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

SUBJECT TO COMPLETION, DATED APRIL 20, 2000

PRELIMINARY PROSPECTUS

EQUINIX, INC.

[LOGO OF EQUINIX, INC.]

Exchange Offer for  
\$200,000,000 of its  
13% Senior Notes Due 2007

TERMS OF THE EXCHANGE OFFER:

- --It expires at 5:00 p.m., New York City time, on 2000, unless extended.
- --The terms of the exchange notes we will issue in the exchange offer are substantially identical to those of the initial notes, except that transfer restrictions and registration rights relating to the initial notes will not apply to the exchange notes.
- --We will not receive any proceeds from the exchange offer.
- --The exchange notes are new securities and there is currently no established market for them.

Before participating in this exchange offer please refer to the section in this prospectus entitled "Risk Factors" commencing on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the notes to be distributed in the exchange offer or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is , 2000.

TABLE OF CONTENTS

<TABLE>  
<CAPTION>

	Page
	----
<S>	<C>
Summary.....	1
Risk Factors.....	8
Forward-Looking Statements.....	16
Available Information.....	16
Use of Proceeds.....	17
Change in Accountants.....	17
Capitalization.....	18
Selected Consolidated Financial Data.....	19
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	20
Business.....	25
Management.....	35
Related-Party Transactions.....	41
Principal Stockholders.....	43
Description of Other Indebtedness.....	45
The Exchange Offer.....	48
Description of the Exchange Notes.....	57
Book-Entry; Delivery and Form.....	87
United States Federal Income Tax Considerations.....	90
Plan of Distribution.....	95
Legal Matters.....	95
Experts.....	95
Index to Consolidated Financial Statements.....	F-1

</TABLE>

This prospectus incorporates by reference important business and financial information about Equinix which is not presented in this prospectus or delivered to you with it. You may request, and we will send you, without charge, copies of these documents, including any exhibits that are specifically

incorporated by reference in that information. Requests should be directed to:

Equinix, Inc.  
901 Marshall Street  
Redwood City, CA 94063  
Attn: Secretary  
(650) 298-0400

To ensure timely delivery, please request delivery of the information no later than five (5) business days before you must make your investment decision. In order to ensure timely delivery of the materials prior to the expiration of the exchange offer, any request should be made before , 2000.

#### SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus, including the section entitled "Risk Factors" beginning on page 10 and the financial data and related notes, before deciding whether to tender your initial notes in the exchange offer.

#### The Company

##### Overview

Equinix designs, builds and operates Internet Business Exchange, or IBX, centers where Internet businesses place their equipment and interconnect with each other. Our IBX centers place our customers' operations at a central location and provide them with the highest level of security, multiple back-up services, flexibility to grow and technical assistance. Our centers provide a place where content providers, e-commerce related businesses and application service providers, can come together and select from a number of partners to grow their business. Equinix's IBX centers are designed to provide an environment that gives its customers a choice of carriers, Internet service providers, and other key e-business partners to meet their growing needs. As a result, our customers are better positioned to capitalize on market opportunities, expand their business offerings and enter new markets.

We intend to open approximately 30 IBX centers in major Internet markets in the U.S., Europe, Asia, South America and Australia over the next four years. In July 1999, we opened the Washington, D.C. IBX center, our first IBX center, located in Ashburn, Virginia. In December 1999 and March 2000, we opened IBX centers in Newark, New Jersey and San Jose, California.

We were founded in June 1998. In April 1999, our first customer contract was signed and we began recognizing revenue in November 1999. We have not yet been profitable and expect to incur significant additional losses.

##### Market Opportunity

Since the early 1990s, the Internet has experienced tremendous growth and is emerging as a global medium for communications and commerce. This growth has led to chronic problems in the quality and reliability of Internet-related services delivered to the end user. Infrastructure has not kept pace with demand. As broadband access, e-commerce and streaming media applications continue to gain market acceptance, businesses must find new solutions to ensure that the Internet infrastructure will meet their needs for Internet commerce.

##### The Equinix Solution

Our IBX centers are designed to solve many of the infrastructure problems facing Internet businesses today. The IBX centers will provide environments that stimulate efficient business growth by encouraging independent Internet supplier companies to deliver a wide diversity of services. As a result, we are able to provide the following key benefits to our customers:

- . choice of product and service providers;
- . opportunity to increase revenues and reduce costs;
- . physical scalability, or the ability to continue to function well along with changes in size or volume, and scalability from the perspective of an individual customer's ability to transact business;
- . reliability; and
- . value-added services.

##### Recent Developments

In January 2000, our board and stockholders approved a three-for-two stock

split to be effective on January 19, 2000. The financial statements and all share numbers included in this prospectus have been adjusted to reflect this stock split.

In January 2000, our board and stockholders approved an amendment to our 1998 Stock Plan increasing the aggregate number of common stock available for issuance over the term of the Plan by 3,750,000 shares, post split, to a total of 12,012,810 shares.

Equinix is located at 901 Marshall Street, Redwood City, California 94063. Our phone number is (650) 298-0400.

Summary of the Exchange Offer

Securities Offered..... Up to \$200 million principal amount of 13% Senior Notes due 2007, which will be registered under the Securities Act. The terms of the exchange notes and the initial notes are identical except for transfer restrictions and registration rights relating to the initial notes that will not be applicable to the exchange notes.

Issuance of Initial Notes... The initial notes were issued on December 1, 1999 to Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., who placed the initial notes with qualified institutional buyers and institutional accredited investors, and to buyers in offshore transactions in reliance on Regulation S under the Securities Act.

The Exchange Offer..... We are offering to exchange \$1,000 principal amount of exchange notes for each \$1,000 principal amount of initial notes. There are \$200 million aggregate principal amount of initial notes outstanding. The issuance of the exchange notes is intended to satisfy our obligations contained in the registration rights agreement we entered into with Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. in connection with the issuance of the initial notes.

Conditions to the Exchange Offer..... The exchange offer is not conditioned upon any minimum principal amount of initial notes being tendered for exchange. However, the exchange offer is subject to customary conditions, which may be waived by us. See "The Exchange Offer--Conditions." Except for the requirements of applicable federal and state securities laws, there are no federal or state regulatory requirements to be complied with or obtained by us in connection with the exchange offer.

Procedures for Tendering.... If you want to tender your initial notes in the exchange offer, you must complete, sign and date the letter of transmittal according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or fax the letter of transmittal, together with any other required documents, to the exchange agent, either with the initial notes to be tendered or in compliance with the specified procedures for guaranteed delivery of initial notes. You should allow sufficient time to ensure timely delivery. Some brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer. If you own initial notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you are urged to contact that person promptly if you wish to tender initial notes in the exchange offer. Letters of transmittal and certificates representing the initial notes should not be sent to Equinix.

These documents should only be sent to the exchange agent. Questions regarding how to tender initial notes and requests for information should also be directed to the exchange agent. See "The Exchange Offer--Procedures for Tendering Initial Notes."

Expiration Date; Withdrawal.....	The exchange offer will expire at 5:00 p.m., New York City time on , 2000. We will accept for exchange any and all initial notes that are validly tendered in the exchange offer on or before 5:00 p.m., New York City time, on the expiration date. The tender of initial notes may be withdrawn at any time before the expiration date. Any initial note not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer. The exchange notes issued in the exchange offer will be delivered promptly following the expiration date. See "The Exchange Offer--Expiration of the Exchange Offer" and "--Withdrawal of Tenders."
Guaranteed Delivery Procedures.....	If you wish to tender your initial notes and (1) your initial notes are not immediately available or (2) you cannot deliver your initial notes together with the letter of transmittal to the exchange agent before the expiration date, you may tender your initial notes according to the guaranteed delivery procedures contained in the letter of transmittal. See "The Exchange Offer--Guaranteed Delivery Procedure."
Acceptance of Initial Notes and Delivery of Exchange Notes.....	Upon effectiveness of the registration statement of which this prospectus constitutes a part and consummation of the exchange offer, we will accept any and all initial notes that are properly tendered in the exchange offer on or before 5:00 p.m., New York City time, on the expiration date. The exchange notes issued in the exchange offer will be delivered promptly after acceptance of the initial notes. See "The Exchange Offer--Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes."
Tax Considerations.....	For U.S. federal income tax purposes, the exchange of initial notes for exchange notes should not be considered a sale or exchange or otherwise a taxable event to the holders of notes. See "United States Federal Income Tax Considerations."
Use of Proceeds.....	We will receive no proceeds from the exchange offer.
Exchange Agent.....	State Street Bank and Trust Company of California, N.A. is serving as exchange agent in connection with the exchange offer.
Fees and Expenses.....	We will bear all expenses related to the exchange offer. See "The Exchange Offer--Fees and Expenses."

Consequences of Not Exchanging the Initial Notes.....	If you do not tender your initial notes or your initial notes are not properly tendered, the existing transfer restrictions will continue to apply. The
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initial notes are currently eligible for sale under Rule 144A through the PORTAL Market. Because we anticipate that most holders will elect to exchange initial notes for exchange notes due to the absence of restrictions on the resale of exchange notes under the Securities Act in most cases, we anticipate that the liquidity of the market for any initial notes remaining after the consummation of the exchange offer may be substantially limited. See "Risk Factors--There could be negative consequences to you if you do not exchange your initial notes for exchange notes."

#### Summary Description of the Exchange Notes

The terms of the exchange notes and the initial notes are identical in all respects, except that the terms of the exchange notes do not include the transfer restrictions and registration rights relating to the initial notes. The initial notes and the exchange notes are referred to collectively as the notes.

The exchange notes will bear interest from the most recent date to which interest has been paid on the initial notes. Initial notes accepted for exchange will cease to accrue interest from and after the date of completion of the exchange offer.

Maturity Date..... December 1, 2007.

Interest..... The interest on the notes will be payable semi-annually in arrears on each June 1 and December 1, commencing on June 1, 2000.

Interest Escrow..... We have deposited with the escrow agent an amount of cash or U.S. government securities totaling approximately \$37.0 million that, together with the proceeds from their investment, will be sufficient to pay, when due, the first three interest payments on the notes, with us retaining any balance. The notes will be collateralized by a first priority security interest in the escrow account.

Sinking Fund..... None

Optional Redemption..... Generally, we may not redeem the notes before December 1, 2003. On or after December 1, 2003, we may redeem the notes, in whole or in part, at any time, at the redemption prices set forth under the section entitled "Description of the Exchange Notes" together with accrued and unpaid interest, if any, to the redemption date.

Change of Control..... Upon a "Change of Control" as defined under the section entitled "Description of the Notes," you as a holder of notes will have the right to require us to repurchase all of your notes at a repurchase

5

price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest, if any, through the date of repurchase.

Ranking..... Except for the noteholders' security interest in the escrow account, the notes will be general unsecured obligations and will rank without preference with all of our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the value of the assets that secure such indebtedness. The notes will also be subordinated to all of our subsidiaries' existing or future indebtedness, whether or not secured. At present, the notes are subordinated to \$14.6 million of existing indebtedness.

Restrictive Covenants..... The indenture under which the notes will be issued will limit:

- . the incurrence of additional indebtedness or preferred stock by us and our subsidiaries;

- . the payment of dividends on, and repurchase or redemption of, our capital stock and our subsidiaries' capital stock and the repurchase or redemption of our subordinated obligations;
- . our making of investments;
- . the selling of our assets or the stock of our subsidiaries;
- . transactions with our affiliates;
- . the incurrence of additional liens;
- . our ability to permit restrictions to exist on the ability of our subsidiaries to pay dividends or make payments to us; and
- . our ability to engage in consolidations, mergers and transfers of all or substantially all of our assets.

All of these limitations and prohibitions will be subject to a number of important qualifications and exceptions. See "Description of the Exchange Notes."

Exchange Rights..... Holders of the exchange notes will not be entitled to any exchange or registration rights relating to the exchange notes. Holders of the initial notes are entitled to certain exchange rights under the registration rights agreement entered into concurrently with the initial offering between us and Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. This exchange offer is intended to satisfy our obligations under the registration rights agreement. Once the exchange offer is consummated, we will have no further obligations to register any of the initial notes not tendered by the holders for exchange. See "Risk Factors--There could be negative consequences to you if you do not exchange your initial notes for exchange notes."

SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data should be read in conjunction with our consolidated financial statements and their related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this registration statement. The consolidated statements of operations data for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999, and the balance sheet data as of December 31, 1998 and 1999 are derived from, and are qualified by reference to, the audited consolidated financial statements and their related notes, which are included in this registration statement.

<TABLE>  
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	Period from June 22, 1998 (inception) to		Year Ended
	December 31, 1998	December 31, 1999	December 31, 1999
	-----		
Statement of Operations Data: (in thousands)			
<S>	<C>	<C>	
Revenues.....	\$ --		44
Costs and operating expenses:			
Cost of revenues (includes stock-based compensation of \$25 in 1999).....	--		2,791
Sales and marketing (includes stock-based compensation of \$351 in 1999)..	34		2,669
General and administrative (includes stock-based compensation of \$615 in 1999).....	748		8,287
Depreciation and amortization.....	4		609
	-----		-----
Total costs and operating expenses...	786		14,356
	-----		-----
Loss from operations.....	(786)		(14,312)
Interest expense.....	--		2,614
Interest income.....	(150)		(2,138)

Interest charge on beneficial conversion of convertible debt.....	220	--
	-----	-----
Net loss.....	\$ (856)	(14,788)
	=====	=====

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	As of December 31,	
	-----	-----
	1998	1999
	-----	-----
Balance Sheet Data:	(in thousands)	
<S>	<C>	<C>
Cash, cash equivalents and short-term investments.....	\$ 9,165	222,974
Accounts receivable.....	--	178
Restricted cash and short-term investments.....	--	38,609
Property and equipment, net.....	482	31,303
Construction in progress.....	31	14,176
Total assets.....	10,001	316,768
Debt facilities and capital lease obligations, excluding current portion.....	--	10,248
Senior notes.....	--	191,088
Total stockholders' equity.....	9,590	93,949
Other Financial Data:		
EBITDA(1).....	\$ (782)	(13,687)
Net cash used in operating activities...	(796)	(9,908)
Net cash used in investing activities...	(5,265)	(66,461)
Net cash provided by financing activities.....	10,226	295,178
Ratio of earnings to fixed charges(2)...	--	--

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- (1) EBITDA consists of the net loss excluding interest, income taxes, depreciation and amortization of capital assets. EBITDA is presented to enhance an understanding of our operating results and is not intended to represent cash flow or results of operations in accordance with generally accepted accounting principles for the period indicated and may be calculated differently than EBITDA for other companies. EBITDA is not a measure determined under generally accepted accounting principles nor is it a measure of liquidity.
- (2) In calculating the ratio of earnings to fixed charges, earnings consist of net loss before income tax expense and fixed charges. Fixed charges consist of interest expense, capitalized interest, amortized discounts and capitalized expenses related to indebtedness and an estimate of the interest within rental expense. The ratio of earnings to fixed charges was less than 1.0 to 1.0 for each of the periods presented. Earnings available for fixed charges were thus inadequate to cover fixed charges. The coverage deficiency for the period from June 22, 1998 (inception) to December 31, 1998 and the year ended December 31, 1999 was \$856,000 and \$14,762,000 respectively.

7

#### RISK FACTORS

You should carefully consider the information set forth under the caption "Risk Factors" and all other information in this prospectus before tendering your initial notes in the exchange offer, including information in the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations--Special Note Regarding Forward-Looking Statements."

#### Risks Related to Our Business

Our business model is new and unproven and we may not succeed in generating sufficient revenue to sustain or grow our business.

We were founded in June 1998. Except for fiber connectivity from our telecommunication carriers, the construction of our first IBX center was completed in July 1999. We began accepting customers the same month but did not recognize any revenue until November 1999 as the sales cycle was not complete. Our limited history and lack of meaningful financial or operating data makes evaluating our business operations difficult. Moreover, the neutrality aspect of our business model is unique and largely unproven. We expect that we will encounter challenges and difficulties frequently experienced by early-stage companies in new and rapidly evolving markets, such as our ability to generate cash flow, hire and train sufficient operational and technical talent, and implement our plan with minimal delays. We may not successfully address any or all of these challenges and the failure to do so would seriously harm our business plan and operating results, and affect our ability to raise additional funds.

We have a history of losses, and we expect our operating expenses and losses to

increase significantly.

As an early-stage company without recognized revenues, we have experienced operating losses since inception. As of December 31, 1999, we had cumulative net losses of \$15.6 million and cumulative cash used by operating activities of \$10.7 million since inception. We expect to incur significant losses in the future. In addition, as we commence operations, our losses will increase as we:

- . increase the number of IBX centers;
- . increase our sales and marketing activities, including expanding our direct sales force; and
- . enlarge our customer support and professional services organizations.

As a result, we must significantly increase our revenues to become profitable.

Because our ability to generate enough revenues to achieve profitability depends on numerous factors, we may not become profitable.

Our IBX centers may not generate sufficient revenue to achieve profitability. Our ability to generate sufficient revenues to achieve profitability will depend on a number of factors, including:

- . the timely completion of our IBX centers;
- . demand for space and services at our IBX centers;
- . our pricing policies and the pricing policies of our competitors;
- . the timing of customer installations and related payments;
- . competition in our markets;
- . the timing and magnitude of our expenditures for sales and marketing;
- . direct costs relating to the expansion of our operations;
- . growth of Internet use;
- . economic conditions specific to the Internet industry; and
- . general economic factors.

8

We are substantially leveraged and we may not generate sufficient cash flow to meet our debt service and working capital requirements.

We are highly leveraged since the issuance of the initial notes. We have total indebtedness of \$215.1 million. Our highly leveraged position could have important consequences, including:

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

In the past, we have experienced unforeseen delays in connection with our IBX construction activities. We will need to successfully implement our current rollout schedule and our business strategy to meet our debt service and working capital needs. We may not successfully implement our business strategy, and even if we do, we may not realize the anticipated results of our strategy or generate sufficient operating cash flow to meet our debt service obligations and working capital needs.

In the event our cash flow is inadequate to meet our obligations, we could face substantial liquidity problems. If we are unable to generate sufficient cash flow or otherwise obtain funds needed to make required payments under our indebtedness, or if we breach any covenants under our indebtedness, we would be in default under its terms and the holders of such indebtedness may be able to accelerate the maturity of such indebtedness, which could cause defaults under

our other indebtedness.

If we do not obtain significant additional funds, we may not be able to complete our rollout plan on a timely basis, or at all.

We currently intend to pursue a rollout strategy of approximately 30 IBX centers in major Internet markets around the world over the next four years. We intend to finance these IBX centers through our internal cash flow and approximately \$750.0 million of additional financing. If we cannot raise sufficient additional funds on acceptable terms we may delay the rollout of additional IBX centers or permanently reduce our rollout plans. We currently have \$223.0 million in cash, cash equivalents and short-term investments available to us. We anticipate that these funds will be sufficient to fund the capital expenditure and working capital requirements, including operating losses associated with the initial rollout of eight IBX centers and expansion projects within three of those IBX centers. To complete the implementation of our approximately 30 site rollout plan within our proposed time frame we anticipate that we will need to raise funds through additional debt or equity financing. In the past, we have had difficulties obtaining debt financing due to the early stage of our company. Financing may not be available to us at the time we seek to raise additional funds, or if such financing is available, it may only be available on terms, or in amounts, which are unfavorable to us.

The anticipated timing and amount of our capital requirements is forward-looking and therefore inherently uncertain. In the past, we have experienced unforeseen delays and expenses in connection with our IBX construction activities. Our future capital requirements may vary significantly from what we currently project and the timing of our rollout plan may be affected by unforeseen construction delays and expenses and the amount of time it takes us to lease space within our IBX centers. If we encounter any of these problems or if we have underestimated our capital expenditure requirements or the operating losses or working capital requirements, we may require significantly more financing than we currently anticipate.

9

Our rollout plan is preliminary and we may need to alter our plan and reallocate funds.

Our IBX center rollout plan is preliminary and has been developed from our current market data and research, projections and assumptions. We expect to continually reevaluate our business and rollout plan in light of evolving competitive and market conditions, and as a result, we may alter our IBX center rollout and reallocate funds, or eliminate segments of our plan entirely if there are:

- . changes or inaccuracies in our market data and research, projections or assumptions;
- . unexpected results of operations or strategies in our target markets;
- . regulatory, technological, and competitive developments, including additional market developments and new opportunities; or
- . changes in, or discoveries of, specific market conditions or factors favoring expedited development in other markets.

If not properly managed, our growth and expansion could significantly harm our business and operating results.

Our anticipated growth may significantly strain our resources as a result of an increase in the number of our employees, the number of operating IBX centers and our international expansion. Any failure to manage growth effectively could seriously harm our business and operating results. To succeed, we will need to:

- . hire and train new employees and qualified engineering personnel at each IBX center;
- . implement additional management information systems;
- . locate additional office space for our corporate headquarters;
- . improve our operating, administrative, financial and accounting systems and controls; and
- . maintain close coordination among our executive, engineering, accounting, finance, marketing, sales and operations organizations.

We face risks associated with international operations that could harm our business.

We intend to construct IBX centers outside of the United States and we will commit significant resources to our international sales and marketing activities. Our management has limited experience conducting business outside of the United States and we may not be aware of all the factors that affect our

business in foreign jurisdictions. We will be subject to a number of risks associated with international business activities that may increase our costs, lengthen our sales cycles and require significant management attention. These risks include:

- . increased costs and expenses related to the leasing of foreign centers;
- . difficulty or increased costs of constructing IBX centers in foreign countries;
- . difficulty in staffing and managing foreign operations;
- . increased expenses associated with marketing services in foreign countries;
- . business practices that favor local competition and protectionist laws;
- . difficulties associated with enforcing agreements through foreign legal systems;
- . general economic and political conditions in international markets;
- . potentially adverse tax consequences, including complications and restrictions on the repatriation of earnings;
- . currency exchange rate fluctuations;
- . unusual or burdensome regulatory requirements or unexpected changes to those requirements;

10

- . tariffs, export controls and other trade barriers; and
- . longer accounts receivable payment cycles and difficulties in collecting accounts receivable.

To the extent that our operations are incompatible with, or not economically viable within, any given foreign market, we may not be able to locate an IBX center in that particular foreign jurisdiction.

We depend on third parties to provide high frequency Internet connectivity to our IBX facilities; if connectivity is not established or is delayed, our operating results and cash flow will be adversely affected.

The presence of diverse Internet fiber from communications carriers' fiber networks to an Equinix IBX center is critical to our ability to attract new customers. We believe that the availability of such carrier capacity will directly affect our ability to achieve our projected results.

We are not a communications carrier, and as such rely on third parties to provide our customers with carrier facilities. We intend to rely primarily on revenue opportunities from our customers to encourage carriers to incur the expenses required to build facilities from their points of presence 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. There can be no assurance that, after conducting such an evaluation, any carrier will elect to offer its services within our IBX centers.

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 or is materially delayed, our operating results and cash flow will be adversely affected.

Our new management team must prove that it can work together effectively.

We have recently hired many key personnel, including our chief financial officer, vice president of operations, vice president of worldwide sales, director of business development, vice president of marketing and vice president of IBX development. As a result, our management team has worked together for only a brief time. Our ability to effectively execute our strategies will depend in part upon our ability to integrate our current and future managers into our operations. If our executives are unable to operate together effectively, our business, results of operations and financial condition will be materially adversely affected.

We must retain and attract key personnel to maintain and grow our business.

We require the services of additional management personnel in positions related to our growth. For example, we need to expand our marketing and direct sales operations to increase market awareness of our IBX facilities, market our services to a greater number of enterprises and generate increased revenues. As

a result, we plan to hire additional personnel in related capacities. Our success depends on our ability to identify, hire, integrate and retain additional qualified management personnel, particularly in areas related to our anticipated growth and geographic expansion.

We may not be successful in attracting, assimilating or retaining qualified personnel. In addition, due to generally tight labor markets, our industry, in particular, suffers from a lack of available qualified personnel. Moreover, none of our present senior management or other key personnel is bound by an employment agreement. If we lose one or more of our key employees, we may not be able to find a replacement and our business and operating results could be adversely affected.

We will operate in a new highly competitive market and we may be unable to compete successfully against new entrants and established companies with greater resources.

In a market that we believe will likely have an increasing number of competitors, we must be able to differentiate ourselves from existing providers of space for telecommunications equipment and web hosting

11

companies. We may also face competition from persons seeking to replicate our IBX concept. Our competitors may operate more successfully than us or form alliances to acquire significant market share. Furthermore, enterprises that have already invested substantial resources in peering arrangements may be reluctant or slow to adopt our approach that may replace, limit or compete with their existing systems. If we are unable to complete our IBX centers in a timely manner, other companies may be able to attract the same customers that we are targeting. Once the customers are located in our competitors' facilities, it will be extremely difficult to convince them to relocate to our IBX centers.

Some of our potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do. Because of their greater financial resources, some of these companies have the ability to adopt aggressive pricing policies. As a result, in the future, we may suffer from pricing pressure which would adversely affect our ability to generate revenues and affect our operating results. See "Business--Competition."

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

Our business depends on providing our customers with highly reliable service. The services we provide are subject to failure resulting from numerous factors, including:

- . human error;
- . physical or electronic security breaches;
- . fire, earthquake, flood and other natural disasters;
- . power loss; and
- . sabotage and vandalism.

Problems at one or more of our centers, whether or not within our control, could result in service interruptions or significant equipment damage. Any loss of services, particularly in the early stage of our development, could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers which would adversely affect our ability to generate revenues and affect our operating results.

We may still discover that our computer systems and those of third parties with whom we do business may not be year 2000 compliant, which may cause system failure and disruptions of operations.

As of February 17, 2000, we had not experienced any year 2000-related disruption in the operation of our systems. However, we cannot assure you that we will not discover any year 2000 compliance problems. Our failure to fix or replace our software, hardware or services on a timely basis could result in lost revenues, increased operating costs and the loss of customers and other business interruptions, any of which could have a material adverse effect on our business. Moreover, the failure to adequately address year 2000 compliance issues in our information technology systems could result in claims of mismanagement, misrepresentation or breach of contract and related litigation, which could be costly and time-consuming to defend.

In addition, we have not experienced any year 2000-related disruption in the systems of third parties with whom we do business and we have assurances from our material hardware and software vendors that their products are year 2000

compliant. Although we have not incurred any material expenditure in connection with identifying or evaluating year 2000 compliance issues to date, we do not at this time possess the information necessary to estimate the potential costs of revisions or replacements to our software and systems or third-party software, hardware or services that are determined not to be year 2000 compliant. Such expenses could have a material adverse effect on our business.

12

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

Our ability to maximize revenues depends on our ability to develop and grow a balanced customer base as we roll out our IBX centers. Our ability to attract customers to our IBX centers will depend on a variety of factors, including the presence of multiple carriers, the overall mix of our customers, our operating reliability and security and our ability to effectively market our services. Construction delays, our inability to find suitable locations to build additional IBX centers, equipment and material shortages or our inability to obtain necessary permits on a timely basis could delay our IBX center rollout schedule and prevent us from developing our anticipated customer base.

A customer's decision to lease cabinet space in our IBX centers typically involves a significant commitment of resources and will be influenced by, among other things, the customer's confidence that other Internet and e-commerce related businesses will be located in a particular IBX center. In particular, some customers will be reluctant to commit to locating in our IBX centers until they are confident that the IBX center has adequate carrier connections.

In addition, some of our customers will 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 our IBX facilities. This may be disruptive to our business and may adversely affect our operating results.

#### Risks Related to Our Industry

If use of the Internet and electronic business does not continue to grow, a viable market for our IBX centers may not develop.

