summary Compensation Table and Fiscal Year 2007 Grants of Plan Based Awards Table Employment Agreements Mr. James S. Marlen above.

(3) The vesting schedules for the outstanding unvested equity awards of the other Named Executive Officers are as follows:

	Grant Date 2/1/05	**Grant Date 1/25/06**		**Grant Date 2/9/07**			**Total Shares Not Vested**
Vesting Dates:	**2/1/08**	**1/25/08**	**1/25/09**	**2/9/08**	**2/9/09**	**2/9/10**	
J. McLaughlin	—	—	—	339	339	340	1,018
G. Wagner	2,500	3,333	3,334	2,069	2,036	2,068	15,373
J. Solis	2,500	2,500	2,500	1,655	1,655	1,655	12,465
R. Friedrich	—	—	—	339	339	340	1,018
T. Giese	1,667	1,666	1,667	—	—	—	5,000

Option Exercises and Stock Vested in Fiscal Year 2007

The following table sets forth the number of shares of Common Stock that each of the Named Executive Officers acquired upon the vesting of grants of restricted stock and the value realized upon such vesting. None of the Named Executive Officers holds any options to purchase Common Stock.

	Stock Awards	
Name	**Number of Shares Acquired on Vesting #**	**Value Realized on Vesting $ (1)**
James S. Marlen	23,666	1,772,029
James R. McLaughlin	—	—
Gary Wagner	9,167	683,011
Javier Solis	8,334	602,413
Ralph S. Friedrich	—	—
Thomas P. Giese	7,115	534,514

(1) Value is based on the per share closing price of the Common Stock on the New York Stock Exchange on the dates on which the shares vested.

FISCAL YEAR 2007-END PENSION BENEFITS

The following table sets forth the present value of accumulated benefits payable to the Named Executive Officers under the qualified Ameron Pension Plan (Salaried Section) as of November 30, 2007.

Name	Plan Name	Number of Years Credited Service #	Present Value of Accumulated Benefit $	Payments During Last Fiscal Year $
James S. Marlen	Ameron Pension Plan	14.50	549,877	—
James R. McLaughlin	Ameron Pension Plan	13.17	356,108	—
Gary Wagner	Ameron Pension Plan	22.67	495,085	—
Javier Solis	Ameron Pension Plan	26.17	776,250	—
Ralph S. Friedrich	Ameron Pension Plan	30.00	680,030	—
Thomas P. Giese	Ameron Pension Plan	30.00	1,066,113	—

(1) Additional information related to the valuation methods and all material assumptions applied in determining the present value of accumulated benefits are set forth in Note 16 Employee Benefit Plans to the Consolidated Financial Statements of the Company’s Annual Report on Form 10-K for fiscal year 2007.

The Ameron Pension Plan provides a pension benefit to certain non union hourly and salaried employees of the Company and certain of its subsidiaries based on such individual’s final average earnings. An individual’s final average earnings equals the highest amount of compensation earned by the individual in a consecutive five year period over the last ten years. Amounts included in compensation include base monthly salary (exclusive of overtime), severance, bonuses, commissions and deferrals, as applicable. The Code limits the aggregate amount of compensation per year on which benefits are based as well as the aggregate amount of the annual pension which may be paid by an employer from a plan which is qualified under the Code for federal income tax purposes. As of November 30, 2007, the maximum compensation which may be considered in determining an individual’s final average earnings under the qualified Ameron Pension Plan was $220,000.

The Ameron Pension Plan requires five years of service before an individual is vested. Once vested, an individual is entitled to a pension benefit at the normal retirement age of 65. Benefits are payable in the form of a straight life annuity, a ten year certain life annuity, a level income method or one of three joint and survivor life annuity formulas. The monthly pension benefit due to each Named Executive Officer, assuming the selection of a straight life annuity,

equals 1.35% of the monthly final average earnings plus 0.6% of the monthly final average earnings in excess of covered compensation, multiplied by the number of years of credited service up to a maximum of 30 years. Any other form of payment elected would reduce this amount.

The Ameron Pension Plan permits early retirement at age 55 if the individual has at least ten years of credited service. If early retirement is elected, the pension benefit will be reduced for each month that the early retirement date precedes the normal retirement date by (i) 5/9 of 1 percent for each of the first sixty months and (ii) 5/18 of 1 percent for the next sixty months. All of the Named Executive Officers were eligible for early retirement as of November 30, 2007.