Rapid growth in the use of and interest in the Internet has occurred only recently. Acceptance and use 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 and market acceptance for recently introduced Internet services and products are subject to a high level of uncertainty and there are few proven services and products. As a result, we cannot be certain that a viable market for our IBX centers will emerge or be sustainable.

We must respond to rapid technological change and evolving industry standards in order to meet the needs of our customers.

The market for IBX centers will be marked by rapid technological change, frequent enhancements, changes in customer demands and evolving industry standards. Our success will depend, in part, on our ability to address the increasingly sophisticated and varied needs of our current and prospective customers. Our failure to adopt and implement the latest technology in our business could negatively affect our business and operating results.

In addition, we have made and will continue to make assumptions about the standards that may be adopted by our customers and competitors. If the standards adopted differ from those on which we have based anticipated market acceptance of our services or products, our existing services could become obsolete. This would have a material adverse effect on our businesses.

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

Laws and regulations governing Internet services, related communications services and information technologies, and electronic commerce are beginning to emerge but remain largely unsettled, even in areas where there has been some legislative action. It may take years to determine whether and how existing laws,

13

such as those governing intellectual property, privacy, libel, telecommunications, and taxation, apply to the Internet and related services such as ours. In addition, the development of the market for online commerce and the displacement of traditional telephony services by the Internet and related communications services may prompt increased calls for more stringent consumer protection laws or other regulation, both in the United States and abroad, that may impose additional burdens on companies conducting business online and their service providers. The adoption or modification of laws or regulations relating to the Internet, or interpretations of existing law, could

have a material adverse effect on our business.

#### Risks Related to the Exchange Offer

There could be negative consequences to you if you do not exchange your initial notes for exchange notes.

Following the consummation of the exchange offer, holders who did not tender their initial notes generally will not have any further rights under the registration rights agreement and these initial notes will continue to be subject to restrictions on transfer. As a result of making the exchange offer, we will have fulfilled our obligations under the registration rights agreement. Holders who do not tender their initial notes generally will not have any further registration rights or rights to receive the liquidated damages specified in the registration rights agreement for our failure to register the exchange notes. In addition, the initial notes that are not exchanged for exchange notes will remain restricted securities. Accordingly, the initial notes may be resold only:

- . to Equinix or one of its subsidiaries;
- . to a qualified institutional buyer;
- . to an institutional accredited investor;
- . to a party outside the United States under Regulation S under the Securities Act;
- . under an exemption from registration provided by Rule 144 under the Securities Act; or
- . under an effective registration statement.

The issuance of the exchange notes may adversely affect the market for the initial notes.

Following commencement of the exchange offer, you may continue to trade the initial notes on the Private Offerings, Resales and Trading through Automated Linkages, or PORTAL, market. However, if initial notes are tendered for exchange and accepted in the exchange offer, the trading market for untendered and tendered but unaccepted initial notes could be adversely affected. Any initial notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of initial notes outstanding. Because we anticipate that most holders will elect to exchange their initial notes for exchange notes due to the absence of most restrictions on the resale of exchange notes, we anticipate that the liquidity of the market for any initial notes remaining outstanding after the exchange offer may be substantially limited.

You may find it difficult to sell your exchange notes.

The exchange notes will be registered under the Securities Act but will not be eligible for trading on the PORTAL market. The exchange notes will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- . the development of any market for the exchange notes;
- . the liquidity of any market for the exchange notes that may develop;
- . your ability to sell your exchange notes; or
- . the price at which you would be able to sell your exchange notes.

We have been advised by the initial purchasers for the initial notes that they presently intend to make a market in the exchange notes. However, they are not obligated to do so and may discontinue any market-

making activity relating to the exchange notes at any time without notice. If a market for the exchange notes were to exist, the exchange notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar debentures and our financial performance. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. We cannot assure you that the market for the exchange notes, if any, will not be subject to similar disruptions.

Some people who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange notes.

Based on certain no-action letters issued by the staff of the Securities and Exchange Commission, we believe that you may offer for resale, resell or otherwise transfer the exchange notes without compliance with the registration

and prospectus delivery requirements of the Securities Act. However, in some instances, you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your exchange notes. In these cases, if you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes under this Act, you may incur liability under the Securities Act. We do not and will not assume or indemnify you against this liability. See "The Exchange Offer."

#### Risks Related to the Exchange Notes

The exchange notes are unsecured and effectively rank behind our secured indebtedness.

The exchange notes will be general unsecured senior obligations and will rank equally in right of payment with all our existing and future senior indebtedness. The exchange notes will be effectively subordinated to all of our secured indebtedness to the extent of the value of the assets securing such indebtedness. All of the obligations under our current credit facilities are either secured by all of the assets of Equinix-DC, Inc. or the assets purchased from the proceeds of specific indebtedness. We anticipate that all of the obligations under our future credit facilities will be secured. In a bankruptcy, liquidation or reorganization of our company, our assets securing other indebtedness will be available to pay obligations on the exchange notes only after all indebtedness secured by such assets has been paid in full, at which point there may not be sufficient proceeds remaining to pay amounts due on the exchange notes then outstanding.

Management discretion relating to certain business matters will be limited by restrictive covenants contained in our indebtedness.

Our credit facilities contain, and the indenture governing the exchange notes contains, a number of restrictive covenants that will limit the discretion of our management relating to certain business matters. We expect that our future indebtedness will also contain similar restrictive covenants. These covenants, among other things, will restrict our ability to incur additional indebtedness, pay dividends and make other distributions, prepay subordinated indebtedness, make investments and other restricted payments, engage in mergers and consolidations, create liens, sell assets, and enter into certain transactions with affiliates. There can be no assurance that such covenants will not adversely affect our ability to finance our future operations or capital needs or to engage in other business activities which may be in the interests of our company.

We may not have sufficient funds to purchase the exchange notes as required upon a change of control.

The indenture governing the exchange notes contains provisions relating to certain events constituting a change in control of Equinix. Upon the occurrence of such a change in control, we will be required to make an offer to purchase all outstanding exchange notes at a purchase price equal to 101% of their aggregate principal amount, in addition to the accrued and unpaid interest, if any, up to the purchase date. We cannot assure you that we would have sufficient funds to pay the purchase price for exchange notes tendered by holders seeking to accept such an offer to purchase. Our failure to purchase all exchange notes validly tendered under such an offer to purchase would result in an event of default under the indenture.

#### FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology--for instance, may, will, should, expect, plan, anticipate, believe, estimate, predict, potential or continue, the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outlined in the Risk Factors section. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We are under no duty to amend this prospectus to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results or to changes in our expectations. However, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, and as a result will file periodic current reports with the Securities and Exchange Commission that will report all material changes to our business as well as include material information to revise or correct any misleading statements.

#### AVAILABLE INFORMATION

We have filed a registration statement on Form S-4 with the Securities and Exchange Commission covering the exchange notes, and this prospectus is part of our registration statement. For further information on Equinix and the exchange notes, you should refer to our registration statement and its exhibits. This prospectus summarizes material provisions of contracts and other documents that we refer you to. Since the prospectus may not contain all the information that you may find important, you should review the full text of these documents. We have included copies of these documents as exhibits to our registration statement.

In addition, the indenture requires that we file reports under the Securities Exchange Act of 1934 with the Securities and Exchange Commission and provide those reports to the trustee and holders of the notes. You can inspect and copy at prescribed rates the reports and other information that we file with the Securities and Exchange Commission at the public reference facilities maintained by the Securities and Exchange Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and also at the regional offices of the Securities and Exchange Commission located at 7 World Trade Center, Suite 1300, New York, New York 10048 and the Citicorp Center at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. You may obtain information on the operation of the public reference facilities by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains an internet web site at <http://www.sec.gov> that contains reports, proxy and information statements and other information. You can also obtain copies of such materials from us upon request.

We have agreed that, whether or not we are required to do so by the rules and regulations of the Securities and Exchange Commission, for so long as any of the exchange notes remain outstanding, we will furnish you as a holder of the exchange notes and will, if permitted, file with the Securities and Exchange Commission (1) all quarterly and annual financial information that would be required to be contained in a filing with the Securities and Exchange Commission on Forms 10-Q and 10-K if we were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, relating to the annual information only, a report thereon by our certified independent accountants, and (2) all reports that would be required to be filed with the Securities and Exchange Commission on Form 8-K if we were required to file such reports. In addition, for so long as any of the exchange notes remain outstanding, we have agreed to make available to any prospective purchaser of the exchange notes or beneficial owner of the notes in connection with any sale of these notes the information required by Rule 144A under the Securities Act.

16

#### USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes in exchange for the outstanding initial notes. The exchange offer is intended solely to satisfy certain of our obligations under the registration rights agreement. In consideration for issuing the exchange notes, we will receive initial notes in like aggregate principal amount.

The net proceeds to us from the original issuance of the initial notes, after deducting discounts, commissions, expenses and restricted cash were approximately \$156.4 million. We invested approximately \$37.0 million of the net proceeds in a portfolio of U.S. government securities, which were then pledged as security for the payment in full of interest on the initial notes through June 1, 2001. We intend to use the balance of such net proceeds for the buildout of our IBX centers in the United States and abroad and for other capital expenditures, working capital and general corporate purposes. In addition, although we do not currently have any acquisitions contemplated or pending, in the future we may use a portion of the proceeds for the acquisition of businesses or assets. We currently intend to allocate substantial proceeds to each of these uses. However, the precise allocation of funds among these uses will depend on future technological, regulatory and other developments in or affecting our business, the competitive climate in which we operate and the emergence of future opportunities.

We have invested such proceeds in U.S. government securities or other short-term, interest bearing, investment grade securities. We are not currently and do not expect as a result to become subject to the registration requirements of the Investment Company Act of 1940, as amended. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

#### CHANGE IN ACCOUNTANTS

On January 31, 2000, KPMG LLP resigned as our independent auditors and we subsequently appointed PricewaterhouseCoopers LLP as our principal accountants on March 21, 2000. There were no disagreements with the former accountants during the fiscal years ended December 31, 1998 and 1999 or during any

subsequent interim period preceding their replacement on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the former accountants' satisfaction, would have caused them to make reference to the subject matter of the disagreement in connection with their reports. The former independent auditors issued an unqualified report on the financial statements as of December 31, 1999 and 1998 and for the year ended December 31, 1999 and the period from June 22, 1998 (inception) to December 31, 1998. We did not consult with PricewaterhouseCoopers LLP on any accounting or financial reporting matters in the periods prior to their appointment. The change in accountants was approved by our board of directors.

17

CAPITALIZATION

The following table is derived from and is qualified by reference to the audited consolidated financial statements and related notes, which are included in the registration statement and sets forth our capitalization as of December 31, 1999 on an actual basis.

Please read this table in conjunction with our consolidated financial statements, the related notes to the financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this registration statement.

<TABLE>  
<CAPTION>

	December 31, 1999
	-----
	(in thousands except share data)
<S>	<C>
Cash and cash equivalents .....	\$222,974
	=====
Restricted cash and short-term investments(1).....	\$ 38,609
	=====
Current portion of debt facilities and capital lease obligations.....	\$ 4,395
	=====
Long-term debt, net of current portion:	
Debt facilities and capital lease obligations.....	10,248
13% Senior Notes due 2007.....	191,088
	-----
Total long-term debt.....	201,336
	-----
Stockholders' equity:	
Series A convertible preferred stock, \$0.001 par value; 32,000,000 shares authorized;18,682,500 shares issued and outstanding(2).....	19
Series B convertible preferred stock, \$0.001 par value; 36,000,000 shares authorized; 15,762,373 shares issued and outstanding.....	16
Common stock, \$0.001 par value; 132,000,000 shares authorized 11,672,196 shares issued and outstanding(3)....	12
Additional paid-in capital.....	113,189
Deferred stock-based compensation.....	(3,657)
Accumulated other comprehensive income.....	14
Accumulated deficit.....	(15,644)
	-----
Total stockholders' equity.....	93,949
	-----
Total capitalization.....	\$295,285
	=====

</TABLE>

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- (1) Reflects the portion of the net proceeds from this offering used to purchase a portfolio of U.S. government securities to fund the first three scheduled interest payments on the notes, plus accrued interest and restricted cash of \$1,530,000 provided as collateral under three separate security agreements for standby letters of credit entered into and in accordance with certain lease agreements.
  - (2) Excludes 1,245,000 shares of Series A preferred stock issuable upon the exercise of outstanding warrants.
  - (3) Excludes 4,742,145 shares of common stock issuable upon the exercise of outstanding warrants, and 2,615,394 shares of common stock issuable upon the exercise of outstanding options, as of December 31, 1999.

18

SELECTED CONSOLIDATED FINANCIAL DATA

The following statement of operations data for the periods from our inception on June 22, 1998 to December 31, 1998, and for the year ended

December 31, 1999, and the balance sheet data as of December 31, 1998 and 1999 have been derived from our audited consolidated financial statements and the related notes to the financial statements. Our historical results are not necessarily indicative of the results to be expected for future periods. The following selected financial data should be read in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this registration statement.

<TABLE>  
<CAPTION>

	Period from June 22, 1998 (inception) to December 31, 1998	Year Ended December 31, 1999
	-----	-----
Statement of Operations Data: (in thousands)		
<S>	<C>	<C>
Revenues.....	\$ --	44
Costs and operating expenses:		
Cost of revenues (includes stock-based compensation of \$25 in 1999).....	--	2,791
Sales and marketing (includes stock-based compensation of \$351 in 1999).....	34	2,669
General and administrative (includes stock-based compensation of \$615 in 1999).....	748	8,287
Depreciation and amortization.....	4	609
	-----	-----
Total costs and operating expenses.....	786	14,356
	-----	-----
Loss from operations.....	(786)	(14,312)
Interest expense.....	--	2,614
Interest income.....	(150)	(2,138)
Interest charge on beneficial conversion of convertible debt.....	220	--
	-----	-----
Net loss.....	\$ (856)	(14,788)
	=====	=====

<CAPTION>

	As of December 31,	
	-----	-----
	1998	1999
	-----	-----
Balance Sheet Data:		
<S>	<C>	<C>
Cash, cash equivalents and short-term investments.....	\$ 9,165	222,974
Accounts receivable.....	--	178
Restricted cash and short-term investments.....	--	38,609
Property and equipment, net.....	482	31,303
Construction in progress.....	31	14,176
Total assets.....	10,001	316,768
Debt facilities and capital lease obligations, excluding current portion....	--	10,248
Senior notes.....	--	191,088
Total stockholders' equity.....	9,590	93,949
Other Financial Data:		
EBITDA(1).....	\$ (782)	(13,687)
Net cash used in operating activities.....	(796)	(9,908)
Net cash used in investing activities.....	(5,265)	(66,461)
Net cash provided by financing activities..	10,226	295,178
Ratio of earnings to fixed charges(2).....	--	--

</TABLE>

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- (1) EBITDA consists of the net loss excluding interest, income taxes, depreciation and amortization of capital assets. EBITDA is presented to enhance an understanding of our operating results and is not intended to represent cash flow or results of operations in accordance with generally accepted accounting principles for the period indicated and may be calculated differently than EBITDA for other companies. EBITDA is not a measure determined under generally accepted accounting principles nor is it a measure of liquidity.
- (2) In calculating the ratio of earnings to fixed charges, earnings consist of net loss before income tax expense and fixed charges. Fixed charges consist of interest expense, and capitalized interest, amortized discounts and capitalized expenses related to indebtedness and an estimate of the interest within rental expense. The ratio of earnings to fixed charges was less than 1.0 to 1.0 for each of the periods presented. Earnings available for fixed charges were thus inadequate to cover fixed charges. The coverage deficiency for the period from June 22, 1998 (inception) to December 31, 1998 and the year ended December 31, 1999 was \$856,000 and \$14,762,000,

respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Equinix designs, builds and operates Internet Business Exchange, or IBX, centers where Internet businesses place their equipment and interconnect with each other. Our IBX centers place our customers' operations at a central location and provide them with the highest level of security, multiple back-up services, flexibility to grow and technical assistance. We intend to open approximately 30 IBX centers in major Internet markets in the U.S., Europe, Asia, South America and Australia. In July 1999, except for fiber connectivity from our telecommunications carriers, we completed construction of our first IBX center in the Washington, D.C. area. We opened additional IBX centers in December 1999 and March 2000 in Newark, New Jersey and San Jose, California. From our inception on June 22, 1998 through December 31, 1999, our operating activities consisted primarily of designing and building our first three IBX centers in the Washington, D.C., Newark, New Jersey and San Jose, California areas, searching for additional space for IBX center expansion, developing our management team and raising private equity and third party debt to fund the design and building of our IBX centers.

We generate recurring revenues primarily from the leasing of cabinet space and the provisioning of direct interconnections between our customers. In addition, we intend to offer value-added services which include interconnection services to our customers through our centrally located switches and access to our research and development testing environment and professional services including "Smart Hands" service for customer equipment installations and maintenance, and network consulting and system integration activities. Customer contracts for the lease of cabinets, interconnections and switch ports are renewable and typically range from one to three years with payments for services made on a monthly basis. We entered into our first customer contract in April 1999. In addition, we generate non-recurring revenues which are comprised of installation charges that are billed upon successful installation of our customer cabinets, interconnections and switch ports. Both recurring and non-recurring revenues are recognized ratably over the term of the contract.

Cost of revenues consist primarily of rental payments on our IBX centers, site employees' salaries and benefits, utility costs, amortization and depreciation of IBX center build-out costs and equipment and engineering power, redundancy and security systems support and services. We expect that our cost of revenues will increase significantly as we continue our rollout of additional IBX centers.

Our selling, general and administrative expenses consist primarily of costs associated with recruiting, training and managing new employees, salaries and related costs of our operations, marketing and sales, customer fulfillment and support functions costs and finance and administrative personnel and related professional fees. Our current sales and marketing expenses, including sales personnel, will increase significantly as we continue our rollout of additional IBX centers into new domestic and international markets. We expect to significantly increase our sales and marketing activities.

In 1999, we recorded total deferred stock-based compensation of approximately \$4.7 million in connection with stock options granted during 1999 where the fair value of the underlying common stock exceeded the exercise price on the date of grant. Approximately \$991,000 was amortized to stock-based compensation expense for the year ended December 31, 1999. Options granted are typically subject to a four year vesting period. We are amortizing the deferred stock-based compensation on an accelerated basis over the vesting periods of the applicable options in accordance with FASB Interpretation No. 28. The remaining \$3.7 million of deferred stock-based compensation will be amortized over the remaining vesting period.

We expect increased competition in our market and, as a result, a key aspect of our strategy is to capitalize on our first mover advantage and to execute our rapid IBX center rollout program. The rollout of these additional IBX centers will significantly increase both fixed and operating expenses, including expenses

associated with hiring, training and managing new employees, leasing and maintaining additional IBX centers, power and redundancy system engineering support and related costs, implementing security systems and related costs and depreciation.

Results of Operations

Period from Inception (June 22, 1998) through December 31, 1998 and Year Ended December 31, 1999

Since our inception in June 1998, we have experienced operating losses and negative cash flows from operations in each quarter. As of December 31, 1999, we had an accumulated deficit of \$15.6 million. The revenue and income potential of our business and market is unproven, and our short operating history makes an evaluation of our business and prospects difficult. There can be no assurance that we will ever achieve profitability on a quarterly or annual basis or, if achieved, sustain such profitability.

**Revenues.** We recognized revenues of \$44,000 for the year ended December 31, 1999. In addition, we entered into contracts with other customers and allocated cabinet space to these customers as of December 31, 1999. Although we entered into these customer contracts, we have not recognized such amounts as revenues as the sales cycle was not yet complete by December 31, 1999. We did not offer IBX center colocation or interconnection exchange services from inception through December 31, 1998, and as such, no revenues were recognized from the date of inception to December 31, 1998.

**Cost of Revenues.** We incurred cost of revenues of \$2.9 million for the year ended December 31, 1999. Cost of revenues is primarily comprised of rental payments for our leased IBX centers, site employees' salaries and benefits, utilities costs, power and redundancy system engineering support services and related costs, security services and related costs and depreciation and amortization of our IBX center build-out and other equipment costs. We did not offer IBX center colocation or interconnection exchange services from inception through December 31, 1998, and as such, no cost of revenues were recorded from the date of inception to December 31, 1998.

**Sales and Marketing.** Sales and marketing expenses increased from \$34,000 for the period from the date of inception to December 31, 1998 to \$2.7 million for the year ended December 31, 1999. These expenses consist primarily of salary and benefit costs from the hiring of both sales and marketing personnel and certain related recruiting and relocation costs, the establishment of sales and marketing programs and the recognition of stock-based compensation expense in the amount of approximately \$303,000. In addition, we established two regional sales offices to support the New York City and Washington, D.C. area IBX centers. We anticipate that sales and marketing expenses will increase substantially to coincide with the commercial operation of our IBX centers and additional stock-based compensation expense in the amount of approximately \$1.9 million which will be amortized over the applicable vesting periods.

**General and Administrative.** General and administrative expenses increased from \$752,000 for the period from the date of inception to December 31, 1998 to \$8.7 million for the year ended December 31, 1999. General and administrative expenses are primarily comprised of salaries and employee benefits expenses, including stock-based compensation expense in the amount of approximately \$485,000, professional and consultant fees and corporate headquarter operating costs, including facility and other rental costs. We anticipate that general and administrative expenses will increase significantly due to increased staffing levels consistent with the growth in our infrastructure and related operating costs associated with our regional and international expansion efforts and additional stock-based compensation expense in the amount of approximately \$1.6 million which will be amortized over the applicable vesting periods.

**Interest Expense, net.** Net interest expense increased from \$70,000 for the period from the date of inception to December 31, 1998 to \$476,000 for the year ended December 31, 1999. We recognized interest income of \$2.1 million for the year ended December 31, 1999 compared to \$150,000 for the period from inception to December 31, 1998. Interest income increased substantially due to higher cash, cash equivalent and

short-term investment balances resulting from the senior notes and preferred financing activities. Interest expense was \$2.6 million for the year ended December 31, 1999 compared to \$220,000 for the period from inception to December 31, 1998. Interest expense increased due to the issuance of senior notes, increased debt facilities and capital lease obligations and amortization of the debt facilities and capital lease obligation discount. Interest expense for the period from inception to December 31, 1998 consisted of the interest charge from the conversion right of the convertible loan arrangement, under which the initial lenders to the Company converted their promissory notes into Series A preferred stock at a more beneficial rate than other Series A investors.

#### Liquidity and Capital Resources

From inception through December 31, 1999, we have financed our operations and capital requirements primarily through the issuance of senior notes, the private sale of Series A and Series B preferred stock and debt financing for aggregate gross proceeds of approximately \$311.5 million. Our principal source of liquidity as of December 31, 1999 consists of \$223.0 million in cash and cash equivalents and \$23.0 million in debt and capital lease facilities. As of December 31, 1999, our total indebtedness from our senior notes, debt

facilities and capital lease obligations was \$215.1 million. Our principal source of liquidity as of December 31, 1998 consisted of \$9.2 million in cash, cash equivalents and short-term investments.

Net cash used in operating activities totaled \$9.9 million for the year ended December 31, 1999 compared to net cash used in operating activities of \$796,000 for the period from inception to December 31, 1998. Net cash used in operating activities for the year ended December 31, 1999 was primarily due to a net loss offset by an increase in accounts payable and accrued interest. Net cash used in operating activities for the period from inception to December 31, 1999 was primarily due to a net loss.

Net cash used in investing activities totaled \$66.5 million for the year ended December 31, 1999 compared to net cash used from investing activities of \$5.3 million for the period from inception to December 31, 1998. The cash used in investing activities for the year ended December 31, 1999 was primarily due to the construction of our IBX centers and the purchase of restricted cash and short-term investments. The cash used in investing activities for the period from inception to December 31, 1998 was primarily due to the purchase of \$5.0 million of short-term investments.

Net cash generated from financing activities totaled \$295.2 million for the year ended December 31, 1999 compared to net cash generated from financing activities of \$10.2 million for the period from inception to December 31, 1998. The cash generated from financing activities for the year ended December 31, 1999 was primarily due to the issuance of senior notes, proceeds from debt and capital lease facilities and proceeds from the issuance of Series B preferred stock. The cash generated from financing activities for the period from inception to December 31, 1998 was due to the sale of Series A preferred stock.

In March 1999, we entered into a loan and security agreement in the amount of \$7.0 million bearing interest at 7.5% to 9.0% per annum repayable in 36 to 42 equal monthly payments with a final interest payment equal to 15% of the advance amounts due at maturity. In May 1999, we entered into a master lease agreement in the amount of \$1.0 million. This master lease agreement was increased by addendum in August 1999 by \$5.0 million. This agreement bears interest at either 7.5% or 8.5% and is repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. In August 1999, we entered into a loan agreement in the amount of \$10.0 million. This loan agreement bears interest at 8.5% and is repayable over 42 months in equal monthly payments with a final interest payment equal to 15% of the advance amounts due on maturity. At December 31, 1999, we had total debt and capital lease financings available of \$23.0 million, of which we had drawn down \$16.1 million.

In December 1999, we issued \$200,000,000 aggregate principal amount of 13% Senior Notes due 2007 for aggregate net proceeds of \$193,400,000, net of offering expenses. Of the \$200,000,000 gross proceeds, \$9,004,000 was allocated to additional paid-in capital for the fair value of the common stock warrants and recorded as a discount to the senior notes. Senior notes, net of the unamortized discount, is \$191,087,700 as of December 31, 1999.

22

In December 1999, we completed the private sale of our Series B preferred stock, net of issuance costs, in the amount of \$82.8 million. As of December 31, 1999, we had \$223.0 million of cash and cash equivalents, excluding restricted cash and short-term investments.

We currently intend to open approximately 30 IBX centers over the next four years. We intend to finance these IBX centers through current cash flow from our existing IBX centers and approximately \$750.0 million of additional financing. At the end of February 2000, we had \$213.1 million in cash, cash equivalents and short-term investments available to us. We anticipate that the funds currently available to us are sufficient to fund the capital expenditure and working capital requirements, including operating losses, associated with the initial rollout of eight IBX centers and three IBX center expansion projects. To complete the implementation of our approximately 30 site rollout plan within our proposed time frame we anticipate that we will need to raise funds through a combination of additional debt or equity financing. If we cannot raise sufficient additional funds on acceptable terms, or in amounts required by us, we may delay the rollout of additional IBX centers or permanently reduce our rollout plans. If we are unable to raise additional funds to further our rollout, we anticipate that the cash flow generated from the IBX centers, for which we will have obtained financing, will be sufficient to meet the working capital, debt service and corporate overhead requirements associated with those IBX centers.

We currently intend to open approximately 30 IBX centers over the next four years, 13 of which we expect to complete by the end of 2000. We intend to fund these IBX centers from our current cash and cash equivalent balances and additional draws under our current debt and capital lease facilities. We anticipate that the funds available to Equinix will be sufficient to fund the capital expenditure and working capital requirements, including operating losses, associated with the initial rollout of eight IBX centers and three IBX

center expansion projects, which we expect to complete by the end of 2000. We expect that additional financing will be required in the future to complete the implementation of our approximately 30 IBX center rollout plan within our proposed time frame. Our future long-term capital needs will be highly dependent on the actual number and actual cost of additional IBX centers to be built, the timing of their opening and their success in terms of attracting and retaining customers and generating revenues once opened and launched. Thus, any projections of future long-term cash needs and cash flows are subject to substantial uncertainty. We may seek to sell additional equity or debt securities, enter into other debt facilities or capital lease obligations, obtain a line of credit or curtail our expansion plans. However, the terms of our senior notes covenants contain restrictions on our ability to incur additional debt. We cannot be certain that additional financing will be available to us on favorable terms when required, or at all.

#### Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards, or SFAS, No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. SFAS No. 133, as amended by SFAS No. 137, Deferral of the Effective Date of FASB Statement No. 133, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. This statement does not currently apply to us and we do not have any derivative instruments or hedging activities.

#### Impact of the Year 2000

As of February 17, 2000, we had not experienced any year 2000-related disruption in the operation of our systems. Although most year 2000 problems should have become evident on January 1, 2000, additional year 2000-related problems may become evident only after that date. For example, some software programs may have difficulty resolving the so-called "century leap year" algorithm which will also occur during the year 2000.

23

#### Quantitative and Qualitative Disclosures About Market Risk

Equinix has limited exposure to financial market risks, including changes in interest rates. An increase or decrease in interest rates would not significantly increase or decrease interest expense on debt obligations due to the fixed nature of our debt obligations. Our interest income is sensitive to changes in the general level of U.S. interest rates, particularly since the majority of our investments are in short-term instruments. Due to the short-term nature of our investments, we believe that we are not subject to any material market risk exposure. Equinix does not currently have any foreign operations and thus is not currently exposed to foreign currency fluctuations.

24

### BUSINESS

#### Overview

Equinix designs, builds and operates Internet Business Exchange, or IBX, centers where Internet businesses place their equipment and interconnect with each other. Our IBX centers place our customers' operations at a central location and provide them with the highest level of security, multiple back-up services, flexibility to grow and technical assistance. Our centers provide a place where content providers, or CPs, e-commerce related businesses and application service providers, or ASPs, can come together and select from a number of partners to grow their business. Equinix's IBX centers are designed to provide an environment that gives its customers a choice of carriers, Internet service providers, or ISPs, and other key e-business partners to meet their growing needs. As a result, our customers are better positioned to capitalize on market opportunities, expand their business offerings and enter new markets.

We intend to open approximately 30 IBX centers in major Internet markets in the U.S., Europe, Asia, South America and Australia. In July 1999, except for fiber connectivity from our telecommunications carriers, we opened our first IBX center in the Washington, D.C. area. In December 1999 we opened our second IBX center in Newark, New Jersey and in March 2000 we opened our third IBX center in San Jose, California. Our current customers include Akamai, Concentric Network, Ernst & Young Technologies, iBeam Broadcasting, MCI WorldCom, NaviNet and NorthPoint Communications.

We were incorporated in Delaware in June 1998 and are led by Albert M. Avery, IV, our president and chief executive officer, and Jay S. Adelson, our vice president, engineering and chief technology officer, who were responsible for designing, building and operating the Palo Alto Internet Exchange, or PAIX, one of the most active global Internet traffic exchange points. PAIX launched commercial service in July 1996 and was functioning at full capacity within one

year of introduction.

Since March 1999, we have raised more than \$300 million to fund the rollout of our IBX centers. In April 1999, our first customer contract was signed and we began recognizing revenue in December 1999. We have not yet been profitable and expect to incur significant additional losses. Our stockholders are many of the most influential companies driving the development, operation and utilization of the Internet and its transformation to a reliable, trusted medium for commerce. They include America Online, Artemis S.A., Benchmark Capital, the Carlyle Group, Cisco Systems, Comdisco Ventures, Dell Corporation, E\*Trade Group, Enron Corporation, epartners Capital, or News Corp., Finlayson Investments, or Temasek, Microsoft Corporation, Millennium System Trading Limited, or Pacific Century Group, Morgan Stanley Dean Witter, NorthPoint Communications, Reuters and Salomon Smith Barney.

#### Market Opportunity

Since the early 1990s, the Internet has experienced tremendous growth and is emerging as a global medium for communications and commerce. According to International Data Corporation, or IDC, the number of Internet business-to-business users worldwide will increase from approximately 142 million at the end of 1998 to approximately 502 million by 2003. In addition, according to Forrester Research, the number of Internet sites worldwide is expected to grow from fewer than 500,000 in 1997 to approximately 4.0 million in 2002. IDC also states that worldwide Internet business commerce sales are forecast to grow from approximately \$50 billion at the end of 1998 to approximately \$1.3 trillion by the end of 2003.

The Internet's explosive growth has led to chronic problems in the quality and reliability of Internet-related services delivered to the end user. Infrastructure has not kept pace with demand. Businesses have tried to alleviate these problems by relocating Internet content closer to core communications centers, upgrading network bandwidth and employing technologies such as web page caching. Unfortunately, these attempts have not been sufficient to ensure consistently high quality service. As broadband access, e-commerce and streaming media applications continue to gain market acceptance, businesses must find new solutions to ensure that the Internet infrastructure will meet their needs for Internet commerce.

25

Traditionally, the Internet was thought of as just a network of networks. The distribution of content and delivery of services between thousands of individual networks occurred at network access points, or NAPs. These original NAPs were typically built in pre-existing telecommunications carrier facilities and run by companies such as MCI WorldCom, Sprint and Pacific Bell. Because operating the NAPs is not a core business for these carriers, they have not made the necessary investments in the NAPs to effectively manage the rapid growth in Internet traffic. As a result, these NAPs have emerged as one of the primary bottlenecks to improved Internet communications. The problems inherent in the NAPs stem from a number of sources:

Carrier monopoly. Ownership by the major carriers results in a lack of neutrality, essentially providing the carriers with a monopoly on all communications services provided. This can cause the services to be costly and provides no redundancy to the ISPs and other carriers within the facilities.

Limited scalability. There are a limited number of NAPs in the U.S. that handle the majority of Internet traffic exchange. These NAPs are physically constrained and unable to handle the tremendous growth in Internet traffic. As a result, only the largest carriers and ISPs receive preferential space allocation at the NAPs, leaving small and mid-sized companies without the ability to collocate, or establish their telecommunications equipment, at these facilities.

Legacy technologies. The NAPs were designed around outdated technologies that have limited their capacity. For example, the core switches in these facilities cannot scale to meet the traffic growth, which in some cases has resulted in significant packet loss and latency. The lack of direct connections between ISPs within the NAPs has compounded this problem.

On the Internet today, business content has become more valuable than many of the networks that support it. In the legacy NAPs, however, the lack of AC power, poor air conditioning, lack of financial-grade security, inadequately trained support staff and limited facility access have made it impractical for content providers to locate their content at central communications exchange points.

A variety of businesses, including emerging carriers, Web site hosting companies, ISPs and more focused new entrants are beginning to provide improved colocation, the provision of space for a customer's telecommunications equipment, services for Internet content. Forrester Research predicts that a combination of rapid Internet growth and increased outsourcing of Internet-related services will create an acute need for Internet-related hosting and

colocation services, producing revenue growth in the U.S. from approximately \$875 million in 1998 to approximately \$14.7 billion by 2003. While the demand for these colocation services is significant, most new colocation facilities are being constructed by telecommunications carriers and ISPs. Internet and e-commerce companies who choose to collocate equipment at these facilities typically have no choice but to purchase bandwidth from the owner of the facility. Bandwidth is typically known as the rate at which data flows over a network and is measured in bits per second. This can be costly, given the lack of competition, and a significant risk if the facility owner's network were to fail or have performance problems.

IDC estimates that the number of non-U.S. Internet users will grow from approximately 79 million at the end of 1998 to approximately 325 million by the end of 2003. Rapid growth of international Internet usage has created an unprecedented need for additional internationally-based central Internet traffic exchange points. Unfortunately, there are a limited number of NAPs outside of the U.S. As a result, non-U.S. traffic is often routed through one of the U.S. NAPs, whether or not that serves as the most efficient route, resulting in inefficiency and wasted resources. These routing inefficiencies burden international ISPs with high operating costs and often result in slow, unreliable transmissions.

As a result of tremendous competitive, time-to-market and technological pressures, Internet and e-commerce companies are demanding facilities that provide multiple interconnections with a broad cross-section of service providers and customers in a neutral environment conducive to rapid growth and optimal flexibility. Unfortunately, the tremendous growth of Internet usage and e-commerce has aggravated the inefficiencies of the current Internet architecture, which has constrained businesses' abilities to effectively grow and manage their Internet operations.

26

#### The Equinix Solution

Our IBX centers are designed to solve many of the infrastructure problems facing Internet businesses today. The IBX centers will provide environments that stimulate efficient business growth by encouraging independent Internet supplier companies to deliver a wide variety of services. As a result, we are able to provide the following key benefits to our customers:

**Choice.** We believe that the ability of customers to choose among a variety of product and service providers is the fundamental driver of dynamic growth in commerce. By offering this crucial element of choice, our IBX centers are designed to serve as a catalyst for our customers that creates synergy among them and makes it possible for them to adapt their business models to successfully scale, or keep pace, with the growth of each other and of the Internet. Internet and e-commerce related businesses view the IBX facility as a forum to attract additional customers and diversify sources of supply for their businesses.

**Opportunity to Increase Revenues and Reduce Costs.** Our customers will have access to a variety of potential business partners. Accordingly, our customers will have a better opportunity to increase the size of their addressable markets, accelerate revenue growth and improve the quality of their services at our IBX centers. In addition, participants will be able to enhance their ability to control costs by aggregating their service purchases at a single location and through improved purchasing power.

**Scalability.** We design our IBX centers for physical scalability, or the ability to continue to function well along with changes in size or volume, and scalability from the perspective of an individual customer's ability to transact business. As a result, our IBX centers will both stimulate and support the efficient growth of our customers. From a facility perspective, we construct our IBX centers to be large enough to accommodate our customers' short-term needs, and our plan is to maintain sufficient available expansion space to meet their long-term growth needs where possible. In addition, through our global presence we will have a broad capacity to meet customers' multi-market and multi-geographic requirements. On an individual basis, customers are able to design their own unique cabinet configurations within a shared or private cage environment. As the need arises, customers can expand within their original cage or upgrade into a cage which meets their expanded requirements. We predict that customers will require this added capacity as they interconnect with each other and expand their customer reach.

**Reliability.** Our IBX design provides our customers with reliable and disaster-resistant environments that are necessary for optimum Internet commerce interconnection. We believe that the level of excellence and consistency achieved in our IBX architecture and design results in premium, secure, fault-tolerant exchanges. Our IBX centers are designed to offer our customers redundant, high-bandwidth Internet connectivity through multiple third-party connections. Additionally, our solutions include multi-level financial grade security, scalable cabinet space availability, on-site trained staff 24 hours per day, 365 days per year, dedicated areas for customer care and equipment staging, redundant AC/DC power systems and multiple other

redundant, fault-tolerant infrastructure systems.

**Value Added Services.** In addition to our core services, we offer advanced products and value-added services that are intended to assist customers in improving the quality of their interconnection and traffic exchange. Such services include high-speed interconnects as well as a collaborative research environment. In addition, we enable collaborative research activities amongst our customers, which provide our customers with the opportunity to test their advanced products and services in a high-bandwidth production setting as well as gain exposure to leading-edge Internet products and technologies.

#### Equinix Strategy

Our objective is to attract a wide variety of complementary business partners and provide the highest level of service in our IBX centers. To accomplish this objective we are employing the following strategies:

**Capitalize on Our Neutrality.** IBX neutrality means we provide our customers with the freedom to choose their preferred product and service providers. We call this a neutral environment and it is one of the

27

fundamental characteristics of an IBX center. We believe this is a significantly improved approach compared with the current Internet model where ISPs and telecommunications carriers own and operate the majority of colocation and exchange facilities. Our customers will benefit from a neutral environment that stimulates efficient business growth through accelerated network economics, or the value derived by a provider at an IBX center from being able to sell its services to a locally-aggregated set of customers, created by the efficient and rapidly growing interaction between business Internet service providers.

**Target a Balanced IBX Customer Base.** As a key aspect to fostering efficient interaction and promoting choice, reliability and redundancy, we intend to actively manage our customer base at each IBX center to include a balanced number of Internet and e-commerce related businesses. For example, we will seek to ensure that an e-mail service provider located in an Equinix IBX center will be able to market its services to many CPs, ISPs, or, a CP located in an Equinix IBX center will have a choice of multiple bandwidth providers to establish redundancy while commanding the purchasing leverage to demand higher service quality at a lower bandwidth cost.

**Expand Globally and Capitalize on First Mover Advantage.** We believe that capitalizing on our first mover advantage is essential to establishing leadership in the rapidly developing neutral Internet business exchange market. As a result, we currently plan to launch an aggressive IBX center rollout program over the next twelve to eighteen months and open a total of 13 IBX centers in the United States and internationally. One additional IBX center is scheduled to open in the United States by the end of the first quarter of 2000. Another 10 IBX centers are scheduled to open in 2000 in the U.S., Europe and Asia. We believe the demand for our international IBX facilities and services will be significant due to the early stage of Internet infrastructure deployment outside of the U.S.

**Establish Equinix as the Leading Brand for IBX Centers.** We plan to establish Equinix as the industry standard for the highest quality Internet connections. Through brand awareness and promotion we intend to create a strong following among all top CPs, ISPs, carriers and CSPs. We believe that this strong brand awareness, combined with our ability to provide the highest quality Internet interconnection services and physical facilities and professional services will provide us with a competitive advantage in our market.

**Leverage Blue-Chip Investor Base.** Our stockholders are some of the most influential companies driving the development, operation and utilization of the Internet. They provide us with invaluable technical and business insight, industry contacts and customer relationships to help expedite the expansion of our business. These stockholders include Artemis S.A., Benchmark Capital, the Carlyle Group, Cisco Systems, E\*Trade Group, Enron Corporation, epartners Capital, or News Corp., Finlayson Investments, or Temasek, Millennium System Trading Limited, or Pacific Century Group, Morgan Stanley Dean Witter, NorthPoint Communications, Reuters and Salomon Smith Barney.

**Continue Providing Leading-Edge Products and Services.** Part of our competitive advantage is our ability to provide leading edge products and services to our customers. To this end, we encourage our customers to research and test their new technologies within our state-of-the-art research and development environment. We make available our on-site support and research areas and enable our customers to house their own equipment within the IBX center. By collaborating with leading technology companies we believe we are positioned at the forefront of Internet technology development. As we increase our scale and customer base, we will have numerous opportunities to cross-sell additional infrastructure services such as measurement and testing, network-monitoring, network consulting and design and system integration.

## Customers

Customers typically sign renewable contracts of one to three years in length, often with options on additional space. Our current customers, including Akamai, Concentric Network, Ernst & Young Technologies, iBeam Broadcasting, MCI WorldCom, NaviNet, NorthPoint Communications, and others, have subscribed for approximately 26% of the capacity of our Washington, D.C. IBX center. Additionally, Akamai, MCI WorldCom and NorthPoint Communications have signed multi-site agreements.

28

Historically, Internet businesses have been vertically integrated and provided all services directly to their customers. These services typically include marketing, access and Internet backbone connectivity, server hosting, and other services such as e-mail and usenet newsgroups. Continued rapid growth, innovation, competition and scarce human resources have opened the door for companies to specialize in core Internet services and turn to best-of-breed suppliers to provide other elements of their product. These specialized players include:

- . content providers supplying information, education or entertainment content and conducting the sale of goods and services;
- . Internet service providers offering end-users Internet access and customer support;
- . telecommunications carriers; and
- . component service providers offering ASP and web hosting, e-mail, usenet newsgroups and content distribution.

We consider these specialized players to be the core of our customer base and we offer each customer solutions that are designed to meet their unique and changing needs.

We believe our IBX centers provide the following benefits to our customers:

Type of Customer:	Benefits
Content Providers	<ul style="list-style-type: none"><li>. Choice among multiple bandwidth providers and CSPs</li><li>. Avoidance of carrier charges</li><li>. Scalable, flexible, fault-tolerant environment</li><li>. Cost savings through aggregating purchases at a single location</li><li>. Expedited provisioning of services</li><li>. Minimize packet loss and latency, or time that elapses between a request for information and its arrival, issues</li><li>. Colocation at a central exchange point for Internet traffic</li><li>. Financial grade security and 24 hours per day, seven days per week Internet trained staff</li></ul>
Internet Service Providers	<ul style="list-style-type: none"><li>. Direct peering, or traffic exchange, with other ISPs over private high-speed dedicated interconnections</li><li>. Simplified outsourcing of various component services, including DSL, e-mail, usenet and content distribution</li><li>. Expedited, flexible, scalable and cost-efficient bandwidth provisioning</li><li>. Elimination of capital investments for facilities</li><li>. Centralized audience for products and services</li></ul>
Carriers	<ul style="list-style-type: none"><li>. Economies of scale with reduced capital costs</li><li>. Ability to focus on core competencies</li><li>. Centralized market with access to dozens of potential customers</li></ul>
Component Service Providers	<ul style="list-style-type: none"><li>. Proximity to customers reduces operations, technology and marketing costs and speeds service deployment</li><li>. Avoidance of carrier charges</li><li>. Improved quality of service through direct connections</li></ul>

## Services

Within our IBX centers we provide our customers with equipment colocation and interconnection, value-added services, and professional services.

29

## Equipment Colocation Services

Within our IBX centers, customers can colocate and interconnect their equipment and perform high bandwidth communications while bypassing the public Internet and avoiding carrier charges often associated with such arrangements. Customers can use these interconnections for a variety of purposes, including private peering, delivery of services or connecting to private networks.

**Cabinets.** Customers have the choice of colocating their equipment in shared cages or in their own locked, secure cabinets and, in either case, are able to design their own unique cabinet configurations. Cabinet spaces are available in half height, 42 inches, sufficient for a basic networking presence or full height, 84 inches, suitable for networking and server colocation. Cable trays support cables between and among cabinets. Stationary or slide shelves and enclosed cabinets are available upon request. As a customer's colocation requirements increase, they can expand within their original cage or upgrade into a cage that meets their expanded requirements.

**Shared Cages.** A shared cage environment is designed for customers needing less than ten full cabinets to house their equipment. Each cabinet in a shared cage is individually secured with an advanced trackable electronic locking system and the cage itself is secured with a biometric hand-geometry system.

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

**Direct Connections.** Customers requiring a dedicated communications link may directly connect to each other. Direct connections are Any Mode Any Speed, which means they can include single-mode fiber, multi-mode fiber, and other media upon request, as well as handle any speed required by the customer. These cross connections are customized and terminated per customer instructions and may be implemented within 24 hours of request.

## Value-Added Services

**Central Switching Fabric.** Customers may choose to connect to our backed-up central switching fabric, also known as the combination of hardware and software that moves data coming in to a network, rather than purchase direct connections. Our central switching fabric can accommodate select port connections at various speeds.

**Core Infrastructure Services.** Those customers with a port connection on the central switching fabric have access to multiple core infrastructure services. These services address critical intelligent networking requirements and assist customers in improving the quality of their interconnection and traffic exchange.

**Emerging Technologies Environment.** Our IBX customers enjoy access to a research and development environment for testing new products and technology in a production setting. For example, this environment features alternative central switching fabric platforms on various participating vendor's equipment, each operating with simulated production-level traffic, dedicated cabinet space and on-site and remote technical support. Customers can connect to these systems to perform various tests. Other technologies, such as new protocols, server-based information services, multicast and caching may be staged and tested in our IBX centers. Our philosophy is to collaborate with our customers and work independently to test, prove and select the best technologies and solutions for next-generation networking to enhance the scalability of Internet-related businesses. Current projects address monitoring and caching technologies, multicast networks and systems and various switching products.

## Professional Services

Our IBX centers are staffed with highly trained Internet and telecommunications specialists who are available 24 hours per day, 365 days per year. These professionals are trained to perform installations of customer equipment and cross connections, and integration and support services.

30

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

**Other Professional Services.** We also provide network consulting and system integration services to our customers.

## IBX Design and Staffing

Our IBX centers are designed to provide a state-of-the-art, secure, full-

service, neutral operating environment of typically 900 cabinets, or 50,000 square feet, in the first-phase buildout for colocation of customer equipment. The IBX centers are designed to provide specific and compelling improvements over legacy facilities, including improved security, redundancy of all key infrastructure systems and improved customer care. An IBX center is divided into six basic functional areas--access, customer care, colocation, telecommunications access, mechanical and power systems and operations.

**Access Area.** The access area includes a bullet-resistant guard booth; a welcome area, a hand-geometry enrollment station, and a mantrap to further control access to the IBX center. All doors and access ways are secured with biometric hand-geometry readers to ensure absolute identification and authentication. All customers and Equinix employees entering an Equinix IBX center must be cleared through this secured zone.

**Customer Care Area.** The customer care area includes a seating section, conference rooms, Internet workstations, customer equipment preparation work areas, equipment lockers, a game room, bathrooms, showers and a kitchen.

**Colocation Area.** The colocation area is divided into large cages to house networking and customer computer equipment that is secured by biometric security access systems. This area includes dual independent AC and DC power distribution systems, full-automated CCTV digital camera security surveillance, and a tamper-proof overhead cable-management system with separate trays for fiber and copper data, AC power and DC power cables. Access to the colocation area is through the customer care area.

**Telecommunications Access Area.** All IBX centers will have a minimum of two dedicated fiber entry vaults for telecommunications carrier access to the colocation area. In addition, every IBX center has roof space or a separate platform for customers who access the IBX center via wireless devices such as satellite dishes, radio antennae and microwave.

**Mechanical and Power Systems Area.** The mechanical and power systems area includes machine rooms and space used to house all mechanical, power safety and security equipment. Fully redundant heating, ventilation, air conditioning and power systems, as well as dual electric utility feeds support all areas of the IBX center. Power systems are designed and periodically tested to transparently handle rapid transition from public utility power to back-up power. The AC uninterruptible power supply and DC battery systems are configured to operate a fully occupied IBX center for a minimum of fifteen minutes. If there is a utility power failure, the on-site generator system could be brought on-line in less than eight seconds through an automatic transfer switch to supply seamless, uninterrupted power to the IBX center. The emergency generators, located in a specially equipped area, supply power to the AC and DC systems. On-site fuel tanks store sufficient fuel to power a fully occupied IBX center for a minimum of 48 hours.

**Operations Area.** The operations area houses the IBX manager's office, an operations center for staff technicians and office space for visiting Equinix employees. It includes consoles for monitoring all IBX environmental systems and for tracking all activities at the IBX center. In selected IBX centers, this area will house regional operations centers that will monitor the operations of several IBX centers.

31

#### Other Specifications

**Security System.** All access controls and other security functions are connected to a central security computer system that controls access to the interior and exterior perimeters of the IBX centers. An armed security guard located behind the bullet-resistant security console controls access to the colocation area. The caged sections of the colocation area can only be accessed through hand-geometry readers located on cage doors. CCTV digital cameras connected to a central system at the security console monitor and record all activity within the IBX center, as well as the perimeter and the roof.

**Staffing.** A typical IBX center is staffed with nine Equinix employees, including one IBX manager and eight technical service personnel who provide 24 hours per day, 365 days per year coverage for customer support needs. In addition, an IBX facility has two armed security guards on duty at all times, a chief engineer and 24-hour technical support.

**Other.** For security purposes, an Equinix IBX center is anonymous. No indications of center ownership or function are visible from the exterior. In addition, there are no raised floors and all walls are airtight and without windows. Our IBX centers are designed with advanced fire suppression systems, either a FM-200 gas type or a multi-zoned dry-pipe system, both of which are armed with sensory mechanisms to sample the air and raise alarms before pressurization or release. Finally, an Equinix IBX center is designed to withstand a seismic event of 7.5 as measured on the Richter scale.

The objective of our global rollout strategy is to rapidly establish a leadership position in the mission critical Internet and e-commerce market. We intend to open approximately 30 IBX centers in major Internet markets in the U.S., Europe, Asia, South America and Australia over the next four years. We opened our first IBX center in July 1999 in Ashburn, Virginia, our Washington, D.C. IBX center, and, in December 1999, we opened our second IBX center in Newark, New Jersey and our third IBX center in San Jose, California in March 2000. Through the remainder of 2000, our rollout consists of opening IBX centers in Boston, Massachusetts; Chicago, Illinois; Los Angeles, California; New York City, New York; Seattle, Washington; London, England; Dallas, Texas; Amsterdam, Netherlands and Paris, France. In addition, we are planning major expansions to our Washington, D.C. and San Jose IBX centers. The scalable nature of our IBX model enables us to be flexible in response to changing market opportunities. As a result, the timing and placement of our IBX centers will vary depending on numerous factors, including competitive, technological, regulatory and other developments.

In November 1999, the Company entered into a definitive agreement with MCI Worldcom, or MCI, whereby MCI agreed to install high-bandwidth local connectivity services to the Company's first seven IBX centers by a pre-determined date in exchange for a warrant to purchase 675,000 shares of common stock of the Company at \$0.67 per share (the "MCI Warrant"). The MCI Warrant is immediately exercisable and expires five years from the date of grant. As of December 31, 1999, warrants for 525,000 shares are subject to repurchase at the original exercise price if MCI's performance commitments are not completed.

In November 1999, the Company entered into a master agreement with Bechtel Corporation, or Bechtel, whereby Bechtel agreed to act as the exclusive contractor under a Master Agreement to provide program management, site identification and evaluation, engineering and construction services to build approximately 29 IBX centers over a four year period under mutually agreed upon guaranteed completion dates. As part of the agreement, the Company granted Bechtel a warrant to purchase 352,500 shares of the Company's common stock at \$1.00 per share (the "Bechtel Warrant"). The Bechtel Warrant is immediately exercisable and expires five years from date of grant. As of December 31, 1999, warrants for 253,800 shares are subject to repurchase at the original exercise price, if Bechtel's performance commitments are not complete.

32

## Sales and Marketing

### Sales

We use a direct sales force to market our services to Internet and e-commerce related businesses. We are organizing our sales force by customer segments as well as establishing a sales presence in diverse geographic regions, which will enable efficient servicing of the customer base from a network of regional offices. A regional office is comprised of a manager, sales representatives and technical support personnel. While we may contemplate other distribution channels and reseller arrangements in the future, through the year 2000 substantially all revenues will be generated by direct sales.

Before opening an IBX center, we will focus on securing key anchor customers and generating sales commitments for at least 20% of the available capacity. Our sales strategy is to focus our efforts on the top 25 companies in our customer segments, which include content providers, ISPs, carriers and CSPs. Momentum in the selling process and the presence of anchor customers are important to attracting additional potential customers who see the IBX center as an opportunity to generate new customers and revenues in a business exchange environment and to improve the quality of their colocation services. We expect a substantial number of customers to contract for services at multiple IBX centers and have already received orders from three such customers. At each IBX center, our sales representatives will screen prospective customers and will manage the population of the IBX center to ensure an appropriate mix of customer types.

### Marketing

To support our sales effort and to actively promote and solidify the Equinix brand, we plan to conduct comprehensive marketing programs. Our marketing strategies will include an active public relations campaign, print advertisements, online advertisements, trade shows, speaking engagements, strategic partnerships and on-going customer communications programs. We are focusing our marketing effort on business and trade publications, online media outlets, industry events and sponsored activities. We participate in a variety of Internet, computer and financial industry conferences and encourage our officers and employees to pursue speaking engagements at these conferences. In addition to these activities, we intend to build recognition through sponsoring industry technical forums, participating in Internet industry standard-setting bodies, such as the Internet Engineering Task Force, and delivering white papers that address Internet infrastructure issues at conferences.

### Competition

Our market is new, rapidly evolving, and likely to have an increasing number of competitors. To be successful in this emerging market, we must be able to differentiate ourselves from existing colocation and web hosting companies. We may also face competition from persons seeking to replicate our IBX concept. We may not be successful in differentiating ourselves or achieving widespread market acceptance of our business. Furthermore, enterprises that have already invested substantial resources in peering arrangements may be reluctant or slow to adopt our approach that may replace, limit or compete with their existing systems. If we are unable to complete our IBX centers in a timely manner, other companies will be able to attract the same customers that we are targeting. Once the customers are located in our competitors' facilities, it will be very difficult, if not impossible, to convince them to relocate to our IBX centers.