Potential Payments upon Termination or Change of Control

The Company has entered into agreements with Messrs. Marlen, Wagner, Solis and McLaughlin which provide for certain severance and change of control payments, the material terms of which are summarized below. The

Company has not entered into any such personal agreement with any of the other Named Executive Officer

Mr. James S. Marlen. Pursuant to the terms of the Amendment, in the event that Mr. Marlen's employment is Terminated Without Cause prior to March 31, 2010, the Company will pay Mr. Marlen a lump-sum cash severance payment equal to 1.5 times the sum of his base salary in effect as of the date of termination and the highest management incentive bonus paid to Mr. Marlen during the 5 years preceding the termination (but not less than 100% of his base salary as of the date of termination). Based on Mr. Marlen's current base salary of $890,000 per year, and the bonus of $2,291,049 paid to him for 2006, the lump-sum cash severance that would be payable to Mr. Marlen in the event of such termination of employment without Cause would be presently $4,771,574. Under the terms of the Employment Agreement, Mr. Marlen would be reimbursed for any excise taxes, if any, which might be imposed under Section 4999 of the Code as a result of such lump-sum severance payment. All unvested restricted stock grants, stock options and performance stock units granted will become fully vested upon a Termination Without Cause. As of November 30, 2007, the value of these awards was $6,023,748 based on the per share closing price of $105.78 on that date on the New York Stock Exchange. In such circumstances, the Company would also continue to provide health and medical benefits substantially similar to those in effect as of the date of such termination, with Mr. Marlen remaining obligated to pay contributions towards such coverage at the same level as immediately prior to such termination, until the earlier of (1) the second anniversary of such date of termination, or (2) the date Mr. Marlen becomes employed by another party (the "Healthcare Benefits"). Mr. Marlen is not obligated to seek other employment or take any other action by way of mitigation of the amounts payable to him in connection with a Termination Without Cause. No lump-sum cash severance payment will be payable to Mr. Marlen in the event of termination of his employment for any reason at any time on or after March 31, 2010.

In the event of Mr. Marlen's death or long-term disability during the term of the Employment Agreement, all unvested restricted stock grants, stock options and performance stock units granted to him will become fully vested. As of November 30, 2007, the value of these awards was $6,023,748 based on the per share closing price of $105.78 on that date on the New York Stock Exchange. In addition, Mr. Marlen would also remain eligible or entitled, as the case may be, for a prorated management incentive or bonus award for the period prior to his death or long-term disability.

In the event of Mr. Marlen's voluntary resignation or his employment is terminated in a manner that does not qualify as a Termination Without Cause, he would be entitled to the Healthcare Benefits.

In the event of a Change of Control, all unvested stock grants, stock options and performance stock units granted to Mr. Marlen will automatically vest upon such Change of Control. Assuming the Change of Control took place on November 30, 2007, the value of these awards was $6,023,748 based on the per share closing price of $105.78 on that date on the New York Stock Exchange. In the event that Mr. Marlen voluntarily resigns or is terminated without Cause within the 12 months following a Change of Control, Mr. Marlen will be entitled to the lump-sum cash severance payments described above (reduced to equal the then present value of such payments in accordance with Section 280G(d)(4) of the Code if such reduction is necessary in order for the Company to avoid making a gross-up payment to Mr. Marlen for taxes imposed under Section 4999 of the Code, and less any amounts of compensation and other earned income earned by Mr. Marlen for services rendered to parties other than the Company during the remainder of the term of the Employment Agreement as of the date of termination), and the Healthcare Benefits.

Mr. Gary Wagner. In September 1998, the Company entered into Change of Control Agreement with Mr. Wagner. The terms of the agreement are automatically extended so that they always have a remaining term of two years. Under the terms of the agreement, the annual base salary rates of Mr. Wagner is subject to future merit increases based on annual reviews by the Board. In the event of a "Change of Control" resulting in a "Termination Without Cause" within 12 months following such Change of Control, Mr. Wagner would be entitled to severance benefits equal to three times the sum of (a) the higher of the annual base salary at the time of termination without cause or his current base salary and (b) the average annual bonus earned for the two completed fiscal years immediately prior to such termination. Based on Mr. Wagner's current base salary of $457,000 per year, and the bonuses of $825,000 paid to him for 2006 and $675,000 for 2007, the lump-sum cash severance that would be payable to Mr. Wagner in the event of such termination of employment without cause would be presently $3,621,000. Additionally, Mr. Wagner would also be entitled to pro-rata portions of his target incentive bonuses under the MICP and LTIP. Such severance benefits are subject to reduction in order to comply with certain IRS regulations and limitations relating to a change of control. Mr. Wagner would also be entitled to

continued health and medical benefits coverage for a period of two (2) years following such termination at the same cost he would be paying at the time of