We may encounter competition from a number of sources, some of which may also be our customers, including:

- . Web site hosting, colocation and ISP companies such as AboveNet, Digital Island, Exodus, Frontier GlobalCenter, Globix, PSINet and Verio;
- . established communications carriers such as AT&T, Level 3, MCI WorldCom, Qwest and Sprint; and
- . emerging colocation service providers such as Colo.com, IX Europe, Neutral Nap and Telehouse.

Potential competitors may bundle their products or incorporate colocation services in a manner that is more attractive to our potential customers than purchasing cabinet space in our IBX centers and utilizing our services. Furthermore, new competitors or alliances among competitors may emerge and rapidly acquire

33

significant market share. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than we can.

Some of our potential competitors have longer operating histories and significantly greater financial, technical, marketing and other resources than we do. In particular, carriers and several hosting and colocation companies have extensive customer bases and broad customer relationships that they can leverage, including relationships with many of our potential customers. These companies also have significantly greater customer support and professional service capabilities than we do. Because of their greater financial resources, some of these companies have the ability to adopt aggressive pricing policies. As a result, in the future we may have to adopt pricing strategies that compete with such competitors to attract and retain customers. Any such pricing pressures would adversely affect our ability to generate revenues.

#### Employees

As of December 31, 1999, we had 91 full-time employees and two full-time consultants. We had 73 employees based at our corporate headquarters in Redwood City, California and our regional sales offices in New York, NY and Reston, VA, and 18 employees based at our Washington, D.C. and Newark, N.J. IBX centers. Of those employees, 51 were in engineering and operations, 23 were in sales and marketing and 17 were in management and finance.

#### Properties

Our executive offices are currently located in Redwood City, CA and after June 2000 will be located in Mountain View, CA. We have entered into lease commitments for IBX centers in Ashburn, VA, Newark, NJ, San Jose and Los Angeles, CA, Chicago, IL and Dallas, TX. Relating to future IBX centers, we do not intend to own real estate or buildings but rather continue to enter into lease agreements with a minimum term of ten years, renewal options and rights of first refusal on space for expansion.

#### Legal Proceedings

We are currently not involved in any litigation.

34

#### MANAGEMENT

##### Officers, Key Employees and Directors

Our officers, key employees and directors, and their ages as of March 15, 2000, are as follows:

<TABLE>  
<CAPTION>

Name	Age	Position
------	-----	----------

<S>	<C>	<C>
Albert M. Avery, IV.....	56	President, Chief Executive Officer and Director
Jay S. Adelson.....	29	Vice President, Engineering, Chief Technology Officer and Director
Philip J. Koen.....	48	Chief Financial Officer and Secretary
Marjorie S. Backaus.....	38	Vice President, Marketing
Roy A. Earle.....	43	Vice President, IBX Development
Peter T. Ferris.....	42	Vice President, Worldwide Sales
Gregory F. McHugh.....	51	Vice President, Operations
William B. Norton.....	36	Director of Business Development
Andrew S. Rachleff.....	41	Director
Michelangelo Volpi.....	33	Director

</TABLE>

Albert M. Avery, IV, one of our founders, has served as Equinix's president, chief executive officer and a director since our inception in June 1998. During the period from February 1996 to June 1998, Mr. Avery was general manager of the Palo Alto Internet Exchange, or PAIX, of Digital Equipment Corporation, or DEC, a division of Compaq. During the period from March 1994 to February 1996, Mr. Avery served as chief of staff to the vice president of research and advanced development at DEC. Before holding this position, Mr. Avery held a variety of sales, business and engineering management roles at DEC, which he joined in 1968. Mr. Avery holds a B.S. in electrical engineering from Lafayette College and an M.S. in computing from the University of California at Los Angeles.

Jay S. Adelson, one of our founders, has served as Equinix's vice president, engineering, chief technology officer and a director since our inception in June 1998. During the period from February 1997 to June 1998, Mr. Adelson was operations manager at PAIX. Before joining PAIX, Mr. Adelson was a founding member of Netcom On-Line Communications, Inc., an Internet services corporation, where, during the period from January 1994 to February 1997, he managed both access and network operations. Mr. Adelson holds a B.S. in communications from Boston University.

Philip J. Koen has served as Equinix's chief financial officer and secretary since July 1999. Before joining Equinix, Mr. Koen was employed at PointCast, Inc., an Internet company, where he served as chief executive officer during the period from March 1999 to June 1999; chief operating officer during the period from November 1998 to March 1999; and chief financial officer and executive vice president responsible for software development, network operations, finance, information technology, legal and human resources during the period from July 1997 to November 1998. From December 1993 to May 1997, Mr. Koen was vice president of finance and chief financial officer of Etec Systems, Inc., a semi-conductor equipment company. Mr. Koen currently serves as a director of Zitel Corporation and of Centura Software Corp., both public companies. Mr. Koen holds a B.A. in economics from Claremont McKenna University and an M.B.A. from the University of Virginia.

Marjorie S. Backaus has served as Equinix's vice president, marketing since November 1999. During the period from August 1996 to November 1999, Ms. Backaus was vice president of marketing at Global One, a telecommunications company. From November 1987 to August 1996, Ms. Backaus served in various positions at AT&T, including that of division manager, DirecTV. Ms. Backaus holds a B.B.A.A. in accounting from Kennesaw State University and an M.B.A. from Emory University.

Roy A. Earle has served as Equinix's vice president, IBX development since November 1999. Before joining Equinix, Mr. Earle was employed at Etec Systems, a semiconductor equipment company where he served as vice president and general manager of display products from September 1997 to November 1999 and

as vice president for operations from October 1995 to September 1997. From July 1994 to October 1995, Mr. Earle served as chief operating officer and plant manager at Temic Siliconix, a semiconductor company. Mr. Earle holds a B.S. in chemistry from the University College in Dublin, Ireland and an M.S. in materials science from the University of Sheffield, United Kingdom.

Peter T. Ferris has served as Equinix's vice president, worldwide sales since July 1999. During the period from June 1997 to July 1999, Mr. Ferris was vice president of sales for Frontier Global Center, a provider of complex web site hosting services. From June 1996 to June 1997, Mr. Ferris served as vice president, eastern sales at Genvity Inc., an Internet services provider. From December 1993 to June 1996, Mr. Ferris was vice president, mid-Atlantic sales at MFS DataNet Inc., a telecommunications services provider. Mr. Ferris holds a B.A. in economics from Ohio Wesleyan University.

Gregory F. McHugh has served as Equinix's vice president, operations since March 1999. During the period from February 1996 to March 1999, Mr. McHugh was a principal at Pittiglio, Rabin, Todd & McGrath, a high-technology consulting firm. During the period from September 1993 to November 1995, Mr. McHugh was vice president of operations for Cadence Design Systems, an electronic design

firm. Mr. McHugh has held a number of executive roles in information systems for such companies as Quantum, Analog Devices, National Semiconductor and Motorola. He also has experience managing service operations and Internet services at Pacific Bell. Mr. McHugh holds a B.S. in engineering from San Francisco State University and an M.S.E.E. in electrical engineering from Stanford University.

William B. Norton, one of our founders, has served as Equinix's director of business development since October 1998. During the period from October 1987 to September 1998, Mr. Norton, an industry-recognized speaker and panelist, was manager of Internet engineering at Merit Network, Inc., a not-for-profit corporation in support of higher education networks, and led the North American Network Operators Group, the Internet network operations forum for the United States and Canada. Mr. Norton holds a B.A. in computer science from the State University of New York, Potsdam and an M.B.A. from the University of Michigan School of Business Administration.

Andrew S. Rachleff has served as a director of Equinix since September 1998. Mr. Rachleff has served as a general partner of Benchmark Capital, a Menlo Park-based venture capital firm, since its founding in May 1995. Since May 1986, Mr. Rachleff has served as a general partner of Merrill, Pickard, Anderson & Eyre. Mr. Rachleff currently serves as a director of several privately held companies and of NorthPoint Communications, Inc., a public company and one of our stockholders. Mr. Rachleff holds a B.S. from the University of Pennsylvania and an M.B.A. from the Stanford Graduate School of Business.

Michelangelo Volpi has served as a director of Equinix since November 1999. Mr. Volpi has served in various capacities at Cisco Systems, a data communications equipment manufacturer, since 1994, most recently as senior vice president, business development. Mr. Volpi holds a B.S. and an M.S. in mechanical engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

#### Director Compensation

Directors do not receive compensation for services provided as a director or for participation on any committee of the board of directors. Directors are not reimbursed for their out-of-pocket expenses in serving on the board of directors or any committee of the board of directors. Directors are eligible for option grants under our 1998 Stock Plan.

#### Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of our board of directors and any member of the board of directors or compensation committee of any other company, and no such interlocking relationship has existed in the past. Currently, we do not have a compensation committee. Instead, compensation related decisions are made by the entire board of directors.

36

#### Indemnification

To the fullest extent permitted by applicable law, our amended and restated certificate of incorporation authorizes us to provide indemnification of, and advancement of expenses to, our agents and any other persons to whom the Delaware General Corporation Law permits us to provide indemnification, in excess of the indemnification and advancement otherwise permitted by the Delaware General Corporation Law. Our authorization is subject only to limits created by the Delaware General Corporation Law relating to actions for breach of duty to Equinix, our stockholders and others.

Our bylaws provide for mandatory indemnification of our directors to the fullest extent permitted by Delaware law and for permissive indemnification of any person, other than a director, made party to any action, suit or proceeding by reason of the fact that he or she is or was our officer or employee.

We have also entered into indemnification agreements with our officers and directors containing provisions that may require us to indemnify such officers and directors against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct of a culpable nature, and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified.

#### Executive Compensation

The following table sets forth compensation information for the period from June 1998 through December 31, 1999 paid by us for services by our chief executive officer and our other highest-paid executive officers whose total annualized salary and bonus for such fiscal year exceeded \$100,000:

#### Summary Compensation Table

<TABLE>

<CAPTION>

Name and Principal Position	Annual Compensation		Long-Term Compensation
	Salary(\$)	Bonus(\$)	Awards
			Securities
			Underlying Options(#)
<S>	<C>	<C>	<C>
Albert M. Avery, IV..... President, Chief Executive Officer and Director	\$ 178,020		0(1)
Jay S. Adelson..... Vice President, Engineering, Chief Technology Officer and Director	\$ 173,754		0(1)
Peter T. Ferris..... Vice President, Worldwide Sales	\$ 187,583		510,000

</TABLE>

(1) Each of Messrs. Avery and Adelson purchased 3,030,000 shares of restricted stock on June 22, 1998 in accordance with a Stock Purchase Agreement. Each agreed to amend their stock purchase agreement on July 30, 1998 to subject 2,727,000 of the shares to vesting restrictions. Pursuant to the amendment, the 2,727,000 shares will vest in 48 monthly installments from June 22, 1998. The purchaser will also vest in 25% of the shares if his employment is involuntarily terminated and will vest in all of the shares if his employment is involuntarily terminated within 12 months following a change in control of Equinix. As of December 31, 1999, Messrs. Avery and Adelson had each vested in 1,022,625 of the restricted shares and the restricted shares had a value of \$4,549,829, which represents 1,704,375 shares valued at \$2.67 per share less \$0.0003, the price paid per share.

Option Grants in Last Fiscal Year

The following table sets forth the only grant of stock options made during the fiscal year ended December 31, 1999 to the named executive officers. We have not granted stock appreciation rights. The option listed in the table is immediately exercisable. The shares purchasable thereunder are subject to repurchase by Equinix at the original exercise price paid per share upon the optionee's cessation of service prior to vesting in

37

such shares. The repurchase right on his option lapses and he vests as to 25% of the option shares upon completion of one year of service from the date of grant and the balance in a series of equal monthly installments over the next 36 months of service thereafter. Mr. Ferris' option will vest in 12 months worth of stock upon a change in control of Equinix. The exercise price for each option was equal to the fair market value of our common stock as determined by our board of directors on the date of grant. The exercise price may be paid in cash, in shares of our common stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same-day sale of the purchased shares. We may also finance the option exercise by loaning the optionee sufficient funds to pay the exercise price for the purchased shares, together with any federal and state income tax liability incurred by the optionee in connection with such exercise. We have calculated the potential realizable value based on the term of the option at the time of grant (ten years) and we assumed stock price appreciation of 5% and 10% in accordance with the rules promulgated by the Securities and Exchange Commission; this does not represent our prediction of our stock price performance. The potential realizable values at 5% and 10% appreciation are calculated by assuming that the exercise price on the date of grant appreciates at the indicated rate for the entire term of the option and that the option is exercised at the exercise price and sold on the last day of its term at the appreciated price.

<TABLE>  
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Individual Grants						
Name	Number of Securities Underlying Options Granted(#)	% of Total Options to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%(\$)	10%(\$)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Albert M. Avery, IV.....	0	--	--	--	--	--
Jay S. Adelson.....	0	--	--	--	--	--
Peter T. Ferris.....	510,000	8.4%	0.067	6/30/09	21,382	54,187

</TABLE>

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

None of the named executive officers exercised options during the fiscal year ended December 31, 1999. The following table sets forth for each of the named executive officers the number and value of securities underlying unexercised options that are held by the named executive officers as of December 31, 1999. Since our options are immediately exercisable at grant, any shares purchased under those options will be subject to repurchase by us, at the original exercise price paid per share, upon the optionee's cessation of service with Equinix, prior to vesting in such shares. Accordingly, we have chosen to report the number of the underlying shares that are vested and the number unvested as of December 31, 1999. The heading "Vested" refers to shares no longer subject to repurchase; the heading "Unvested" refers to shares subject to repurchase as of December 31, 1999. Our board has determined that the fair market value of our common stock on December 31, 1999 was \$2.67 per share.

<TABLE>  
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Name	Number of Securities Underlying Unexercised Options at December 31, 1999 (#)		Value of Unexercised in-the-Money Options at December 31, 1999 (\$)	
	Vested	Unvested	Vested	Unvested
<S>	<C>	<C>	<C>	<C>
Albert M. Avery, IV.....	0	0	0	0
Jay S. Adelson.....	0	0	0	0
Peter T. Ferris.....	0	510,000	0	1,327,530

Employee Benefit Plan

1998 Stock Plan

Share Reserve. Our board of directors adopted our 1998 Stock Plan on September 10, 1998. Our stockholders have also approved this plan. We have reserved 12,012,810 shares of our common stock for

38

issuance under the 1998 Stock Plan. In general, if options or shares awarded under the 1998 Stock Plan are forfeited, then those options or shares will again become available for awards under the 1998 Stock Plan.

Administration. Our board of directors administers the 1998 Stock Plan. The board has the complete discretion to make all decisions relating to the interpretation and operation of our 1998 Stock Plan. The board has the discretion to determine who will receive an option, what type of option it will be, how many shares will be covered by the option, what the vesting requirements will be, if any, and what the other features and conditions of each option will be. The board may also reprice outstanding options and modify outstanding options in other ways.

Eligibility. The following groups of individuals are eligible to participate in the 1998 Stock Plan:

- . Employees;
- . Non-employee members of our board of directors; and
- . Consultants.

Types of Awards. The 1998 Stock Plan provides for the following types of awards:

- . Incentive stock options to purchase shares of our common stock;
- . Nonstatutory stock options to purchase shares of our common stock; and
- . Restricted stock.

Options. An optionee who exercises an incentive stock option may qualify for favorable tax treatment under Section 422 of the Internal Revenue Code of 1986. However, nonstatutory stock options do not qualify for such favorable tax treatment. The exercise price for incentive stock options granted under the 1998 Stock Plan may not be less than 100% of the fair market value of our common stock on the option grant date. In the case of nonstatutory stock options, the minimum exercise price is 85% of the fair market value of our common stock on the option grant date. Optionees may pay the exercise price by using:

- . Cash;
- . Shares of common stock that the optionee already owns;
- . An immediate sale of the option shares through a broker designated by us;  
or
- . A loan from a broker designated by us, secured by the option shares.

Options vest at the time or times determined by our board of directors. In most cases, our options will vest over a four-year period following the date of grant. Options generally expire 10 years after they are granted, however they generally expire earlier if the optionee's service terminates earlier.

Restricted Shares. Restricted shares may be awarded under the 1998 Stock Plan in return for:

- . Cash;
- . Services previously provided to us; and
- . Services to be provided to us in the future, except that the par value of such shares, if newly issued, shall be paid in cash.

Restricted shares vest at the time or times determined by the board.

Change in Control. If a change in control of Equinix occurs, an option or restricted stock award under the 1998 Stock Plan will generally become fully vested. However, if the surviving corporation assumes the option stock award or option or replaces it with a comparable option, then vesting will not accelerate. An

39

option or stock award will become fully exercisable and fully vested if the holder's employment or service is involuntarily terminated within 12 months following the change in control. A change in control includes:

- . A merger or consolidation of Equinix with or into another entity or any other corporate reorganization, if persons who were not our shareholders immediately before the transaction own immediately after the transaction 50% or more of the voting power of the outstanding securities of each of (a) the continuing or surviving entity and (b) any direct or indirect parent corporation of such continuing or surviving entity; after which our own stockholders own 50% or less of the surviving corporation, or its parent company; or
- . A sale of all or substantially all of our assets.

Amendments or Termination. Our board of directors may amend or terminate the 1998 Stock Plan at any time. If our board amends the plan, stockholder approval is not required unless such approval is otherwise required under applicable law. The 1998 Stock Plan will continue in effect until September 9, 2008, unless the board decides to terminate the plan earlier.

#### Employment Agreements and Change of Control Arrangements

The board of directors, as plan administrator of the 1998 Stock Plan, has the authority to provide for accelerated vesting of the shares of common stock subject to outstanding options held by our officers and any other person in connection with certain changes in control of Equinix. In connection with our adoption of the 1998 Stock Plan, we have provided that upon a change in control of Equinix, each outstanding option and all shares of restricted stock will generally become fully vested unless the surviving corporation assumes the option or award or replaces it with a comparable award.

Except for Mr. Ferris, none of the executive officers have employment agreements with Equinix, and their employment may be terminated at any time. Equinix has entered into an agreement with Mr. Ferris, our Vice President of Sales, dated June 28, 1999 which provides that his salary shall be \$190,000 per year and he is eligible for a target bonus of \$60,000. The agreement provides for the grant of an option to purchase 340,000 shares of common stock at the fair market value on the grant date vesting over 4 years. The agreement also provides that we will extend a loan to Mr. Ferris of up to \$750,000. Should Equinix be acquired before an initial public offering of its equity securities, we have agreed to pay Mr. Ferris a cash bonus equal to the difference between \$1,000,000 and the amount Mr. Ferris receives for his shares of Equinix stock. The agreement also provides for acceleration of vesting of option shares as if Mr. Ferris remained employed for one additional year if there are certain changes in control of Equinix. We also agreed to indemnify Mr. Ferris for any claims brought by his former employer under an employment and non-compete agreement he had with this employer.

40

## RELATED-PARTY TRANSACTIONS

Since inception, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we were or are to be a party in which the amount involved exceeds \$60,000 and in which any director, executive officer or holder of more than 5% of our common stock, on an as converted basis, or an immediate family member of any of these individuals or entities, had or will have a direct or indirect interest other than:

- . compensation arrangements, which are described where required under "Management;" and
- . the transactions described below.

**Sale of Common Stock.** In June 1998, we issued and sold 3,030,000 shares of our common stock to Albert M. Avery, IV, our president, chief executive officer and director, at a per share purchase price of \$0.0003, which accounts for a 2.02 for one stock split on August 31, 1998 and a three for two stock split on January 19, 2000.

In June 1998, we issued and sold 3,030,000 shares of our common stock to Jay S. Adelson, our vice president, engineering and site development, chief technology officer and director, at a per share purchase price of \$0.0003, which accounts for a 2.02 for one stock split on August 31, 1998 and a three for two stock split on January 19, 2000.

**Series A Preferred Stock Financing.** In September 1998, we issued and sold 7,522,500 shares of our Series A preferred stock to Benchmark Capital Partners II, L.P., a 5% stockholder of us, at a per share purchase price of \$0.67 which accounts for a three for two stock split on January 19, 2000. One of our directors, Andrew S. Rachleff, is a general partner of Benchmark Capital, the general partner of Benchmark Capital Partners II, L.P.

In September 1998, we issued and sold 5,775,000 shares of our Series A preferred stock to Cisco Systems, Inc., a 5% stockholder of us, at a per share purchase price of \$0.67. One of our directors, Michelangelo Volpi, is a senior vice president of Cisco Systems, Inc. which accounts for a three for two stock split on January 19, 2000.

In January 1999, we issued and sold 3,000,000 shares of our Series A preferred stock to Microsoft Corporation, a 5% stockholder of us, at a per share purchase price of \$0.67 which accounts for a three for two stock split on January 19, 2000.

**Series B Preferred Stock Financing.** In August through November 1999, we issued and sold 1,012,500 shares of our Series B preferred stock to Benchmark Capital Partners II, L.P., at a per share purchase price of \$5.33 which accounts for a three for two stock split on January 19, 2000.

In September 1999, we issued and sold 684,375 shares of our Series B preferred stock to Cisco Systems, Inc., at a per share purchase price of \$5.33 which accounts for a three for two stock split on January 19, 2000.

In September 1999, we issued and sold 356,250 shares of our Series B preferred stock to Microsoft Corporation, at a per share purchase price of \$5.33 which accounts for a three for two stock split on January 19, 2000.

In September 1999, we issued and sold 937,500 shares of our Series B preferred stock to NorthPoint Communications, Inc. at a per share purchase price of \$5.33 which accounts for a three for two stock split on January 19, 2000. One of our directors, Andrew S. Rachleff, is also a director of NorthPoint Communications, Inc.

**Lease Agreement with Entity Affiliated with 5% Stockholder.** In March 1999, we entered into an equipment lease facility with Cisco Systems Credit Corporation, an entity affiliated with Cisco Systems, Inc., under which we leased \$137,293 of equipment for a 24-month term. See "Description of Other Indebtedness--Cisco Systems Credit Corporation Lease Facility" for a description of this lease facility.

**Warrants to Purchase Common Stock.** In August 1999, we issued warrants to purchase 338,145 shares of our common stock, at a purchase price of \$0.53 per share, to NorthPoint Communications, Inc. in connection with a strategic agreement which accounts for a three for two stock split on January 19, 2000.

**Loans to Executive Officers** In September 1999, we loaned an aggregate of \$750,000 to Peter Ferris, one of our executive officers, to purchase a principal residence. The non-interest bearing note is secured by a second deed of trust on the residence, a promissory note and a stock pledge agreement, and has a term of five years. In January 2000, we loaned an aggregate of \$250,000 to Marjorie Backaus, one of our executive officers, to purchase a principal residence. The non-interest bearing note is secured by a second deed of trust

on the residence, a promissory note and a stock pledge agreement, and has a term of five years. In addition, in December 1999 we loaned Ms. Backaus \$112,500. This amount was repaid in full in January 2000.

Relocation Allowance to Executive Officers. In July 1999, we granted a relocation allowance in the amount of \$60,000 to Peter Ferris. The full amount of the allowance has been paid to Peter Ferris. In November 1999, we granted a relocation allowance in the amount of \$60,000 to Marjorie Backaus. To date, Marjorie Backaus has not received any amount under the allowance.

Founders' Registration Rights. We have entered into an investors' rights agreement that provides for registration rights in favor of Albert M. Avery, IV and Jay S. Adelson if there are public issuances of our common stock.

Option Grants. In the past, we have granted options to our executive officers. We may grant options to our directors and executive officers in the future. See "Management--Option Grants in Last Fiscal Year."

Indemnification. We have entered into an indemnification agreement with each of our officers and directors. See "Management--Indemnification" for a description of the indemnification available to our officers and directors under these indemnification agreements.

PRINCIPAL STOCKHOLDERS

The table below presents selected information regarding beneficial ownership of our outstanding common stock, on an as converted basis, as of January 31, 2000 for:

- . each person known by us to own beneficially more than five percent, in the aggregate, of the outstanding shares of our common stock on an as converted basis;
- . each of our directors, our chief executive officer and our four other highest-paid executive officers; and
- . all of our directors and executive officers as a group.

Under the rules of the Securities and Exchange Commission, beneficial ownership includes sole or shared voting or investment power over securities and includes the shares issuable under stock options that are exercisable within 60 days of January 31, 2000. Shares issuable under stock options exercisable within 60 days are considered outstanding for computing the percentage of the person holding the options but are not considered outstanding for computing the percentage of any other person.

Percentage ownership calculations are based on 52,537,616 shares of common stock outstanding as of January 31, 2000, as adjusted to reflect the conversion of all outstanding shares of preferred stock into common stock. Unless otherwise indicated, the address for each listed stockholder is c/o Equinix, Inc., 901 Marshall Street, Redwood City, California 94063. To our knowledge, except as indicated in the footnotes to this table and under applicable community property laws, the persons or entities identified in this table have sole voting and investment power relating to all shares of stock shown as beneficially owned by them.

<TABLE>  
<CAPTION>

Name of Beneficial Owner -----	Number of Beneficially Owned Shares	Percentage Beneficially Owned
<S>	<C>	<C>
Albert M. Avery, IV(1).....	2,580,000	4.9%
Jay S. Adelson (2).....	2,993,208	5.7
Philip J. Koen (3).....	660,000	1.3
Peter T. Ferris (4).....	510,000	1.0
Michelangelo Volpi (5)..... 170 West Tasman Drive San Jose, CA 95134	--	--
Andrew S. Rachleff (6)..... 2480 Sand Hill Road, Suite 200 Menlo Park, CA 94025	8,535,000	16.2
Entities affiliated with Benchmark Capital (7)..... 2480 Sand Hill Road, Suite 200 Menlo Park, CA 94025	8,535,000	16.2
Cisco Systems, Inc..... 170 West Tasman Drive San Jose, CA 95134	6,459,375	12.3
Microsoft Corporation..... One Microsoft Way Redmond, WA 98052	3,356,250	6.4

All directors and executive officers as a group (9 persons) (8)..... 16,515,708 31.0

</TABLE>

- (1) Includes 1,647,562 shares subject to a right of repurchase by us as of January 31, 2000.
- (2) Includes 1,647,562 shares subject to a right of repurchase by us as of January 31, 2000. Also includes 6,474 shares held as custodian for Rowan Sharon Adelson. Mr. Adelson disclaims beneficial ownership of these shares.
- (3) Includes 505,312 shares subject to a right of repurchase by us as of January 31, 2000.
- (4) Includes 510,000 shares subject to a right of repurchase by us as of January 31, 2000.

43

- (5) Mr. Volpi is a senior vice president of Cisco Systems, Inc., which holds 6,459,375 shares of Equinix.
- (6) Includes shares held by Benchmark Capital Partners II, L.P., Benchmark Founders' Fund II, L.P., Benchmark Founders' Fund II-A, L.P., and Benchmark Members' Fund II, L.P. Mr. Rachleff is a managing member of Benchmark Capital Management Co. II, L.L.C., which is the general partner of Benchmark Capital Partners II, L.P., Benchmark Founders' Fund II, L.P., Benchmark Founders' Fund II-A, L.P., and Benchmark Members' Fund II, L.P. Mr. Rachleff shares voting and dispositive power relating to the shares held by each such entity and disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest in Benchmark Capital Management Co. II, L.L.C., arising from his general partnership interest.
- (7) Includes shares held by Benchmark Capital Partners II, L.P., Benchmark Founders' Fund II, L.P., Benchmark Founders' Fund II-A, L.P., and Benchmark Members' Fund II, L.P.
- (8) Includes the shares described in Notes 1 through 6. Also includes 675,000 shares subject to options that are exercisable within 60 days of January 31, 2000 and 562,500 shares subject to a right of repurchase by us as of January 31, 2000.

44

DESCRIPTION OF OTHER INDEBTEDNESS

Venture Lending & Leasing Equipment Acquisition Loan Facility

In August 1999, we entered into a \$10.0 million equipment acquisition loan facility with Venture Lending & Leasing, Inc. II, as the agent and principal lender. The facility lenders will make advances up to:

- . 85% of the acquisition cost of the equipment and tenant improvements for our Newark, New Jersey IBX center; and
- . 100% of the acquisition cost, to the extent that such cost does not exceed \$1.0 million, of certain customer acquisition and serving software that we acquire for our headquarters.

Our obligations under the facility are secured by a first priority security interest against the assets financed with the facility advances and the customer acquisition and serving software that the facility lenders have agreed to finance. We can request facility advances until June 2000. As of December 31, 1999 we have drawn the entire \$10.0 million against this loan facility.

Interest will accrue on the facility advances at the annual rate of 8.5%, and the advances will be repaid in 42 equal monthly installments. In connection with the last installment we will pay a final amount equal to 15% of the original advance amount. We will have the right to prepay the advances, in whole or in part, provided that we pay a prepayment premium equal to the following percentage of the principal prepaid:

<TABLE>  
<CAPTION>

Month of Term of Advance Prepaid -----	Percentage -----
<S>	<C>
1-6 .....	8%
7-12.....	7%
13-18.....	6%
19-24.....	5%
25-30.....	4%
31-36.....	3%
37-42.....	2%

</TABLE>

In connection with this facility, we issued to the lenders warrants to purchase Series A preferred stock at an exercise price of \$3.00 per share. In total, 300,000 shares can be acquired under the warrants, for an aggregate

exercise price equal to 9% of the facility commitment. The fair value of these warrants, as determined using an option pricing model, has been recorded as a deferred debt facility cost and will be amortized to interest expense on a straight-line basis over the term of the facility.

The facility contains customary covenants that restrict our operations relating to, among other things, incurring debt, granting security interests, merging or consolidating with other entities, making loans and investments, entering into affiliate transactions and changing our business. It does not have any financial covenants. The facility contains customary events of default, including non-payment of amounts due under the facility, default under certain of our other obligations, breach of covenants set forth in the facility, the existence of certain unstayed or undischarged judgments, the making of materially false or misleading representations or warranties, the commencement of reorganization, bankruptcy, insolvency or similar proceedings, the occurrence of certain ERISA events or certain change of control events.

#### Comdisco Equipment Lease Facility

In May 1999, we entered into a \$1.0 million equipment lease finance facility with Comdisco, Inc. In August 1999, Comdisco amended this facility and increased its total lease financing commitment by \$5 million.

Under the original \$1.0 million commitment, which we can draw down through May 2000, Comdisco will lease to us equipment, software and tenant improvements for our corporate headquarters, on the condition that the dollar amount of the software and tenant improvements financed does not exceed 20% of this commitment. Each lease schedule under this commitment is for 42 months, with monthly lease payments in the amount of

45

2.698% of the acquisition cost of the leased property, for an implied annual interest rate of 16.2%. When the term for a schedule covering equipment expires, we will have the option of returning the leased property to Comdisco, negotiating with Comdisco for an extension of the lease term or purchasing the property at its then fair market value, to the extent that such value does not exceed 15% of the equipment's original acquisition cost. When the term for a schedule covering software and tenant improvements expires, we must make a final payment equal to 15% of the original acquisition cost of the software and tenant improvements. As of December 31, 1999, we have leased a total of \$661,000 in equipment under this facility.

Under the \$5.0 million increased commitment, which we can draw down until August 2000, Comdisco will lease to us equipment, software and tenant improvements for our San Jose, California IBX center, provided that the dollar amount of the software and tenant improvements financed does not exceed 57% of this commitment. Each lease schedule under this commitment is for 42 months, with monthly lease payments in the amount of 2.742% of the acquisition cost of the leased property, for an implied annual interest rate of 8.5%. Upon executing a lease schedule, we must pay the first and last months rent in advance. When the term for a schedule covering the San Jose IBX center expires, we must make a final payment equal to 15% of the original acquisition cost of the property financed under the schedule. To date, we have not leased any amount under this commitment.

In connection with the original \$1.0 million lease commitment, we issued to Comdisco a warrant to acquire 30,000 shares of Series A preferred stock at a purchase price of \$1.67 per share, as adjusted to reflect a three-for-two forward split of our capital stock effected on January 19, 2000. In connection with the \$5.0 million increase in the facility commitment, we issued to Comdisco a warrant to acquire 150,000 shares of Series A preferred stock at a purchase price of \$3.00 per share, as adjusted to reflect a three-for-two forward split of our capital stock effected on January 19, 2000. The fair value of these warrants, as determined using an option pricing model, has been recorded as a deferred debt facility cost and will be amortized on a straight-line basis to interest expense over the term of the facility.

The facility restricts our ability to merge or consolidate with another entity. It does not contain any financial covenants. The facility contains customary equipment lease events of default, including non-payment of amounts due under the facility, breach of covenants set forth in the facility, the making of materially false or misleading representations or warranties under the facility, and the commencement of reorganization, bankruptcy, insolvency or similar proceedings involving us.

#### Comdisco Equipment Loan Facility

In March 1999, Equinix-DC, Inc., our wholly owned subsidiary and the operator of our Washington, D.C. IBX center, entered into a \$7.0 million equipment acquisition loan facility with Comdisco, Inc. Until March 2000, Comdisco will make advances up to 100% of the acquisition cost of equipment, tenant improvements and software for our Washington, D.C. IBX center, provided that no more than 57% of the loan commitment may be used to finance tenant improvements and software. Comdisco holds a first priority security interest in

all of Equinix-DC's assets as collateral for the facility obligations.

Advances that finance equipment acquisitions will accrue interest at the annual rate of 7.5% and will be repaid in 42 monthly installments, and in connection with the last installment we will pay a final amount equal to 15% of the original advance amount. Advances that finance tenant improvements and software acquisitions will accrue interest at the annual rate of 9% and will be repaid in 36 monthly installments. In connection with the last installment, we will pay a final amount equal to 15% of the original advance amount. We will have the right to prepay the advances, in whole or in part, without paying any penalty or premium. As at December 31, 1999, we have borrowed a total of \$5.5 million under this facility.

In connection with this facility, we issued to Comdisco a warrant to acquire 765,000 shares of our Series A preferred stock at a purchase price of \$0.67 per share, as adjusted to reflect a three-for-two forward split of our capital stock effected on January 19, 2000. The fair value of these warrants, as determined using an

46

option pricing model, has been recorded as a deferred debt facility cost and will be amortized on a straight-line basis to interest expense over the term of the facility.

The facility contains covenants that restrict Equinix-DC's right to, among other things, grant security interests, declare dividends, dispose of a material portion of its assets, and enter into settlements with customers relating to outstanding accounts. It does not have any financial covenants. The facility contains customary events of default, including non-payment of amounts due under the facility, default by Equinix-DC relating to certain of its other obligations, breach of covenants set forth in the facility, the existence of certain unstayed or undischarged judgments against Equinix-DC, the making of materially false or misleading representations or warranties under the facility, and the commencement of reorganization, bankruptcy, insolvency or similar proceedings involving Equinix-DC.

#### Fore Financial Services Equipment Lease Facility

In June 1999, we entered into an equipment lease facility with Fore Financial Services. Under the first lease schedule, we leased \$197,440 in equipment and software for our corporate headquarters. We are required to make 36 monthly lease payments of \$5,943. Upon expiration of the initial lease term, the term can be extended for another 6 months, or we can purchase the leased property at its then fair market value. Under the second lease schedule, we leased \$208,298 in equipment and software for the Washington, D.C. IBX center. We are required to make 36 monthly lease payments of \$6,270. Upon expiration of the initial lease term, the term can be extended for another 6 months, or we can purchase the leased property at its then fair market value. Under the third lease schedule, we leased \$210,300 in equipment and software for our Newark, New Jersey IBX center, effective November 1999. We are required to make 36 monthly lease payments of \$6,379. Upon the expiration of the initial lease term, the term can be extended for another 6 months, or we can purchase the lease property at its then fair market value.

The facility restricts our ability to merge or consolidate with another entity or to sell all or substantially all of our assets, by treating such events as defaults. It does not contain any financial covenants. The facility contains customary equipment lease events of default, including non-payment of amounts due under the facility, breach of covenants set forth in the facility, the making of materially false or misleading representations or warranties under the facility, and the commencement of reorganization, bankruptcy, insolvency or similar proceedings involving us.

#### Cisco Systems Credit Corporation Lease Facility

In March 1999, we entered into an equipment lease facility with Cisco Systems Credit Corporation. Under this facility, we have leased, for a 24-month term, \$137,293 in Cisco and Cisco-related equipment for our corporate headquarters. We paid the first and last months' rent payments upon signing the lease schedule. Each rent payment is \$5,463. When the term expires, we will have the option to purchase the leased property at its then fair market value. The option will terminate, however, if default occurs during the term. If we do not purchase the leased property, we will have the right to extend the lease term in one-year increments with the same monthly payments.

The facility contains customary equipment lease events of default, including non-payment of amounts due under the facility, breach of covenants set forth in the facility and the commencement of reorganization, bankruptcy, insolvency or similar proceedings involving us.

47

## Purpose of the Exchange Offer

Under the registration rights agreement, we are required to use our reasonable best efforts to file not later than February 29, 2000, 90 days following the date of original issuance of the initial notes, the registration statement of which this prospectus is a part for a registered exchange offer relating to an issue of new notes. The date of the original issuance of the initial notes is also referred to as the "closing date". The new notes will be substantially identical in all material respects to the initial notes except that the new notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not be entitled to registration rights under the registration rights agreement. This summary of provisions of the registration rights agreement does not purport to be complete and we refer you to the provisions of the registration rights agreement, which has been filed as an exhibit to the registration statement of which this prospectus is a part and a copy of which is available as described under the heading "Available Information."

Under the registration rights agreement, we are required to:

- . use our reasonable best efforts to cause the registration statement to be declared effective no later than June 28, 2000, 210 days after the closing date;
- . use our reasonable best efforts to consummate the exchange offer within 30 days of the registration statement being declared effective; and
- . keep the exchange offer effective for not less than 30 days, or longer if required by applicable law, after the date that notice of the exchange offer is mailed to holders of the initial notes.

The exchange offer being made here, if commenced and consummated within the time periods described in this paragraph, will satisfy those requirements under the registration rights agreement.

This prospectus, together with the letter of transmittal, is being sent to all record holders of initial notes as of , 2000.

Based on interpretations by the staff of the Securities and Exchange Commission, as set forth in no-action letters issued to third parties, we believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by each holder of exchange notes, other than a broker-dealer who acquires the initial notes directly from Equinix for resale under Rule 144A under the Securities Act or any other available exemption under the Securities Act, and other than any holder that is an "affiliate," as defined in Rule 405 under the Securities Act, of Equinix, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such holder:

- . is acquiring the exchange notes in the ordinary course of its business;
- . is not participating in, and does not intend to participate in, a distribution of such exchange notes within the meaning of the Securities Act and has no arrangement or understanding with any person to participate in a distribution of the exchange notes within the meaning of the Securities Act; and
- . is not an affiliate, as defined in Rule 405 under the Securities Act, of Equinix.

By tendering the initial notes in exchange for exchange notes, each holder, other than a broker-dealer, will be required to make representations to that effect. If a holder of initial notes is participating in or intends to participate in, a distribution of the exchange notes, or has any arrangement or understanding with any person to participate in a distribution of the exchange notes to be acquired in the exchange offer, such holder may be deemed to have received restricted securities and may not rely on the applicable interpretations of the staff of the Securities and Exchange Commission. Any such holder will have to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

Each broker-dealer that receives exchange notes for its own account in exchange for initial notes may be deemed to be an "underwriter" within the meaning of the Securities Act and must acknowledge that it will

deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with offers to

resell, resales and other transfers of exchange notes received in exchange for initial notes which were acquired by such broker-dealer as a result of market making or other trading activities. We have agreed that we will make this prospectus available to any broker-dealer for a period of time not to exceed 180 days after the consummation of the exchange offer for use in connection with any such offer to resell, resale or other transfer. Please refer to the section in this prospectus entitled "Plan of Distribution."

#### Shelf Registration Statement

In the event that:

- . because of any change in law or its applicable interpretations by the staff of the Securities and Exchange Commission, we are not permitted to effect the exchange offer;
- . for any other reason, the exchange offer is not consummated within 210 days from the closing date; or
- . any holder of initial notes notifies us within 20 business days following the consummation of the exchange offer that (a) such holder was prohibited by law of policy of the Securities and Exchange Commission from participating in the exchange offer, or (b) such holder may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and this prospectus is not appropriate or available for such resale, or (c) such holder is a broker-dealer and holds notes acquired directly from us or any of our affiliates, within the meaning of the Securities Act;

we will be obligated, at our sole expense, to:

- . use our reasonable best efforts, as promptly as practicable and in no event more than 30 days following such request, to file with the Securities and Exchange Commission a shelf registration statement covering resales of the initial notes;
- . use our reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act within 90 days after the date we are required to file a shelf registration statement; and
- . use our reasonable best efforts to keep the shelf registration statement continuously effective, supplemented and amended as required by the Securities Act to permit the prospectus which is a part of such shelf registration statement to be usable by holders for a period of two years after the shelf registration statement is declared effective or such shorter period of time that will terminate when all of the applicable initial notes have been sold thereunder.

We will, in the event that a shelf registration statement is filed, provide to each holder of the initial notes being registered copies of the prospectus that is a part of the shelf registration statement, notify each such holder when the shelf registration statement has become effective and take certain other actions as are required to permit unrestricted resales of the initial notes being registered. A holder that sells initial notes under the shelf registration statement will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such a holder, including certain indemnification rights and obligations.

#### Liquidated Damages

In the event that:

- . we do not file the registration statement or the shelf registration statement, as the case may be, with the Securities and Exchange Commission on or before the dates specified above for such filings;

49

- . the registration statement or the shelf registration statement, as the case may be, is not declared effective on or before the dates specified above for such effectiveness;
- . the exchange offer is not consummated within 30 days of the registration statement being declared effective; or
- . the shelf registration statement is filed and declared effective but thereafter ceases to be effective or usable in connection with its intended purpose;

each such event a "Registration Default," then we will be obligated to pay to each holder of transfer restricted securities, as defined in the registration rights agreement, liquidated damages. Liquidated damages will accrue and be

payable semi-annually on the initial notes and the exchange notes, in addition to the stated interest on the initial notes and the exchange notes, in an amount equal to 0.50% per year during the first 90-day period, which will increase by 0.50% per year for each subsequent 90-day period, but in no event will such rate exceed 1.50% per year in the aggregate, regardless of the number of registration defaults. Liquidated damages will accrue from the date a registration default occurs until the date on which:

- . the registration statement is filed;
- . the registration statement or shelf registration statement is declared effective and the exchange offer is consummated;
- . the shelf registration statement is declared effective; or
- . the shelf registration statement again becomes effective or made usable, as the case may be.

Following the cure of all registration defaults, the accrual of liquidated damages will cease.

Upon consummation of the exchange offer, subject to certain exceptions, holders of initial notes who do not exchange their initial notes for exchange notes in the exchange offer will no longer be entitled to registration rights and will not be able to offer or sell their initial notes, unless such initial notes are subsequently registered under the Securities Act, which, subject to certain limited exceptions, we will have no obligation to do, or under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Please refer to the section in this prospectus entitled "Risk Factors--There could be negative consequences to you if you do not exchange your initial notes for exchange notes."

#### Expiration of the Exchange Offer

The exchange offer will expire at 5:00 p.m., New York City time, on , 2000. The expiration date will be at least 30 days after the commencement of the exchange offer in accordance with Rule 14e-1(a) under the Securities Exchange Act of 1934 and the registration rights agreement.

#### Procedures for Tendering Initial Notes

To tender your initial notes in the exchange offer, you must complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver the letter of transmittal or the facsimile, or an agent's message, as defined below, together with the certificates representing the initial notes being tendered and any other required documents, to the exchange agent on or before 5:00 p.m., New York City time, on the expiration date. Alternatively, you may either:

- . send a timely confirmation of a book-entry transfer of such initial notes, if such procedure is available, into the exchange agent's account at The Depository Trust Company, or DTC, following the procedure for book-entry transfer described below, on or before 5:00 p.m. on the expiration date; or
- . comply with the guaranteed delivery procedures described below.

50

The term "agent's message" means a message, transmitted by DTC to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering initial notes which are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

The method of delivery of the initial notes, the letter of transmittal and all other required documents is at your election and risk. Instead of delivery by mail, we recommend that you use an overnight or hand-delivery service. If such delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send any letters of transmittal or initial notes to us. You must deliver all documents to the exchange agent at its address set forth below. You may also request your respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender on your behalf.

Your tender of initial notes will constitute an agreement between you and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

Only a holder of initial notes may tender such initial notes in the exchange offer. The term "holder" relating to the exchange offer means any person in

whose name initial notes are registered on our books or any other person who has obtained a properly completed bond power from the registered holder.

If you are the beneficial owner of initial notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your initial notes, you should contact such registered holder promptly and instruct such registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, before completing and executing the letter of transmittal and delivering your initial notes, either make appropriate arrangements to register ownership of the initial notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, each, an "eligible institution", unless the initial notes are tendered:

- . by a registered holder, or by a participant in DTC whose name appears on a security position listing as the owner, who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal if the exchange notes are being issued directly to such registered holder, or deposited into the participant's account at DTC; or
- . for the account of an eligible institution.

If the letter of transmittal is signed by the recordholder(s) of the initial notes tendered, the signature must correspond with the name(s) written on the face of the initial notes without alteration, enlargement or any change whatsoever. If the letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the initial notes.

If the letter of transmittal is signed by a person other than the registered holder of any initial notes listed, such initial notes must be endorsed or accompanied by bond powers and a proxy that authorize such person to tender the initial notes on behalf of the registered holder in satisfactory form to us as determined in our sole discretion, in each case as the name of the registered holder or holders appears on the initial notes.

If the letter of transmittal or any initial notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or

51

representative capacity, such persons should so indicate when signing. Unless waived by us, evidence satisfactory to us of their authority to so act must also be submitted with the letter of transmittal.

A tender will be deemed to have been received as of the date when the tendering holder's duly signed letter of transmittal accompanied by the initial notes tendered, or a timely confirmation received of a book-entry transfer of initial notes into the exchange agent's account at DTC with an agent's message, or a notice of guaranteed delivery from an eligible institution is received by the expiration date. Issuances of exchange notes in exchange for initial notes tendered under a notice of guaranteed delivery by an eligible institution will be made only against delivery of the letter of transmittal, and any other required documents, and the tendered initial notes, or a timely confirmation received of a book-entry transfer of initial notes into the exchange agent's account at DTC with an agent's message, with the exchange agent.

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of the tendered initial notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all initial notes not properly tendered or any initial notes which, if accepted, would, in our opinion or our counsel's opinion, be unlawful. We also reserve the absolute right to waive any conditions of the exchange offer or irregularities or defects in tender as to particular initial notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of initial notes must be cured within such time as we shall determine. We, the exchange agent or any other person will be under no duty to give notification of defects or irregularities relating to tenders of initial notes. None of us or the exchange agent will incur any liability for failure to give such notification. Tenderees of initial notes will not be deemed to have been made until such irregularities have been cured or waived. Any initial notes received by the expiration date that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost by the exchange

agent to the tendering holders of such initial notes, unless otherwise provided in the letter of transmittal, as promptly as practicable following the expiration date.

In addition, we reserve the right in our sole discretion, subject to the provisions of the indenture, to:

- . purchase or make offers for any initial notes that remain outstanding after the expiration date, or, as set forth under "--Expiration Date", to terminate the exchange offer in accordance with the terms of the registration rights agreement; and
- . to the extent permitted by applicable law, purchase initial notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the exchange offer.

#### Acceptance of Initial Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept all initial notes properly tendered, promptly after the expiration date, and will issue the exchange notes promptly after the expiration date and acceptance of the initial notes. Please refer to the section of this prospectus entitled "--Conditions" below. For purposes of the exchange offer, initial notes will be deemed to have been accepted as validly tendered for exchange when, as and if we had given oral or written notice to the exchange agent.

In all cases, issuance of exchange notes for initial notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of certificates for such initial notes or a timely book-entry confirmation of such initial notes into the exchange agent's account at the book-entry transfer facility, a properly completed and duly executed letter of transmittal or an agent's message and all other required documents, in each case, in form satisfactory to us and the exchange agent. If any tendered initial notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if initial notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged initial notes will be returned without expense to the tendering holder, or, in the case

52

of initial notes tendered by book-entry transfer procedures described below, such non-exchanged initial notes will be credited to an account maintained with such book-entry transfer facility, as promptly as practicable after withdrawal, rejection of tender, the expiration date or earlier termination of the exchange offer.

#### Book-Entry Transfer

The exchange agent will make a request to establish an account relating to the initial notes at DTC for purposes of the exchange offer. Any financial institution that is a participant in DTC's systems may make book-entry delivery of initial notes by causing DTC to transfer such initial notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer.

However, although delivery of initial notes may be effected through book-entry transfer into the exchange agent's account at DTC, an agent's message or the letter of transmittal or facsimile of the letter of transmittal with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the exchange agent at the address set forth below under "--Exchange Agent" on or before the expiration date or the guaranteed delivery procedures described below must be complied with. Delivery of documents to DTC does not constitute delivery to the exchange agent. All references in the prospectus to deposit of initial notes will be deemed to include DTC's book-entry delivery method.

#### Guaranteed Delivery Procedure

If you are a registered holder of initial notes and desire to tender such initial notes, and the initial notes are not immediately available, or time will not permit your initial notes or other required documents to reach the exchange agent before the expiration date, or the procedures for book-entry transfer cannot be completed on a timely basis and an agent's message delivered, you may still tender in the exchange offer if:

- . you tender through an eligible institution;
- . before the expiration date, the exchange agent receives from such eligible institution a properly completed and duly executed letter of transmittal, or facsimile of the letter of transmittal, and notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery, setting forth your name

and address as holder of the initial notes and the amount of initial notes tendered, stating that the tender is being made thereby and guaranteeing that within five business days after the expiration date the certificates for all tendered initial notes, in proper form for transfer, or a book-entry confirmation with an agent's message, as the case may be, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

- . the certificates for all tendered initial notes, in proper form for transfer, or a book-entry confirmation as the case may be, and all other documents required by the letter of transmittal are received by the exchange agent within five business days after the expiration date.

#### Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of initial notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you must send a written or facsimile transmission notice of withdrawal to the exchange agent before 5:00 p.m., New York City time, on the expiration date at the address set forth below under "--Exchange Agent" and before acceptance for exchange by us. Any such notice of withdrawal must:

- . specify the name of the person, or "depositor", having tendered the initial notes to be withdrawn ;
- . identify the initial notes to be withdrawn, including, if applicable, the registration number or numbers and total principal amount of such initial notes;

53

- . be signed by the depositor in the same manner as the original signature on the letter of transmittal by which such initial notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer sufficient to permit the trustee relating to the initial notes to register the transfer of such initial notes into the name of the depositor withdrawing the tender;
- . specify the name in which any such initial notes are to be registered, if different from that of the depositor; and
- . if applicable because the initial notes have been tendered following the book-entry procedures, specify the name and number of the participant's account at DTC to be credited, if different than that of the depositor.

All questions as to the validity, form and eligibility, including time of receipt, of such notices will be determined by us and our determination will be final and binding on all parties. Any initial notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any initial notes which have been tendered for exchange which are not exchanged for any reason will be returned to their holder without cost to such holder, or, in the case of initial notes tendered by book-entry transfer into the exchange agent's account at DTC following the book-entry transfer procedures described above, such initial notes will be credited to an account maintained with DTC for the initial notes, as promptly as practicable after withdrawal, rejection of tender, expiration date or earlier termination of the exchange offer. Properly withdrawn initial notes may be retendered by following one of the procedures described under "--Procedures for Tendering" and "--Book-Entry Transfer" above at any time on or before the expiration date.

#### Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept initial notes for exchange, or issue exchange notes in exchange for any initial notes, if:

- . a change in the current interpretation of the staff of the Securities and Exchange Commission has occurred which current interpretation permits the exchange notes issued in the exchange offer in exchange for the initial notes to be offered for resale, resold or otherwise transferred by their holders, other than in certain circumstances; or
- . a law has been adopted or enacted which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer.

These conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us, in whole or in part, at any time and from time to time, before the expiration date, if we determine in our reasonable discretion that any of the foregoing events or conditions has occurred or exists or has not been

satisfied, subject to applicable law. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which we may assert at any time and from time to time before the expiration date.

If we determine that we may terminate the exchange offer, as provided above, we may:

- . refuse to accept any initial notes and return any initial notes that have been tendered to their holders;
- . extend the exchange offer and retain all initial notes tendered before the expiration date, subject to the rights of such holders of tendered initial notes to withdraw their tendered initial notes; or
- . waive such termination event relating to the exchange offer and accept all properly tendered initial notes that have not been withdrawn or otherwise amend the terms of the exchange offer in any respect as provided under the section in this prospectus entitled "--Expiration Date; Extensions; Amendments; Termination."

54

The exchange offer is not conditioned upon any minimum principal amount of initial notes being tendered for exchange.

We have no obligation to, and will not knowingly, permit acceptance of tenders of initial notes from our affiliates, within the meaning of Rule 405 under the Securities Act, or from any other holder or holders who are not eligible to participate in the exchange offer under applicable law or its interpretations by the Securities and Exchange Commission, or if the exchange notes to be received by such holder or holders of initial notes in the exchange offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Securities Exchange Act of 1934 and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

#### Accounting Treatment

We will record the exchange notes at the same carrying value as the initial notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. We will amortize the costs of the exchange offer and the unamortized expenses related to the issuance of the exchange notes over the term of the exchange notes.

#### Exchange Agent

We have appointed State Street Bank and Trust Company of California, N.A. as exchange agent for the exchange offer. All questions and requests for assistance and requests for additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent as follows:

##### By Mail:

State Street Bank and Trust Company of California, N.A.  
c/o State Street Bank and Trust Company  
P.O. Box 778  
Boston, MA 02101-0778  
ATTN: Ralph Jones

##### By Hand/Overnight Delivery:

State Street Bank and Trust Company of California, N.A.  
c/o State Street Bank and Trust Company  
2 Avenue de Lafayette  
Corporate Trust Window, 5th Floor  
Boston, MA 02111-1724  
ATTN: Ralph Jones

Facsimile Transmission: (617) 662-1452  
Confirm by Telephone: (617) 662-1548

#### Fees and Expenses

We will bear the expenses of soliciting tenders in the exchange offer. The principal solicitation for tenders in the exchange offer is being made by mail; however, our offices and regular employees may make additional solicitations by telegraph, telephone, telecopy or in person.

We will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. However, we will pay the exchange agent reasonable and customary fees for its services and will reimburse the exchange agent for its reasonable out-of-pocket expenses in connection with the exchange offer. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of the prospectus, letters of transmittal and related

documents to the beneficial owners of the initial notes, and in handling or forwarding tenders for exchange.

55

We will pay the expenses incurred in connection with the exchange offer, including fees and expenses of the exchange agent and trustee and accounting, legal, printing and related fees and expenses.

We will pay all transfer taxes, if any, applicable to the exchange of initial notes in the exchange offer. However, the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder if:

- . certificates representing exchange notes or initial notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the initial notes tendered;
- . tendered initial notes are registered in the name of any person other than the person signing the letter of transmittal; or
- . a transfer tax is imposed for any reason other than the exchange of initial notes in the exchange offer.

If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

#### The Failures to Participate in the Exchange Offer will have Adverse Consequences

If you do not exchange your initial notes for exchange notes in the exchange offer, you will not be able to resell, offer to resell or otherwise transfer the initial notes unless they are registered under the Securities Act or unless you resell them, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act. In addition, you will no longer be able to obligate us to register the initial notes under the Securities Act except in the limited circumstances provided under the registration rights agreement. The restrictions on transfer of your initial notes arise because we issued the initial notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In addition, if you want to exchange your initial notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities, and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. To the extent the initial notes are tendered and accepted in the exchange offer, the trading market, if any, for the initial notes would be adversely affected. Please refer to the section in this prospectus entitled "Risk Factors."

56

#### DESCRIPTION OF THE EXCHANGE NOTES

##### General

The form and terms of the exchange notes are the same as the form and terms of the initial notes, except that the exchange notes have been registered under the Securities Act and therefore will not bear legends restricting their transfer. We issued the initial notes and will issue the exchange notes under an indenture, dated as of December 1, 1999, between Equinix and State Street Bank and Trust Company of California, N.A., as trustee. The terms of the exchange notes will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The exchange notes will be subject to all such terms, and holders are referred to the indenture and the Trust Indenture Act for a statement of those terms. Except as otherwise indicated, the following summary description of the material provisions of the indenture relates both to the initial notes and the exchange notes. We urge you to read the indenture because it, and not this description, defines your rights as holder of the exchange notes. We have filed copies of the indenture, escrow agreement and registration agreement as exhibits to the registration statement which includes this prospectus. The definitions of certain terms used in the following summary are set forth below under "--Certain Definitions." For purposes of this summary, the term "Equinix" refers only to Equinix, Inc. and not to any of its subsidiaries. Also, in this description "initial notes" and "exchange notes" are collectively referred to as the "notes."

As of the Issue Date, all of our Subsidiaries will be Restricted Subsidiaries. Under certain circumstances, we will be able to designate existing or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to many of the restrictive covenants contained in the indenture.

## Overview

The notes will mature on December 1, 2007. Interest on the notes will be payable semi-annually in arrears on each June 1 and December 1, commencing on June 1, 2000. The exchange notes will bear interest from the most recent date to which interest has been paid on the initial notes.

We have deposited with an escrow agent cash to acquire U.S. government securities totaling approximately \$37.0 million that, together with the proceeds from their investment, will be sufficient to pay, when due, the first three interest payments on the notes, with us retaining any balance. The notes will be collateralized by a first priority security interest in the escrow account. Except for the security interest in the escrow account, the notes will be general unsecured obligations and will rank without preference with all of our other existing and future senior unsecured indebtedness. The notes will also be effectively subordinated to all our existing and future secured indebtedness to the extent of the value of the assets that secure such indebtedness and to all of our subsidiaries' existing or future indebtedness, whether or not secured.

Generally, we may not redeem the notes before December 1, 2003. On or after December 1, 2003, we may redeem the notes, in whole or in part, at any time, at the redemption prices set forth below under "Option Redemption" together with accrued and unpaid interest, if any, to the redemption date.

Absent special circumstances, we cannot be required to redeem the notes. However, in the event of a "Change of Control" as defined below, each holder will have the right to require us to repurchase its notes at a repurchase price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest, if any, through the date of repurchase.

The indenture will limit:

- . the selling of our assets or the stock of our subsidiaries;
- . the payment of dividends on, and repurchase or redemption of, our capital stock and our subsidiaries' capital stock and the repurchase or redemption of our subordinated obligations;
- . our making of investments;
- . the incurrence of additional indebtedness or preferred stock by us and our subsidiaries;

57

- . the incurrence of additional liens;
- . our ability to permit restrictions to exist on the ability of our subsidiaries to pay dividends or make payments to us;
- . our ability to engage in consolidations, mergers and transfers of all or substantially all of our assets; and
- . transactions with our affiliates.

All of these limitations and prohibitions are subject to a number of important qualifications and exceptions. See "Certain Covenants."

In addition, the indenture defines certain events of default. See "Events of Default and Remedies." In the event of default, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all principal of, premium, if any, on, and interest on the notes to be due and payable immediately.

## Terms of Notes

Except as set forth under "--Escrow Account; Disbursement of Funds," the notes will be our senior unsecured obligations, ranking equally in right of payment with all our other existing and future senior debt and senior to all our existing and future subordinated debt. Holders of our secured Indebtedness, however, will have claims that are before the claims of the holders relating to the assets securing such other debt, except to the extent the notes are equally and ratably secured by such assets. The indenture will permit us to incur certain secured debt.

The notes will be effectively subordinated to all Indebtedness and other liabilities and commitments, including trade payables and lease obligations, of our subsidiaries, including any Guarantees of such subsidiaries. Any right of ours to receive assets of any of our subsidiaries in the event of its liquidation or reorganization, and the consequent right of the holders to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. To the extent that we are recognized as a creditor

of such subsidiary, our claims would still be subordinate to any secured claim to the assets of such subsidiary and any Indebtedness of such subsidiary that is senior to that held by us.

#### Principal, Maturity and Interest

The notes will be limited in aggregate principal amount to \$200,000,000 and will mature on December 1, 2007. Interest on the notes will accrue at the rate of 13% per annum and will be payable semi-annually in arrears on June 1 and December 1, commencing on June 1, 2000, to holders as of the immediately preceding May 15 and November 15. Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal, premium, if any, and interest on the notes will be payable at the office or agency of Equinix maintained for such purpose in New York city or, at the option of Equinix, payment of interest on the notes may be made by check mailed to the holders at their respective addresses set forth in the register of holders. Until otherwise designated by Equinix, Equinix's office or agency in New York will be the office of the trustee maintained for such purpose. The notes will be issued in denominations of \$1,000 and integral multiples of \$1,000. The trustee initially will be paying agent and registrar under the indenture. We may also act as paying agent or registrar under the indenture.

#### Escrow Account; Disbursement of Funds

The notes will be collateralized, pending disbursement, under an escrow agreement dated as of December 1, 1999, among Equinix, the trustee and State Street Bank and Trust Company of California, N.A., as escrow agent, by a pledge of the escrow account referred to in the escrow agreement. The escrow account will initially

58

contain approximately \$37.0 million of the net proceeds from the sale of the notes. These funds, together with the proceeds from their investment, will be sufficient to pay interest on the notes for three scheduled interest payments. The funds will not be sufficient to pay any liquidated damages described under "The Exchange Offer; Liquidated Damages."

The escrow agreement provides for the grant by Equinix to the trustee, for the benefit of the holders, of a first priority security interest in the escrow collateral. All such security interests will collateralize the payment and performance when due of all our obligations under the indenture and the notes, as provided in the escrow agreement. The Liens created by the escrow agreement will be first priority security interests in the Escrow Collateral. The ability of holders to realize upon any such funds or securities may be subject to certain bankruptcy law limitations if there is a bankruptcy of Equinix.

Under the escrow agreement, funds may be disbursed from the escrow account only to pay interest on the notes. If a portion of the notes has been retired by Equinix, funds representing the lesser of:

- . the excess of the amount sufficient to pay interest through and including June 1, 2001 on the notes not so retired; and
- . the interest payments which have not previously been made on such retired notes for each interest payment date through and including the interest payment date to occur on June 1, 2001;

shall be paid to Equinix if no default then exists under the indenture.

Pending such disbursements, all funds contained in the escrow account will be invested in U.S. Government Securities. Interest earned on the U.S. Government Securities will be placed in the escrow account. Upon the acceleration of the maturity of the notes, the escrow agreement will provide for the foreclosure by the trustee upon the net proceeds of the escrow account. Under the terms of the indenture, the proceeds of the escrow account shall be applied, first, to amounts owing to the trustee in respect of fees and expenses of the trustee and, second, to all obligations under the notes and the indenture. Under the escrow agreement, assuming that we make the first three scheduled interest payments on the notes in a timely manner with funds or U.S. Government Securities held in the escrow account, any remaining U.S. Government Securities will be released from the escrow account.

#### Optional Redemption

Except as set forth below, the notes will not be redeemable at our option before December 1, 2003. On or after December 1, 2003, the notes will be subject to redemption at any time at our option, in whole or in part, upon not less than 30 nor more than 60 days' notice. The notes may be redeemed at the redemption prices, expressed as percentages of principal amount, below, plus accrued and unpaid interest to the applicable redemption date. This right is subject to the right of holders as of the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the

twelve-month period beginning on December 1 of the years indicated below.

<TABLE>  
<CAPTION>

Year	Percentage
----	-----
<S>	<C>
2003.....	106.500%
2004.....	103.250%
2005 and thereafter.....	100.000%

</TABLE>

#### Selection and Notice

If less than all of the notes are to be redeemed at any time, selection of notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are then listed, or, if the notes are not so then listed, on a pro rata basis, by lot or by such

59

method as we shall deem fair and appropriate. No notes of \$1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. Notices of redemption may not be conditional. If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount of the note to be redeemed. A new note in principal amount equal to its unredeemed portion will be issued in the name of its holder upon cancellation of the original note. Notes called for redemption will become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on notes or portions of notes called for redemption unless we default in their payment.

#### Mandatory Redemption

Except as provided under "--Repurchase at the Option of Holders," we will not be required to make mandatory redemption or sinking fund payments relating to the notes.

#### Repurchase at the Option of Holders

##### Change of Control

Upon the occurrence of a Change of Control, each holder will have the right to require us to purchase all or any part, equal to \$1,000 or an integral multiple of \$1,000, of such holder's notes in the offer described below at a purchase price in cash equal to 101% of the aggregate principal amount of the note, plus accrued and unpaid interest and liquidated damages, if any, to the date of purchase. This right is subject to the right of holders as of a record date to receive interest due on the relevant interest payment date. However, we shall not be obligated to repurchase notes in a Change of Control offer in the event that we have exercised our rights to redeem all of the notes under the indenture. Within 30 days following any Change of Control, we will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to purchase notes on the date specified in such notice, which date shall be no earlier than 30 and no later than 60 days from the date such notice is mailed, in accordance with the procedures required by the indenture and described in such notice.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable in connection with the purchase of notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with any of the provisions of this covenant, we will comply with the applicable securities laws and regulations and will be deemed not to have breached our obligations under this covenant by virtue of such compliance.

On the Change of Control payment date, we will, to the extent lawful:

- . accept for payment all notes or portions of notes properly tendered in the Change of Control offer;
- . deposit with the paying agent an amount equal to the Change of Control payment plus accrued and unpaid interest and liquidated damages, if any, in respect of all notes or portions of notes so tendered; and
- . deliver or cause to be delivered to the trustee notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions of notes being purchased by us.

The paying agent will promptly mail or deliver to each holder of notes so tendered the Change of Control payment plus accrued and unpaid interest and

liquidated damages, if any, for such notes, and the trustee will promptly authenticate and mail or deliver, or cause to be transferred by book entry, to each holder a new note equal in principal amount to any unpurchased portion of notes surrendered, if any. Each such new note will be in a principal amount of \$1,000 or an integral multiple of \$1,000. We will publicly announce the results of the Change of Control offer on or as soon as practicable after the Change of Control payment date.

60

The Change of Control provisions described above will be applicable whether or not any other provisions of the indenture are applicable. Except as described above relating to a Change of Control, the indenture will not contain provisions that permit the holders to require that we purchase or redeem the notes if there is a takeover, recapitalization or similar transaction. Our ability to purchase notes upon a Change of Control may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any such required purchases. We shall not be required to make a Change of Control offer if a third party makes the Change of Control offer in the manner, at the times and otherwise in compliance with the requirements of the indenture and purchases all notes validly tendered and not withdrawn. See "Risk Factors--We may not have sufficient funds to purchase the exchange notes as required upon a change of control."

#### Asset Sales

We will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, consummate any Asset Sale, unless:

- . we, or such Restricted Subsidiary, as the case may be, receive consideration at the time of such Asset Sale at least equal to the fair market value, as determined in good faith by our board of directors and set forth in an Officer's Certificate delivered to the trustee, of the assets or Equity Interests issued or sold or otherwise disposed of;
- . at least 75% of the consideration is in the form of cash and/or Cash Equivalents or Qualified Consideration; and
- . the Net Cash Proceeds received by Equinix, or such Restricted Subsidiary, as the case may be, from such Asset Sale are applied within 360 days following the receipt of such Net Cash Proceeds, to the extent Equinix, or such Restricted Subsidiary, as the case may be, elects:
  - (a) to the redemption or repurchase of outstanding Indebtedness, (1) that is either (A) secured Indebtedness or (B) Indebtedness of Equinix that ranks equally with the notes but has an earlier maturity date, in either case other than Subordinated Indebtedness, or (2) that is Indebtedness of a Restricted Subsidiary; and/or
  - (b) to reinvest such Net Cash Proceeds, or any portion, in properties or assets, including Equity Interests of a person that will become a Restricted Subsidiary as a result of such investment, that will be used in a Permitted Business.

The balance of such Net Cash Proceeds, after the application of such Net Cash Proceeds as described in the immediately preceding clauses (a) and (b), shall constitute Excess Proceeds.

When the aggregate amount of Excess Proceeds equals or exceeds \$10 million, taking into account income earned on such Excess Proceeds, we will be required to make a pro rata offer to all holders of notes and equally-ranking Indebtedness with comparable provisions requiring such Indebtedness to be purchased with the proceeds of such Asset Sale, called an Asset Sale Offer. We must offer to purchase the maximum principal amount, or accreted value in the case of Indebtedness issued with an original issue discount, of notes and equally-ranking Indebtedness that may be purchased out of the Excess Proceeds, at a purchase price in cash in an amount equal to 100% of the principal amount or the accreted value of the note, as applicable, plus accrued and unpaid interest thereon to the date of purchase, subject to the right of holders as of the relevant record date to receive interest due on the relevant interest payment date, in accordance with the procedures set forth in the indenture and the agreements governing such equally-ranking Indebtedness. To the extent that any Excess Proceeds remain after consummation of an Asset Sale Offer, Equinix may use such Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and equally-ranking Indebtedness tendered in such Asset Sale Offer surrendered by their holders exceeds the amount of Excess Proceeds, the trustee shall select the notes and equally-ranking Indebtedness to be purchased on a pro rata basis in proportion to the respective principal amounts, or accreted values in the case of Indebtedness

61

issued with an original issue discount, of the notes and such other

Indebtedness. On completion of such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero for purposes of the first sentence of this paragraph.

The amount of:

- . any liabilities, as shown on Equinix's or such Restricted Subsidiary's, as the case may be, most recent balance sheet, other than Subordinated Indebtedness, of Equinix or any Restricted Subsidiary, that are assumed by the transferee of any such assets under an agreement that immediately releases Equinix and all of the Restricted Subsidiaries from all liability in respect of such liabilities;
- . Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, if Equinix and all of the Restricted Subsidiaries are immediately released from all Guarantees of payment of such Indebtedness and such Indebtedness is no longer the liability of Equinix or any of the Restricted Subsidiaries; and
- . any securities, notes or other obligations received by Equinix, or such Restricted Subsidiary, as the case may be, from such transferee that are converted by Equinix, or such Restricted Subsidiary, as the case may be, into cash and/or Cash Equivalents within 90 days of the date of such Asset Sale, to the extent of the cash and/or Cash Equivalents received;

will be deemed to be cash and/or Cash Equivalents for purposes of this provision.

Notwithstanding any provision of this covenant, its provisions will not apply to any transaction constituting a Restricted Payment that is permitted by the Restricted Payments covenant or that otherwise constitutes a Permitted Investment.

#### Certain Covenants

##### Restricted Payments

We will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly make any of the following Restricted Payments:

- . declare or pay any dividend or make any other payment or distribution on account of Equinix's Equity Interests or to the direct or indirect holders of Equinix's Equity Interests in their capacity as stockholders, other than dividends or distributions payable in Equity Interests, other than Disqualified Stock of Equinix or to Equinix or a Restricted Subsidiary of Equinix;
- . purchase, redeem or otherwise acquire or retire for value any Equity Interests of Equinix or any direct or indirect parent of Equinix, other than any such Equity Interests owned by Equinix or any Restricted Subsidiary of Equinix;
- . make any payment on or relating to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness, except a payment of interest or principal at any Stated Maturity; or
- . make any Restricted Investment;

unless:

- . at the time of and after giving effect to such Restricted Payment, no default or Event of Default shall have occurred and be continuing;
- . Equinix would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable period, have been permitted to incur at least \$1.00 of additional Indebtedness as described below under "Incurrence of Indebtedness and Issuance of Preferred Stock"; and

62

- . such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Equinix and the Restricted Subsidiaries on or after the Issue Date, is less than the sum, without duplication, of
  - (a) the amount of Equinix's (1) Cumulative Consolidated Cash Flow determined at the time of such Restricted Payment less (2) 150% of the cumulative consolidated interest expense, determined for the period commencing on the first day of the fiscal quarter which includes the Issue Date and ending on the last day of the last fiscal quarter preceding the date on which such Restricted Payment is to be made for which reports have been filed with the Commission or provided to the trustee according to the "Reports" covenant; plus

- (b) 100% of the aggregate Net Cash Proceeds received by Equinix after the Issue Date as a Capital Contribution or from the issue or sale, other than to a Subsidiary of Equinix, of Equity Interests of Equinix, other than Disqualified Stock, or from the issue or sale, other than to a Subsidiary of Equinix, of Disqualified Stock or debt securities of Equinix that have been converted or exchanged into such Equity Interests, plus the amount of Net Cash Proceeds received by Equinix upon such conversion or exchange, other than a conversion or exchange by a Subsidiary of Equinix; plus
- (c) the aggregate amount equal to the net reduction in Restricted Investments in Unrestricted Subsidiaries on or after the Issue Date resulting from (1) dividends, distributions, interest payments, return of capital, repayments of Restricted Investments or other transfers of assets to Equinix or any Restricted Subsidiary from any Unrestricted Subsidiary and not otherwise included in the calculation of Cumulative Consolidated Cash Flow required by (a) above, (2) proceeds realized by Equinix or any Restricted Subsidiary upon the sale of such Restricted Investment to a person other than Equinix or any Subsidiary of Equinix, or (3) the redesignation of any Unrestricted Subsidiary as a Restricted Subsidiary, not to exceed in the case of any of the immediately preceding clauses (1), (2) or (3) the aggregate amount of Restricted Investments made by Equinix or any Restricted Subsidiary in such Unrestricted Subsidiary on or after the Issue Date; plus
- (d) to the extent that any Restricted Investment that was made on or after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of, to the extent paid to Equinix or a Restricted Subsidiary, (1) the cash return of capital relating to such Restricted Investment, less any cost of disposition and (2) the initial amount of such Restricted Investment; minus
- (e) 50% of the cumulative aggregate principal amount of any outstanding Indebtedness incurred according to the second clause of the first paragraph of the covenant described below under "Incurrence of Indebtedness and Issuance of Preferred Stock."

So long as no default or Event of Default shall have occurred and be continuing, the foregoing provisions will not prohibit:

- . the payment of any dividend within 60 days after the date it is declared, if at the time it is declared such payment would have complied with the foregoing provisions;
- . the redemption, repurchase, retirement, defeasance or other acquisition of any Subordinated Indebtedness or Equity Interests of Equinix in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale, other than to a Subsidiary of Equinix, of, Equity Interests of Equinix, other than any Disqualified Stock; provided that the amount of any such Net Cash Proceeds that are utilized for, and the Equity Interests issued or exchanged for, any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from the third clause of the preceding paragraph and each other clause of this paragraph;
- . the defeasance, redemption, retirement, repurchase or other acquisition of Subordinated Indebtedness with the Net Cash Proceeds from, or issued in exchange for, a substantially concurrent incurrence of

63

Permitted Refinancing Indebtedness; provided that the amount of any such Net Cash Proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from the third clause of the preceding paragraph and each other clause of this paragraph;

- . the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of Equinix held by any member of Equinix's or a Restricted Subsidiary's management; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed \$3 million in any fiscal year;
- . Restricted Investments not to exceed the aggregate fair market value, measured on the date each such Restricted Investment was made or returned, as applicable, when taken together with all other Restricted Investments made according to this clause that are at the time outstanding, the sum of (a) \$30 million, plus (b) the amount then available for the making of Restricted Payments according to the third clause of the preceding paragraph without giving effect to its subclause (a);
- . Restricted Investments the payment for which consists exclusively of Equity Interests, other than Disqualified Stock, of Equinix; and

- . the repurchase of Equity Interests of Equinix in accordance with, and only to the extent required by, dissenters' rights of appraisal under applicable law.

Each Restricted Payment permitted by the first, fourth, fifth, sixth and seventh clauses above shall be included, and each Restricted Payment permitted by the second, third and sixth clauses above shall be excluded, except as specifically set forth in each such clause, for all purposes when performing the calculation set forth in the last bullet point of the preceding paragraph of this covenant.

Our board of directors may not designate any Subsidiary of Equinix as an Unrestricted Subsidiary, unless:

- . no default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such designation; and
- . Equinix would not be prohibited under the indenture from making a Restricted Investment at the time of such designation, assuming the effectiveness of such designation for purposes of this covenant, in an amount equal to the fair market value of the net Investment of Equinix and all Restricted Subsidiaries in such Subsidiary on such date.

This prohibition shall not apply to a newly created Subsidiary in which no investment, apart from any de minimis amount required to capitalize the Subsidiary in connection with its organization, has previously been made.

If there is any such designation, all outstanding Investments owned by Equinix and the Restricted Subsidiaries in the Subsidiary so designated will be deemed to be a Restricted Investment made as of the time of such designation and will reduce the amount available for Restricted Payments under the first or second paragraph of this covenant. All such outstanding Investments will be deemed to constitute Restricted Payments in an amount equal to the fair market value of such Investments at the time of such designation.

The indenture also provides that a designation may be revoked and an Unrestricted Subsidiary may thus be redesignated as a Restricted Subsidiary by a resolution of our board of directors delivered to the trustee. However, Equinix will not make any revocation unless:

- . no default or Event of Default shall have occurred and be continuing at the time of, or after giving effect to, such revocation; and
- . all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such revocation would, if incurred at such time, have been permitted to be incurred at such time for all purposes under the indenture.

64

The amount of all Restricted Payments, other than cash, shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Equinix, or such Restricted Subsidiary, as the case may be, under the Restricted Payment. The fair market value of any asset(s) or securities that are required to be valued by this covenant shall be determined in good faith by our board of directors. Their determination shall be supported by the opinion or appraisal of an accounting, appraisal or investment banking firm of national standing if such fair market value would exceed \$10 million.

#### Incurrence of Indebtedness and Issuance of Preferred Stock

We will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for, contingently or otherwise, including by way of merger, consolidation or acquisition, any Indebtedness and we will not issue or incur any Disqualified Stock and will not permit any of the Restricted Subsidiaries to issue or incur any shares of Preferred Stock. However, we may incur Indebtedness or issue or incur shares of Disqualified Stock and the Restricted Subsidiaries may incur Acquired Debt or Acquired Preferred Stock if either:

- . the Consolidated Leverage Ratio at the end of Equinix's most recently ended fiscal quarter, for which a consolidated balance sheet of Equinix which has been filed with the Commission or provided to the trustee, immediately preceding the date on which such additional Indebtedness is incurred or such Preferred Stock is issued or incurred would have been less than 6.0 to 1.0, determined on a pro forma basis, including a pro forma application of the net proceeds therefrom; or
- . the Consolidated Capital Ratio at the end of the most recently ended fiscal quarter, for which a consolidated balance sheet of Equinix has

been filed with the Commission or provided to the trustee, would have been less than 2.0 to 1.0 determined on a pro forma basis, including a pro forma application of the net proceeds therefrom.

Notwithstanding the foregoing, the provisions of the paragraph set forth immediately above will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Indebtedness"):

- . Permitted Refinancing Indebtedness;
- . the incurrence by Equinix of Indebtedness represented by the notes;
- . the incurrence of Indebtedness by Equinix owing to any Restricted Subsidiary or Indebtedness of any Restricted Subsidiary owing to Equinix or any other Restricted Subsidiary, such Indebtedness deemed to be incurred upon such Indebtedness being held by any person other than Equinix or such Restricted Subsidiary including upon designation and upon such Restricted Subsidiary otherwise no longer being a Restricted Subsidiary; provided that in the case of Indebtedness of Equinix, such obligations shall be unsecured and subordinated in all respects to Equinix's obligations in accordance with the notes;
- . the incurrence by Equinix of Indebtedness in an aggregate amount incurred and outstanding at any time under this clause of up to \$30 million;
- . the incurrence (a) by Equinix or any Restricted Subsidiary, other than any Foreign Subsidiary, of Senior Debt, including under one or more Permitted Credit Facilities, and (b) by any Foreign Subsidiary of Indebtedness under one or more Permitted Foreign Credit Facilities, in an aggregate amount incurred and outstanding at any time under this clause of up to the sum of (a) \$125 million and (b) 85% of the aggregate accounts receivable of Equinix and the Restricted Subsidiaries as of the date of the most recently available balance sheet of Equinix which has been included in a report filed with the Commission or provided to the trustee;
- . the incurrence by Equinix or any Foreign Subsidiary of Purchase Money Indebtedness (a) under the terms of any Purchase Money Indebtedness facility existing and as in effect on the Issue Date or (b) constituting not more than 75% of the cost, including shipping, installation and importation costs and

65

sales, use and similar taxes, collectively "Costs", payable upon acquisition of the subject property, determined in accordance with GAAP in good faith by our board of directors, to Equinix or any such Foreign Subsidiary, as applicable, of the property so purchased, developed, acquired, constructed, improved or leased; provided, that relating to any Purchase Money Indebtedness incurred under clause (b) above, at least 25% of the Costs payable upon acquisition of the subject property shall be funded from Newly Raised Capital; provided, further, that any assets acquired by a Foreign Subsidiary under this clause are acquired for use in the ordinary course of business of such Foreign Subsidiary;

- . the incurrence by Equinix or any of the Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest or foreign currency exchange rate risk relating to any floating rate Indebtedness or foreign currency based Indebtedness, respectively, that is permitted by the terms of the indenture to be outstanding; provided that the notional amount of any such Hedging Obligation does not exceed the amount of Indebtedness or other liability to which such Hedging Obligation relates; and
- . the incurrence by Equinix and the Restricted Subsidiaries of Indebtedness solely in respect of bankers acceptances, letters of credit and performance bonds, all in the ordinary course of business.

Indebtedness or Preferred Stock of any person which is outstanding at the time such person becomes a Restricted Subsidiary of Equinix, including upon designation of any Subsidiary or other person as a Restricted Subsidiary or upon a Revocation such that such Subsidiary becomes a Restricted Subsidiary, or is merged with or into or consolidated with Equinix or a Restricted Subsidiary of Equinix, shall be deemed to have been incurred at the time such person becomes such a Restricted Subsidiary of Equinix or is merged with or into or consolidated with Equinix or a Restricted Subsidiary of Equinix, as applicable.

Upon each incurrence, Equinix may designate under which provision of this covenant such Indebtedness is being incurred. Such Indebtedness shall not be deemed to have been incurred by Equinix under any other provision of this covenant, except as stated otherwise in the foregoing provisions or in the next sentence. For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the clauses above, or is permitted under the

first paragraph of this covenant and under one or more of such clauses, Equinix, in our sole discretion, may from time to time reclassify such item of Indebtedness.

Equinix will not, and will not permit any of the Restricted Subsidiaries, other than Foreign Subsidiaries, to, incur any Indebtedness, including Permitted Indebtedness, that is contractually subordinated in right of payment to any other Indebtedness unless such Indebtedness is also contractually subordinated in right of payment to the notes on substantially identical terms. However, no Indebtedness shall be deemed to be contractually subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured.

#### Liens

We will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind, other than Permitted Liens, to secure Indebtedness upon any of our property or assets or upon any income or profits therefrom unless all payments due under the indenture and the notes are secured, except as provided in the next clause, on an equal and ratable basis with the obligations so secured. No Lien shall be granted or be allowed to exist which secures Subordinated Indebtedness except relating to Acquired Debt, in which case, however, such Liens must be made junior and subordinate to the Liens granted to the holders.

66

#### Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

We will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

- . (a) pay dividends or make any other distributions to Equinix or any of the Restricted Subsidiaries on its Capital Stock or relating to any other interest or participation in, or measured by, its profits, or (b) pay any Indebtedness owed to Equinix or any of the Restricted Subsidiaries;
- . make loans or advances to Equinix or any of the Restricted Subsidiaries; or
- . transfer any of its properties or assets to Equinix or any of the Restricted Subsidiaries.

The foregoing restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- . Existing Indebtedness as in effect on the Issue Date;
- . any Permitted Credit Facility or Permitted Foreign Credit Facility, provided that (a) the aggregate outstanding amount of any such Indebtedness does not exceed the amount permitted under the fifth clause of the definition of Permitted Indebtedness, (b) relating to any Permitted Credit Facility, such restrictions apply only if there is a payment default under such Permitted Credit Facility, and (c) the chief financial officer of Equinix determines in good faith that any such restrictions contained in any such Permitted Credit Facility or Permitted Foreign Credit Facilities are no more restrictive, taken as a whole, than those contained in a similar credit facility with terms that are commercially reasonable for a borrower engaged in a business comparable to Equinix that has substantially comparable Indebtedness and that any such restrictions will not materially affect Equinix's ability to make principal, premium or interest payments on the notes;
- . applicable law;
- . any instrument governing Indebtedness or Capital Stock of a Person or assets acquired by Equinix or any of the Restricted Subsidiaries as in effect at the time of such acquisition, except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any person, or the properties or assets of any person, other than the person, or the property or assets of the person, so acquired; provided, that in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;
- . customary non-assignment provisions in leases entered into in the ordinary course of business;
- . purchase money obligations for property acquired in the ordinary course of business that impose restrictions on transfer on the property so acquired, constructed, leased or improved;

- . any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition, provided that the consummation of such transaction would not result in an Event of Default or an event that, with the passing of time or giving of notice or both, would constitute an Event of Default, that such restriction terminates if such transaction is not consummated and that the consummation or abandonment of such transaction occurs within one year of the date such agreement was entered into;
- . Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- . Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant governing Liens that limit the right of Equinix or any of the Restricted Subsidiaries to dispose of the assets subject to such Lien; and

67

- . provisions relating to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business.

#### Merger, Consolidation, or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into, whether or not we are the surviving corporation, or sell, assign, transfer, convey or otherwise dispose of all or substantially all of our properties or assets, in one or more related transactions, to another person, or permit any of the Restricted Subsidiaries to enter into any such transaction or series of transactions, if it would result in such disposition of all or substantially all of the assets of Equinix and the Restricted Subsidiaries on a consolidated basis, unless:

- . Equinix is the surviving corporation or the person formed by or surviving any such consolidation or merger, if other than Equinix, or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state or the District of Columbia;
- . the person formed by or surviving any such consolidation or merger, if other than Equinix, or the person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of Equinix under the registration agreement, the notes, the exchange notes and the indenture under a supplemental indenture in a form reasonably satisfactory to the trustee;
- . no default or Event of Default, or an event that, with the passing of time or giving of notice or both, would constitute an Event of Default, shall exist or shall occur immediately after giving effect on a pro forma basis to such transaction;
- . except in the case of a merger of Equinix with or into a Wholly Owned Restricted Subsidiary of Equinix, Equinix or the person formed by or surviving any such consolidation or merger, if other than Equinix, or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will immediately after such transaction and after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable period, be permitted to incur at least \$1.00 of additional Indebtedness according to the first paragraph of the "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant;
- . if, as a result of any such transaction, property or assets of Equinix would become subject to a Lien subject to the provisions of the indenture described under the "Liens" covenant, Equinix or the successor entity to Equinix shall have secured the notes as required by the covenant; and
- . Equinix shall have delivered to the trustee an Officers' Certificate and an opinion of counsel, each stating that such consolidation, merger or transfer and any supplemental indenture comply with the indenture.

The indenture also provides that Equinix may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other person.

Upon any consolidation or merger or any transfer of all or substantially all of the assets of Equinix in accordance with the foregoing, the successor corporation formed by such consolidation or into which Equinix is merged or to

which such transfer is made shall succeed to and be substituted for, and may exercise every right and power of, Equinix under the indenture. The effect will be as if the successor corporation had been named therein as Equinix, and Equinix shall be released from the obligations under the notes and the indenture except relating to any obligations that arise from, or are related to, such transaction. The foregoing shall not apply in the case of a lease.

68

#### Transactions with Affiliates

We will not, and will not permit any of the Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of our properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate, each an Affiliate transaction, unless:

- . such Affiliate Transaction is on terms that are not materially less favorable to Equinix or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by Equinix or such Restricted Subsidiary with an unrelated person; and
- . relating to any Affiliate Transaction or series of related Affiliate Transactions:
  - (a) involving aggregate consideration in excess of \$5 million, Equinix delivers to the trustee a resolution of the board of directors set forth in an Officers' Certificate that such Affiliate Transaction is approved by a majority of the disinterested members of the board of directors and that such Affiliate Transaction complies with the first clause above and is in the best interests of Equinix or such Restricted Subsidiary; and
  - (b) if involving aggregate consideration in excess of \$10 million, a favorable written opinion as to the fairness to Equinix of such Affiliate Transaction from a financial point of view is also obtained by Equinix from an accounting, appraisal or investment banking firm of national standing.

Notwithstanding the foregoing, the following items shall not be deemed to be Affiliate Transactions:

- . (a) the entering into, maintaining or performance of any employment contract, collective bargaining agreement, benefit plan, program or arrangement, related trust agreement or any other similar arrangement for or with any employee, officer or director heretofore or hereafter entered into in the ordinary course of business, including vacation, health, insurance, deferred compensation, retirement, savings or other similar plans or (b) the payment of compensation, performance of indemnification or contribution obligations, or an issuance, grant or award of stock, options, or other equity-related interests or other securities, to employees, officers or directors in the ordinary course of business;
- . transactions between or among Equinix and/or the Restricted Subsidiaries;
- . payment of reasonable directors fees;
- . any sale or other issuance of Equity Interests, other than Disqualified Stock, of Equinix;
- . Affiliate Transactions in effect or approved by the board of directors on the Issue Date, including any amendments thereto, provided that the terms of such amendments are not materially less favorable to Equinix than the terms of such agreement before such amendment; and
- . Restricted Payments that are permitted under the Restricted Payments covenant and Permitted Investments described under clause (d) of its definition.

#### Business Activities

We will not, and will not permit any of the Restricted Subsidiaries to, engage to more than a de minimus extent in any business other than a Permitted Business.

#### Status as Investment Company

The indenture provides that Equinix will not, and will not permit any of its Subsidiaries or controlled affiliates to, conduct its business in a fashion that would cause Equinix to be required to register as an investment company, as that term is defined in the Investment Company Act of 1940, as amended, or

otherwise to become subject to regulation under the Investment Company Act. For purposes of establishing Equinix's

69

compliance with this provision, any exemption which is or would become available under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act will be disregarded.

#### Reports

The indenture provides that at all times from and after the date of the commencement of an exchange offer or the effectiveness of a shelf registration statement relating to the notes, a "Registration", whether or not Equinix is then required to file reports with the Commission, Equinix shall file with the Commission all such reports and other information as it would be required to file with the Commission by Sections 13(a) or 15(d) under the Exchange Act if it were subject thereto. Without cost, Equinix shall supply the applicable trustee and each applicable holder, or shall supply to the applicable trustee for forwarding to each such applicable holder, copies of such reports and other information. At all times before the date of the Registration, Equinix shall, at its cost, deliver to the trustee and each holder of the notes quarterly and annual reports substantially equivalent to those which would be required by the Exchange Act if Equinix were subject thereto. In addition, at all times before the Registration, upon the request of any holder or any prospective purchaser of the notes designated by a holder, Equinix shall supply to such holder or such prospective purchaser the information required under Rule 144A under the Securities Act.

#### Events of Default and Remedies

The indenture provides that each of the following will constitute an Event of Default:

- . default for 30 days in the payment when due of interest on the notes;
- . default in the payment when due of the principal of, or premium, if any, on, the notes;
- . failure by Equinix or any of the Restricted Subsidiaries to comply with the provisions described above under the captions "--Change of Control," or "--Asset Sales";
- . failure by Equinix or any of the Restricted Subsidiaries for 60 days after notice to comply with any of its other agreements in the indenture, the notes or the escrow agreement;
- . the default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of Equinix or any of the Restricted Subsidiaries, or the payment of which is Guaranteed by Equinix or any of the Restricted Subsidiaries, whether such Indebtedness or Guarantee now exists or is created after the Issue Date, and either such Indebtedness is already due and payable or such default results in the acceleration of such Indebtedness before its express maturity and, in each case, the amount of any such Indebtedness, together with the amount of any other such Indebtedness the maturity of which has been so accelerated or which is already due and payable, aggregates \$10 million or more;
- . one or more judgments, orders or decrees for the payment of money in excess of \$10 million, individually or in the aggregate, net of applicable insurance coverage which is acknowledged in writing by the insurer, shall be entered against Equinix or any Restricted Subsidiary or any of their respective properties and shall not be discharged and there shall have been a period of 60 days or more during which a stay of enforcement of such judgment or order, by reason of pending appeal or otherwise, shall not be in effect;
- . Equinix shall assert or acknowledge in writing that the escrow agreement is invalid or unenforceable; or
- . certain events of bankruptcy or insolvency relating to Equinix or any of its Significant Subsidiaries.

If any Event of Default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all principal of, premium, if any, on and interest on the notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency relating to Equinix or a Significant Subsidiary, all outstanding notes will become due and payable without further action or notice.

70

Holders may not directly enforce the indenture or the notes except as

provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power.

Holders of a majority in aggregate principal amount of the then outstanding notes, by notice to the trustee, may, on behalf of all holders, waive any existing default or Event of Default and its consequences under the indenture, except a continuing default or Event of Default in the payment of principal of, premium, if any, or interest on the notes.

We will be required to deliver to the trustee annually a statement regarding compliance with the indenture, and we will be required upon becoming aware of any default or Event of Default to deliver to the trustee a statement specifying such default or Event of Default. The trustee may withhold from holders notice of any continuing default or Event of Default, except a default or Event of Default relating to the payment of principal of, premium, if any, or interest on, the notes, if it determines that withholding notice is in their interest.

No Personal Liability of Directors, Officers, Employees, Incorporators or Shareholders

No director, officer, employee, incorporator or shareholder of Equinix, as such, will have any liability for any obligations of Equinix relating to the notes or the indenture, or for any claim based on, or in respect or by reason of, such obligations or their creation. Each holder of notes by accepting a note will waive and release any and all such liability. Such waiver and release are part of the consideration for issuance of the notes. Such waiver may not be effective to waive liabilities under federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The indenture provides that Equinix may, at its option and at any time, elect to have all of its obligations discharged relating to the outstanding notes, called legal defeasance, except for:

- . the rights of holders to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due from the trust referred to below;
- . Equinix's obligations relating to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- . the rights, powers, trusts, duties and immunities of the trustee, and Equinix's obligations in connection therewith; and
- . the legal defeasance provisions of the indenture.

In addition, Equinix may, at its option and at any time, elect to have its obligations released relating to certain covenants that are contained in the indenture, called covenant defeasance, and, thereafter, any omission to comply with such obligations will not constitute a default or Event of Default. In the event covenant defeasance occurs, certain events, but not including non-payment, bankruptcy, receivership, rehabilitation or insolvency events, described under "--Events of Default and Remedies" will no longer constitute an Event of Default.

To exercise either legal defeasance or covenant defeasance:

- . Equinix must irrevocably deposit, or cause to be deposited, with the trustee, in trust, for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or any combination, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding notes on its stated maturity or on the applicable redemption date, as the case may be, and Equinix must specify whether the notes are being defeased to maturity or to a particular redemption date;

- . in the case of legal defeasance, Equinix must deliver to the trustee an opinion of United States counsel reasonably acceptable to the trustee confirming that, since the Issue Date, Equinix has received from, or there has been published by, the Internal Revenue Service a ruling, or there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such legal defeasance, and will be subject to United States federal income tax on the same amounts, in the same manner and at the

same times as would have been the case if such legal defeasance had not occurred;

- . in the case of covenant defeasance, Equinix must deliver to the trustee an opinion of counsel in the United States reasonably acceptable to the trustee confirming that the holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such covenant defeasance, and such holders will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;
- . no default or Event of Default shall have occurred and be continuing on the date of such deposit, other than a default or Event of Default resulting from the borrowing of funds to be applied to such deposit;
- . such legal defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument, other than the indenture, to which Equinix or any of the Restricted Subsidiaries is a party or by which Equinix or any of the Restricted Subsidiaries is bound;
- . Equinix must deliver to the trustee an Officers' Certificate stating that the deposit was not made by Equinix with the intent of preferring the holders over other creditors of Equinix, or with the intent of defeating, hindering, delaying or defrauding creditors of Equinix or others; and
- . Equinix must deliver to the trustee an Officers' Certificate and an opinion of United States counsel reasonably acceptable to the trustee, each stating that the conditions precedent provided for or relating to legal defeasance or covenant defeasance, as applicable, in the case of the Officers' Certificate, in the first through sixth clauses and, in the case of the opinion of counsel, in the first clause, relating to the validity and perfection of the security interest, and the second and third clauses of this paragraph, have been complied with.

#### Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect, except as to surviving rights or registration of transfer or exchange of notes, as to all outstanding notes when either:

- . all such notes theretofore authenticated and delivered, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by Equinix and thereafter repaid to Equinix or discharged from such trust, have been delivered to the trustee for cancellation; or
- . (a) all such notes not theretofore delivered to the trustee for cancellation have become due and payable and Equinix has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust for the purpose an amount of money sufficient to pay and discharge the entire indebtedness on the notes not theretofore delivered to the trustee for cancellation, for principal amount, premium, if any, and accrued interest to the date of such deposit; (b) Equinix has paid all sums payable by it under the indenture; and (c) Equinix has delivered irrevocable instructions to the trustee to apply the deposited money toward the payment of the notes at Stated Maturity or on the redemption date, as the case may be.

72

In addition, Equinix must deliver an Officers' Certificate and an opinion of counsel stating that all conditions precedent to satisfaction and discharge have been complied with.

#### Transfer and Exchange

A holder may transfer or exchange notes in accordance with the procedures set forth in the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents, and Equinix may require a holder to pay any taxes and fees required by law or permitted by the indenture. Equinix will not be required to transfer or exchange any note selected for redemption. Also, Equinix will not be required to transfer or exchange any note for a period of 15 days before:

- . a selection of notes to be redeemed;
- . an interest payment date; or
- . the mailing of notice of a Change of Control Offer or Asset Sale Offer.

The registered holder of a note will be treated as the owner of it for all purposes under the indenture.

#### Amendment, Supplement and Waiver

With the consent of the holders of not less than a majority in aggregate principal amount of the notes at the time outstanding, Equinix and the trustee are permitted to amend or supplement the indenture or any supplemental indenture or modify the rights of the holders. However, that no such modification may, without the consent of each holder affected thereby:

- . reduce the principal amount of, change the fixed maturity of, or alter the redemption provisions of, the notes;
- . change the currency in which any notes or amounts owing thereon is payable;
- . reduce the percentage of the aggregate principal amount outstanding of notes which must consent to an amendment, supplement or waiver or consent to take any action under the indenture or the notes;
- . impair the right to institute suit for the enforcement of any payment on or relating to the notes;
- . waive a default in payment relating to the notes;
- . reduce the rate or change the time for payment of interest on the notes;
- . following the occurrence of a Change of Control or an Asset Sale, alter Equinix's obligation to purchase the notes as a result of such Change of Control or Asset Sale in accordance with the indenture or waive any default in its performance;
- . affect the ranking of the notes in a manner adverse to the holder of the notes; or
- . release any Liens created by the escrow agreement except in accordance with the terms of the escrow agreement.

Notwithstanding the foregoing, without the consent of any holder of notes, Equinix and the trustee may amend or supplement the indenture or the notes;

- . to cure any ambiguity, defect or inconsistency;
- . to provide for uncertificated notes in addition to or in place of certificated notes;
- . to provide for the assumption of Equinix's obligations to holders in the case of a merger or consolidation or sale of all or substantially all of Equinix's assets in accordance with the terms of the indenture;
- . to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the indenture of any such holder; or
- . to comply with the requirements of the Commission to effect or maintain the qualification of the indenture under the Trust Indenture Act.

73

#### Concerning the Trustee

The indenture contains certain limitations on the rights of the trustee, should it become a creditor of Equinix, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions. However, if it acquires any conflicting interest, it must eliminate such conflict within 90 days, apply to the Commission for permission to continue, or resign.

Holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. In case an Event of Default shall occur which is not cured, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of their own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder, unless such holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

#### Governing Law

The indenture and the notes will be governed by and construed in accordance with the laws of the State of New York.

Equinix will submit to the jurisdiction of the U.S. federal and New York state courts located in the Borough of Manhattan, City and State of New York for purposes of all legal actions and proceedings instituted in connection with the notes and the indenture.

#### Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" or "Acquired Preferred Stock" means, relating to any specified person, Indebtedness or Preferred Stock of any other person existing at the time such other person is merged with or into or became a Subsidiary of such specified person, including by designation or revocation, provided such Indebtedness or Preferred Stock is not incurred in connection with, or in contemplation of, such other person merging with or into or becoming a Subsidiary of such specified person.

"Affiliate" of any specified person means any other person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "control", including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with", as used relating to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a person shall be deemed to be control.

"Asset Acquisition" means:

- . any capital contribution, by means of transfers of cash or other property to others or payments for property or services for the account or use of others, or otherwise, by Equinix or any Restricted Subsidiary in any other person, or any acquisition or purchase of Capital Stock of any other person by Equinix or any Restricted Subsidiary, in either case by which such person shall (a) become a Restricted Subsidiary or (b) shall be merged with or into Equinix or any Restricted Subsidiary; or

74

- . any acquisition by Equinix or any Restricted Subsidiary of the assets of any person which constitute substantially all of an operating unit or line of business of such person or which is otherwise outside of the ordinary course of business.

"Asset Sale" means:

- . the sale, lease, transfer, conveyance or other disposition of any property, asset or right, including, without limitation, by way of a sale and leaseback, other than leases of space in an Exchange Facility entered into in the ordinary course of business, of Equinix or any Restricted Subsidiary; and
- . the issue or sale by Equinix or any of the Restricted Subsidiaries of Equity Interests of any Subsidiary.

Notwithstanding the foregoing, the following items shall not be deemed to be Asset Sales:

- . any disposition of properties and assets of Equinix subject to the "Merger, Consolidation or Sale of Assets" covenant, provided that any properties, assets or rights that are not included in any such dispositions shall be deemed to have been sold in a transaction constituting an Asset Sale;
- . a transfer of properties, assets or rights by Equinix to a Restricted Subsidiary or by a Subsidiary to Equinix or to a Restricted Subsidiary;
- . a disposition of obsolete or worn out equipment or equipment that is no longer useful in the conduct of a Permitted Business of Equinix and the Restricted Subsidiaries;
- . the surrender or waiver by Equinix or any of the Restricted Subsidiaries of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind by Equinix or any of the Restricted Subsidiaries or the grant by Equinix or any of the Restricted Subsidiaries of a Lien not prohibited by the indenture; and
- . sales, transfers, assignments and other dispositions of assets, or related assets in related transactions (a) in the ordinary course of

business (b) with an aggregate fair market value of less than \$500,000 in any fiscal year or (c) constituting the incurrence of a Capital Lease Obligation.

"Board Resolution" means a duly authorized resolution of the board of directors.

"Capital Contribution" means any contribution to the common equity of Equinix from a direct or indirect parent of Equinix for which no consideration other than the issuance of common stock with no redemption rights and no special preferences, privileges or voting rights is given.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

- . in the case of a corporation, corporate stock;
- . in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock;
- . in the case of a partnership or limited liability company, partnership or membership interests, whether general or limited; and
- . any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person.

"Cash Equivalents" means:

- . United States dollars;

75

- . securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government, provided that the full faith and credit of the United States is pledged in support of those securities, having maturities of not more than six months from the date of acquisition;
- . certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case with any domestic commercial bank having capital and surplus in excess of \$500 million and a Thompson Bank Watch Rating of "B" or better;
- . repurchase obligations with a term of not more than seven days for underlying securities of the types described in the second clause above entered into with any financial institution meeting the qualifications specified in the third clause above;
- . commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Ratings Group and in each case maturing within six months after the date of acquisition; and
- . money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described above, provided that relating to any Foreign Subsidiary, Cash Equivalents shall also mean those investments that are comparable to the above clauses in such Foreign Subsidiary's country of organization or country where it conducts business operations.

"Change of Control" means the occurrence of any of the following:

- . any "person" or "group," other than a Permitted Holder, is or becomes the "beneficial owner", as such terms are used in Section 13(d) (3) of the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, directly or indirectly, of 35% or more of the Voting Stock, measured by voting power rather than number of shares, of Equinix and the Permitted Holders own, in the aggregate, a lesser percentage of the total Voting Stock, measured by voting power rather than by number of shares, of Equinix than such person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of Equinix;
- . during any period of two consecutive years, Continuing Directors cease for any reason to constitute a majority of the board of directors of Equinix;

- . Equinix consolidates or merges with or into any other person or Equinix and/or any Restricted Subsidiaries sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of the assets and properties of Equinix and the Restricted Subsidiaries on a consolidated basis to any other person, other than a Permitted Holder, other than a consolidation or merger or disposition of assets (a) of or by Equinix into or to a Wholly Owned Restricted Subsidiary of Equinix or (b) subject to the first clause above, in a transaction in which the outstanding Voting Stock of Equinix is changed into or exchanged for securities or other property with the effect that the beneficial owners of the outstanding Voting Stock of Equinix immediately before such transaction, beneficially own, directly or indirectly, at least a majority of the Voting Stock, measured by voting power rather than number of shares, of the surviving corporation or the person to whom Equinix's assets are transferred immediately following such transaction; or
- . the adoption of a plan relating to the liquidation or dissolution of Equinix.

"Commission" means the Securities and Exchange Commission.

"Consolidated Capital Ratio" means, relating to Equinix as of any date, the ratio of the aggregate amount of Indebtedness of Equinix and the Restricted Subsidiaries then outstanding to the Consolidated Equity Capital of Equinix and the Restricted Subsidiaries as of such date. For the purposes of calculating the "Consolidated Capital Ratio";

76

- . any Subsidiary of Equinix that is a Restricted Subsidiary on the Transaction Date shall be deemed to have been a Restricted Subsidiary at the end of the most recently ended fiscal quarter, called the Reference Date; and
- . any Subsidiary of Equinix that is not a Restricted Subsidiary on the Transaction Date shall be deemed not to have been a Restricted Subsidiary on the Reference Date.

In addition to, and without limiting the foregoing, for the purposes of the foregoing, "Consolidated Equity Capital" shall be calculated after giving effect on a pro forma basis as of the Reference Date for, without duplication:

- . any Asset Sales or Asset Acquisitions, including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of Equinix or one of the Restricted Subsidiaries, including any person who becomes a Restricted Subsidiary as the result of the Asset Acquisition, incurring, assuming or otherwise being liable for Acquired Debt, occurring during the period commencing on the Reference Date to and including the Transaction Date, as if such Asset Sale or Asset Acquisition occurred on the Reference Date;
- . any issue or sale of Equity Interests, other than Disqualified Stock but including Equity Interests, other than Disqualified Stock, issued upon the exercise of options, warrants or rights to purchase such Equity Interests, of Equinix or any conversion of Disqualified Stock or debt securities of Equinix into Equity Interests, other than Disqualified Stock, occurring during the period commencing on the Reference Date to and including the Transaction Date, as if such issue, sale or conversion occurred on the Reference Date; and
- . any Restricted Payments made by Equinix, and any sale, disposition or repayment of any Restricted Investment constituting a Restricted Payment, since the Reference Date to and including the Transaction Date, as if such Restricted Payment occurred on the Reference Date.

"Consolidated Cash Flow" means, relating to Equinix for any period, the Consolidated Net Income of Equinix and the Restricted Subsidiaries for such period plus:

- . to the extent that any of the following items were deducted in computing such Consolidated Net Income, but without duplication, (a) provision for taxes based on income or profits of Equinix and the Restricted Subsidiaries for such period, plus (b) consolidated interest expense of Equinix and the Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments, if any, in Hedging Obligations, plus (c) depreciation, amortization, including amortization of goodwill and other intangibles, but excluding amortization of prepaid cash expenses that

were paid in a prior period, and other non-cash expenses, excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period; of Equinix and the Restricted Subsidiaries for such period; minus

- . non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the foregoing, the provision for taxes on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of Equinix shall be added to Consolidated Net Income to compute Consolidated Cash Flow of Equinix only to the extent that a corresponding amount would be permitted at the date of determination to be divided or otherwise distributed to Equinix by such

77

Restricted Subsidiary without prior governmental approval, that has not been obtained, and without direct or indirect restriction under the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its shareholders.

"Consolidated Equity Capital" means, relating to Equinix as of any date, the sum, without duplication, of

- . the additional paid-in capital of the common shareholders reflected on the consolidated balance sheet of Equinix and the Restricted Subsidiaries as of such date; plus
- . the respective amounts reported on Equinix's balance sheet as of such date relating to any series of Capital Stock, other than Disqualified Stock, not included in the first clause above; less
- . (a) all write-ups, other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business, after the Issue Date in the book value of any asset owned by Equinix or a Restricted Subsidiary, (b) all outstanding net Investments as of such date in persons that are not Restricted Subsidiaries, without giving effect to any write-down or write-off, and (c) the aggregate amount of all Restricted Payments declared or made on or after the Issue Date other than (1) Investments in persons that are not Restricted Subsidiaries and (2) Restricted Payments made according to the third clause of the second paragraph of the "Restricted Payments" covenant.

"Consolidated Leverage Ratio" means, relating to Equinix, as of any date, the ratio of:

- . the aggregate consolidated amount of Indebtedness of Equinix and the Restricted Subsidiaries then outstanding; to
- . the annualized Consolidated Cash Flow of Equinix and the Restricted Subsidiaries for the most recently ended fiscal quarter.

For purposes of calculating "Consolidated Cash Flow" for any fiscal quarter for purposes of this definition:

- . any Subsidiary of Equinix that is a Restricted Subsidiary on the Transaction Date shall be deemed to have been a Restricted Subsidiary at all times during such fiscal quarter; and
- . any Subsidiary of Equinix that is not a Restricted Subsidiary on the Transaction Date shall be deemed not to have been a Restricted Subsidiary at any time during such fiscal quarter.

In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated Cash Flow" shall be calculated after giving effect on a pro forma basis for the applicable fiscal quarter to, without duplication, any Asset Sales or Asset Acquisitions, including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of Equinix or one of the Restricted Subsidiaries, including any person who becomes a Restricted Subsidiary as a result of the Asset Acquisition, incurring, assuming or otherwise being liable for Acquired Debt, occurring during the period commencing on the first day of such fiscal quarter to and including the Transaction Date, as if such Asset Sale or Asset Acquisition occurred on the first day of such fiscal quarter.

"Consolidated Net Income" means, relating to Equinix for any period, the aggregate of the Net Income of Equinix and the Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

- . the Net Income, but not loss, of any person that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to Equinix or a Restricted Subsidiary of Equinix by such person but not in excess of Equinix's Equity Interests in such person;
- . the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not

78

at the date of determination permitted without any prior governmental approval, that has not been obtained, or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its shareholders, except that Equinix's equity in the net income of any such Restricted Subsidiary for such period may be included in such Consolidated Net Income (a) up to the aggregate amount of cash that could have been distributed by such Restricted Subsidiary during such period to Equinix as a dividend and (b) if the only restriction on the declaration or payment of dividends or similar distributions by such Restricted Subsidiary is a restriction of the type described in the second clause of the second paragraph of the "Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" covenant;

- . the Net Income of any person acquired in a pooling of interests transaction for any period before the date of such acquisition shall be excluded;
- . the equity of Equinix or any Restricted Subsidiary in the net income, if positive, of any Unrestricted Subsidiary shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Unrestricted Subsidiary during such period to Equinix or a Restricted Subsidiary as a dividend or other distribution, but not in excess of the amount of the Net Income of such Unrestricted Subsidiary for such period;
- . the cumulative effect of a change in accounting principles shall be excluded;
- . all extraordinary, unusual or nonrecurring gains or losses, net of fees and expenses relating to the transaction giving rise thereto, shall be excluded;
- . any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan shall be excluded; and
- . gains or losses in respect of any Asset Sales, net of fees and expenses relating to the transaction giving rise thereto, shall be excluded.

"Consolidated Tangible Assets" of Equinix as of any date means the total amount of assets of Equinix and the Restricted Subsidiaries, less applicable reserves, on a consolidated basis at the end of the fiscal quarter immediately preceding such date, as determined in accordance with GAAP, less:

- . unamortized debt and debt issuance expenses, deferred charges, goodwill, patents, trademarks, copyrights, and all other items which would be treated as intangibles on the consolidated balance sheet of Equinix and the Restricted Subsidiaries prepared in accordance with GAAP; and
- . appropriate adjustments on account of minority interests of other Persons holding equity investments in Restricted Subsidiaries;

in the case of each of the clauses above, as reflected on the consolidated balance sheet of Equinix and the Restricted Subsidiaries.

"Continuing Directors" means individuals who at the beginning of the period of determination constituted the board of directors of Equinix, together with any new directors whose election by the board of directors or whose nomination for election by the shareholders of Equinix was approved by a vote of a majority of the directors of Equinix then still in office who were either directors at the beginning of the period or whose election or nomination for election was previously so approved or is the designee of any one of the Permitted Holders, or any combination of Permitted Holders, or was nominated or elected by any such Permitted Holder(s) or any of their designees.

"Cumulative Consolidated Cash Flow" means, as of any date of determination, the cumulative Consolidated Cash Flow realized during the period commencing on the first day of the fiscal quarter which includes the Issue Date and ending on the last day of the last fiscal quarter for which reports have been filed

79

with the Commission or provided to the trustee preceding the date of the event requiring such calculation to be made.

"Currency Agreement" means, relating to any person, any foreign exchange contract, currency swap agreement or other similar agreement as to which such person is a party or beneficiary.

"Disqualified Stock" means any Equity Interest that, by its terms, or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of its holder, or upon the happening of any event, matures or is mandatorily redeemable, under a sinking fund obligation or otherwise, or redeemable at the option of its holder, in whole or in part, on or before the date that is 91 days after the date on which the notes mature; provided, however, that any Equity Interest that would constitute Disqualified Stock solely because its holders have the right to require Equinix to repurchase such Equity Interest upon the occurrence of a Change of Control or an Asset Sale shall not constitute Disqualified Stock if the terms of such Equity Interest provide that Equinix may not repurchase or redeem any such Equity Interest under such provisions unless such repurchase or redemption complies with the covenant described above under the "Restricted Payments" covenant.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Exchange Facility" means a facility providing equipment colocation, direct high-speed connections, switched interconnections and related services to third party internet related businesses and operations.

"Existing Indebtedness" means Indebtedness of Equinix and the Restricted Subsidiaries in existence on the Issue Date, until such amounts are repaid.

"Foreign Subsidiary" means any Restricted Subsidiary of Equinix which:

- . is not organized under the laws of the United States, any state or the District of Columbia; and
- . conducts substantially all of its business operations outside the United States of America.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date.

"Government Securities" means securities that are:

- . direct obligations, or certificates representing an ownership interest in such obligations, of the United States of America, including any government agency or instrumentally, the payment of which the full faith and credit of the United States of America is pledged;
- . obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America; or
- . obligations of a person the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America.

80

"Guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any Indebtedness of any other person:

- . to purchase or pay, or advance or supply funds for the purchase or payment of, such Indebtedness of such other person, whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise; or
- . entered into for purposes of assuring in any other manner the obligee of such Indebtedness of its payment of indebtedness or to protect such obligee against any loss, in whole or in part;

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee"

used as a verb has a corresponding meaning.

"Hedging Obligations" means, relating to any person, the obligations of such person under any Interest Rate Agreement or Currency Agreement.

"Indebtedness" means, relating to any person, any indebtedness of such person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit, or related reimbursement agreements, or banker's acceptances or representing Capital Lease Obligations or the balance of the deferred and unpaid purchase price of any property or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing, other than letters of credit, or related reimbursement agreements, banker's acceptances and Hedging Obligations, would appear as a liability upon a balance sheet of such person prepared in accordance with GAAP, as well as all Indebtedness of others secured by a Lien on any asset of such person, whether or not such Indebtedness is assumed by such person, Disqualified Stock of such person and Preferred Stock of such person's Restricted Subsidiaries and, to the extent not otherwise included, the Guarantee by such person of any Indebtedness of any other person. The amount of any Indebtedness outstanding as of any date shall be:

- . its accreted value, in the case of any Indebtedness issued with original issue discount, but the accretion of original issue discount in accordance with the original terms of Indebtedness issued with an original issue discount will not be deemed to be an incurrence; or
- . its principal amount, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

Notwithstanding the foregoing, money borrowed and set aside at the time of the incurrence of any Indebtedness to prefund the payment of interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest.

"Interest Rate Agreement" means, relating to any person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such person is a party or beneficiary.

"Investments" means, relating to any person, all investments by such person in other persons, including affiliates, in the forms of direct or indirect loans, including Guarantees of Indebtedness or other obligations, advances or capital contributions, excluding commission, travel and similar advances to directors, officers and employees made in the ordinary course of business, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Equinix or any of the Restricted Subsidiaries sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such person is no longer a Restricted Subsidiary, Equinix shall be deemed to have made an Investment on the date of any such sale or disposition equal to the

81

fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the "Restricted Payments" covenant.

"Issue Date" means the date of first issuance of the notes under the indenture.

"Lien" means, relating to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any related lease, any option or other agreement to sell or give a security interest in, and any filing of or agreement to give any financing statement under the Uniform Commercial Code, or equivalent statutes, of any jurisdiction.

"Net Cash Proceeds" means the aggregate amount of cash or Cash Equivalents received by Equinix in the case of a sale, or Capital Contribution in respect, of Capital Stock and by Equinix and the Restricted Subsidiaries in respect of an Asset Sale plus, in the case of an issuance of Capital Stock upon any exercise, exchange or conversion of securities, including options, warrants, rights and convertible or exchangeable debt, of Equinix that were issued for cash on or after the Issue Date, the amount of cash originally received by Equinix upon the issuance of such securities, including options, warrants, rights and convertible or exchangeable debt, less, in each case, the sum of all payments, fees, commissions and reasonable and customary expenses, including, without limitation, the fees and expenses of legal counsel and investment banking fees and expenses, incurred in connection with such Asset Sale or sale of Capital Stock, and, in the case of an Asset Sale only, less the amount,

estimated reasonably and in good faith by Equinix, of income, franchise, sales and other applicable federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability by Equinix or any of its respective Restricted Subsidiaries in connection with such Asset Sale in the taxable year that such sale is consummated or in the immediately succeeding taxable year, the computation of which shall take into account the reduction in tax liability resulting from any available operating losses and net operating loss carryovers, tax credits and tax credit carryforwards, and similar tax attributes.

"Net Income" means, relating to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

- . any gain, but not loss, together with any related provision for taxes on such gain, but not loss, realized in connection with (a) any Asset Sale or (b) the disposition of any securities by such person or any of the Restricted Subsidiaries; and
- . any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"Newly Raised Capital" means funds raised by Equinix and the Restricted Subsidiaries after the Issue Date.

"Non-Recourse Debt" means Indebtedness:

- . as to which neither Equinix nor an Restricted Subsidiary (a) provides any Guarantee or credit support of any kind, including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness or (b) is directly or indirectly liable, as a guarantor or otherwise; and
- . no default relating to which, including any rights that its holders may have to take enforcement action against an Unrestricted Subsidiary, would permit, upon notice, lapse of time or both, any holder of any other Indebtedness of Equinix or any Restricted Subsidiary to declare a default under such other Indebtedness or cause its payment to be accelerated or payable before its Stated Maturity.

"Officer" means the President, the Chief Executive Officer, the Chief Financial Officer and any vice president of Equinix.

82

"Officers' Certificate" means a certificate signed by two Officers.

"Permitted Business" means the business of designing, constructing, owning, operating and leasing space within Exchange Facilities together with any other activity reasonably related thereto.

"Permitted Credit Facility" means any senior commercial term loan and/or revolving credit facility, including any letter of credit subfacility, entered into principally with commercial banks and/or other persons typically party to commercial loan agreements.

"Permitted Foreign Credit Facility" means any senior commercial term loan and/or revolving credit facility, including any letter of credit subfacility, entered into principally with commercial banks and/or other persons typically party to commercial loan agreements having only Foreign Subsidiaries as obligors thereunder; provided that Equinix may be a guarantor of any such Permitted Foreign Credit Facility.

"Permitted Holder" means Benchmark Capital Partners II, L.P., Cisco Systems, Inc., Microsoft Corporation, News Corp., Albert M. Avery, IV, Jay S. Adelson and their respective Related Persons.

"Permitted Investments" means:

- . any Investment in Equinix or in a Restricted Subsidiary of Equinix that is engaged entirely or substantially entirely in a Permitted Business;
- . any Investment in Cash Equivalents;
- . any Investment by Equinix or any of the Restricted Subsidiaries in a person, if as a result of such Investment (a) such person becomes a Restricted Subsidiary of Equinix that is engaged entirely or substantially entirely in a Permitted Business or (b) such person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Equinix or a Restricted Subsidiary of Equinix that is engaged entirely or substantially entirely in a Permitted Business;
- . loans or advances to employees of Equinix or any Restricted Subsidiary in an amount not to exceed \$5 million at any time outstanding;

- . any Investment made as a result of the receipt of non-cash consideration from an Asset Sale made in compliance with the "Asset Sales" covenant; and
- . Investments in securities of trade creditors or customers received under any plan of reorganization or similar arrangement arising out of the bankruptcy or insolvency of such trade creditors or customers.

"Permitted Liens" means:

- . Liens to secure Indebtedness (a) permitted by the sixth and seventh clauses of the second paragraph of the "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, provided that relating to Liens to secure Indebtedness permitted by the seventh clause of the covenant or any Permitted Refinancing Indebtedness of such Indebtedness, such Lien must cover only the assets acquired with such Indebtedness, and (b) incurred under a Permitted Credit Facility or a Permitted Foreign Credit Facility and permitted by the fifth clause of the second paragraph of the "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant;
- . Liens in favor of Equinix or any Restricted Subsidiary;
- . Liens on property of a person existing at the time such person is merged with or into or consolidated with Equinix or any of the Restricted Subsidiaries, provided that such Liens were in existence before the contemplation of such merger or consolidation and do not extend to any assets other than those of the person merged into or consolidated with Equinix or such Restricted Subsidiary;
- . Liens on property existing at the time of its acquisition by Equinix or any of the Restricted Subsidiaries, provided that such Liens were in existence before the contemplation of such acquisition;

83

- . Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- . Liens existing on the Issue Date;
- . Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;
- . zoning restrictions, rights-of-way, easements and similar charges or encumbrances incurred in the ordinary course which in the aggregate do not detract from the value of the property;
- . Liens securing the notes;
- . Liens incurred in the ordinary course of business of Equinix or any of the Restricted Subsidiaries relating to obligations that do not exceed 5% of Equinix's Consolidated Tangible Assets at any one time outstanding and that (a) are not incurred in connection with the borrowing of money or the obtaining of advances or credit, other than trade credit in the ordinary course of business and (b) do not in the aggregate materially detract from the value of the property or materially impair its use in the operation of business by Equinix or such Restricted Subsidiary; and
- . Liens securing money borrowed, or any securities purchased therewith, which is, or are, in the case of securities, set aside at the time of the incurrence of any Indebtedness permitted to be incurred under the "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant to prefund the payment of interest on such Indebtedness.

"Permitted Recourse Debt" means Indebtedness as to which Equinix is contingently liable as a guarantor or indemnitor or as to which Equinix has agreed to otherwise provide credit support, in any such case to the extent that the maximum possible liability of Equinix in respect of any such Indebtedness, at the time of its incurrence by Equinix is permitted to be incurred as Permitted Indebtedness under the fourth clause of its definition.

"Permitted Refinancing Indebtedness" means any Indebtedness of Equinix or any of the Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of Equinix or any of the Restricted Subsidiaries, other than Indebtedness incurred under the third, fourth, fifth, seventh or eighth clauses of the definition of Permitted Indebtedness; provided that:

- . the principal amount, or accreted value, if applicable, of such

Permitted Refinancing Indebtedness does not exceed the principal amount of, or accreted value, if applicable, plus accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded, plus the amount of any premium required to be paid in connection with such refinancing under the terms of such Indebtedness or otherwise reasonably determined by Equinix to be necessary and reasonable expenses incurred in connection therewith;

- . such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- . if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness is expressly subordinated in right of payment to, the notes on terms at least as favorable to the holders as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- . if such Permitted Refinancing Indebtedness refinances Indebtedness of a Restricted Subsidiary, such Permitted Refinancing Indebtedness is incurred either by Equinix or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

84

- . such Permitted Refinancing Indebtedness is secured only by the assets, if any, that secured the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Preferred Stock" means any Equity Interest of any class or classes of a person, however designated, which is preferred as to payments of dividends, or as to distributions upon any liquidation or dissolution, over Equity Interests of any other class of such person.

"Purchase Money Indebtedness" means Indebtedness, including Acquired Debt, in the case of Capital Lease Obligations, mortgage financings and purchase money obligations, incurred for the purpose of financing all or any part of the cost of the engineering, construction, installation, importation, acquisition, lease, development or improvement of any assets used by Equinix or any Restricted Subsidiary in a Permitted Business, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, as the same may be amended, supplemented, modified or restated from time to time. Equinix in its sole discretion shall determine whether any item of Indebtedness or portion of Indebtedness meeting the foregoing criteria shall be classified as Purchase Money Indebtedness for the purposes of the covenant "Incurrence of Indebtedness and Issuance of Preferred Stock."

"Qualified Consideration" means all assets, rights, contractual or otherwise, and properties, whether tangible or intangible, used or intended for use in a Permitted Business and the Equity Interests of a person engaged entirely or substantially entirely in a Permitted Business.

"Related Person" means any person who controls, is controlled by or is under common control with a Permitted Holder; provided, that for purposes of this definition "control" means the beneficial ownership of more than 50% of the total voting power of a person normally entitled to vote in the election of directors managers or trustees, as applicable, of a person; provided, further, that relating to any natural person, each member of such person's immediate family shall be deemed to be a Related Person of such person.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Subsidiary" of a person means any Subsidiary of the referent person that is not an Unrestricted Subsidiary. Unless the context specifically requires otherwise, Restricted Subsidiary includes a direct or indirect Restricted Subsidiary of Equinix.

"Senior Debt" means all Indebtedness of Equinix which is not expressly by its terms, subordinate or junior in right of payment to the notes.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Act, as such Regulation is in effect on the Issue Date.

"Stated Maturity" means, relating to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations

to repay, redeem or repurchase any such interest or principal before the date originally scheduled for its payment.

"Subordinated Indebtedness" means Indebtedness of Equinix that is subordinated in right of payment by its terms or the terms of any document or instrument or instrument relating thereto to the notes, in any respect.

"Subsidiary" means, relating to any person:

- . any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled, without regard to the occurrence of any contingency, to vote in the election of directors, managers or trustees of the entity, is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of that person, or a combination; and

85

- . any partnership (a) the sole general partner or the managing general partner of which is such person or a Subsidiary of such person or (b) the only general partners of which are such person or one or more Subsidiaries of such person, or any combination.

"Transaction Date" means the date of the transaction giving rise to the need to calculate the Consolidated Leverage Ratio or the Consolidated Capital Ratio, as the case may be.

"Unrestricted Subsidiary" means any Subsidiary of Equinix that is designated by the board of directors as an Unrestricted Subsidiary by a Board Resolution; but only to the extent that such Subsidiary at the time of such designation:

- . has no Indebtedness other than Non Recourse Debt and Permitted Recourse Debt;
- . is a person relating to which neither Equinix nor any of the Restricted Subsidiaries has any direct or indirect obligation to maintain or preserve such person's financial condition or to cause such person to achieve any specified levels of operating results; and
- . has not Guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Equinix or any of the Restricted Subsidiaries.

Any such designation by the board of directors shall be evidenced by filing with the trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions and was permitted by the "Restricted Payments" covenant. The board of directors of Equinix may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Equinix of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if:

- . such Indebtedness is permitted under the "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and
- . no default or Event of Default would be in existence following such designation.

"U.S. Government Securities" means securities that are direct obligations of the United States of America for the payment of which its full faith and credit is pledged.

"Voting Stock" of any person as of any date means the Capital Stock of such person that is at the time entitled to vote in the election of the board of directors of such person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- . the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years, calculated to the nearest one-twelfth, that will elapse between such date and the making of such payment; by
- . the then outstanding principal amount of such Indebtedness.

"Wholly-Owned Restricted Subsidiary" of any person means a Restricted Subsidiary of such person all of the outstanding Capital Stock or other ownership interests of which, other than directors' qualifying shares, shall at

the time be owned by such person or by such person and one or more Wholly Owned Restricted Subsidiaries of such person or by one or more Wholly Owned Restricted Subsidiaries of such person.

86

#### BOOK-ENTRY; DELIVERY AND FORM

Except as described below, we will initially issue the exchange notes in the form of one or more registered exchange notes in global form without coupons. We will deposit each global note on the date of the closing of the exchange offer with, or one behalf of, DTC in New York, New York, and register the exchange notes in the name of DTC or its nominee, or will leave such notes in the custody of the trustee.

#### Depository Procedures

The descriptions of the operations and procedures of DTC, Euroclear and Cedel set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Equinix takes no responsibility for these operations or procedures, and you are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is:

- . a limited purpose trust company organized under the laws of the State of New York;
- . a "banking organization" within the meaning of the New York Banking Law;
- . a member of the Federal Reserve System;
- . a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended; and
- . a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's participants include securities brokers and dealers, including the initial purchasers, banks and trust companies, clearing corporations and various other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies, as indirect participants, that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

Equinix expects that under procedures established by DTC:

- . upon deposit of each global note, DTC will credit the accounts of participants designated by the initial purchasers with an interest in such global note; and
- . ownership of the notes will be shown on, and the transfer of their ownership will be effected only through, records maintained by DTC, relating to the interests of participants, and the records of participants and the indirect participants, relating to the interests of persons other than participants.

The laws of some jurisdictions may require that purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a global note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a global note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note will not

87

be entitled to have notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of

certificated notes, and will not be considered as owners or holders under the indenture for any purpose, including relating to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a global note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of notes under the indenture or such global note. Equinix understands that under existing industry practice, in the event that Equinix requests any action of holders of notes, or a holder that is an owner of a beneficial interest in a global note desires to take any action that DTC, as the holder of such global note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither Equinix nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such notes.

Payments relating to any notes, including relating to the principal of, and premium, if any, liquidated damages, if any, and interest on, any notes, represented by a global note registered in the name of DTC or its nominee on the applicable record date will be payable by the trustee, as applicable, to or at the direction of DTC or its nominee in its capacity as the registered holder of the global note representing such notes under the indenture. Under the terms of the indenture, Equinix and the trustee may treat the persons in whose names the notes, including the global notes representing such notes, are registered as their owners for the purpose of receiving payment on the notes and for any and all other purposes whatsoever. Accordingly, neither Equinix nor the trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a global note (including principal, premium, if any, liquidated damages, if any, and interest on any notes). Payments by the participants and the indirect participants to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Cedel will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Cedel participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Cedel, as the case may be, by its respective depository; however, such crossmarket transactions will require delivery of instructions to Euroclear or Cedel, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines, Brussels time, of such system. Euroclear or Cedel, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Cedel participants may not deliver instructions directly to the depositories for Euroclear or Cedel.

Because of time zone differences, the securities account of a Euroclear or Cedel participant purchasing an interest in a global note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Cedel participant, during the securities settlement processing day, which must be a business day for Euroclear and Cedel, immediately following the settlement date of DTC. Cash received in Euroclear or Cedel as a result of sales of interest in a global note by or through a Euroclear or Cedel participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Cedel cash account only as of the business day for Euroclear or Cedel following DTC's settlement date.

88

Although DTC, Euroclear and Cedel have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Cedel, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither Equinix nor the trustee will have any responsibility for the performance by DTC, Euroclear or Cedel or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC and Year 2000 Problems. DTC's management is aware that some computer applications, systems, and the like for processing data that are dependent upon calendar dates, including dates before, on or after January 1, 2000, may encounter "Year 2000 problems." DTC has informed participants and other members

of the financial community that it has developed and is implementing a program so that its systems, as the same relate to the timely payment of distributions, including principal and income payments, to securityholders, book-entry deliveries, and settlement of trades within DTC, continue to function appropriately. This program includes a technical assessment and a remediation plan, each of which is complete. Additionally, DTC's plan includes a testing phase, which is expected to be completed within appropriate time frames. However, DTC's ability to perform its services properly is also dependent upon other parties, including but not limited to Equinix and its agents, as well as third party vendors from whom DTC licenses software and hardware, and third party vendors on whom DTC relies for information or the provision of services, including telecommunication and electrical utility service providers, among others. DTC has informed the financial community that it is contacting, and will continue to contact, third party vendors from whom DTC acquires services to impress upon them the importance of such services being Year 2000 compliant, and to determine the extent of their efforts for Year 2000 remediation and, as appropriate, testing of their services. In addition, DTC is in the process of developing such contingency plans as it deems appropriate.

According to DTC, the foregoing information relating to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

#### Certificated Notes

If:

- . Equinix notifies the trustee in writing that DTC is no longer willing or able to act as a depository or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depository is not appointed within 90 days of such notice or cessation;
- . Equinix, at its option, notifies the trustee in writing that they elect to cause the issuance of the notes in certificated form under the indenture; or
- . upon the occurrence of other events as provided in the indenture;

then, upon surrender by DTC of such global notes, Certificated Securities will be issued to each person that DTC identifies as the beneficial owner of the notes represented by such global notes. Upon any such issuance, the trustee is required to register such certificated securities in the name of such person or persons, or the nominee of any person or persons, and cause the same to be delivered to such person or persons.

Neither the Equinix nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes, including relating to the registration and delivery, and the respective principal amounts, of the notes to be issued.

#### UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of the material United States federal income tax considerations relevant to the exchange of the initial notes for exchange notes pursuant to the exchange offer and to the ownership and disposition of the exchange notes. The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury Regulations, Internal Revenue Service ("IRS") rulings and pronouncements and judicial decisions all in effect as of the date hereof, all of which are subject to change at any time, and any such change may be applied retroactively in a manner that could adversely affect a holder of the initial notes or the exchange notes. The discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special tax rules, such as certain financial institutions, insurance companies, dealers in securities or currencies, tax-exempt organizations and persons holding the initial notes or exchange notes as part of a "straddle," "hedge" or "conversion transaction." Moreover, the effect of any applicable state, local or foreign tax laws is not discussed. The discussion below assumes that the initial notes and exchange notes are held as "capital assets" within the meaning of Section 1221 of the Code. For purposes of this summary, the term "Equinix" refers only to Equinix, Inc. and not to any of its subsidiaries. Also, in this description the term "notes" refers to the "initial notes" and "exchange notes" collectively.

As used herein, "U.S. holder" means a beneficial owner of an exchange note who or that (i) is a citizen or resident of the United States, (ii) is a corporation, partnership or other entity created or organized in or under the laws of the United States, or political subdivision of the United States, (iii) is an estate the income of which is subject to U.S. federal income taxation regardless of its source, (iv) is a trust if (A) a U.S. court is able to

exercise primary supervision over the administration of the trust and (B) one or more U.S. fiduciaries have authority to control all substantial decisions of the trust, or (v) is otherwise subject to U.S. federal income tax on a net income basis in respect of the exchange notes. As used herein, a "non-U.S. holder" means a holder who or that is not a U.S. holder.

Persons considering exchanging their initial notes for exchange notes should consult their own tax advisors with regard to the application of the United States federal income tax considerations discussed below to their particular situations as well as the application of any state, local, foreign or other tax laws, including gift and estate tax laws and any applicable tax treaty.

#### Federal Income Tax Consequences of the Exchange Offer

The exchange of the initial notes for the exchange notes in accordance with the exchange offer should not be treated as an exchange for federal income tax purposes because the exchange notes should not be considered to differ materially in kind or in extent from the initial notes. Rather, the exchange notes received by a holder should be treated as a continuation of the initial notes in the hands of such holder. As a result, there should be no federal income tax consequences to holders exchanging the initial notes for exchange notes in accordance with the exchange offer, and the federal income tax consequences of holding and disposing of the exchange notes should be the same as the federal income tax consequences of holding and disposing of the initial notes. Accordingly, the holder must, among other things, continue to include original issue discount ("OID") in income as if the exchange had not occurred. See below, "--The Exchange Notes--Original Issue Discount", for a description of the OID rules applicable to the exchange notes.

#### U.S. Holders

##### The Exchange Notes

Interest. The stated interest on the exchange notes generally will be taxable to a U.S. holder as ordinary income at the time that it is paid or accrued, in accordance with the U.S. holder's method of accounting for

90

federal income tax purposes. Failure of Equinix to continue to cause the registration statement of which this prospectus is a part to continue to be effective or useable in connection with its intended purpose under the registration rights agreement as described under "The Exchange Offer; Purpose of the Exchange Offer" may result in the payment of predetermined liquidated damages in the manner described therein, which payments will be treated as additional interest on the notes. According to Treasury Regulations, the possibility of a change in the interest rate will not affect the amount of interest income recognized by a U.S. holder (or the timing of such recognition) if the likelihood of the change, as of the date the initial notes were issued, was remote. Equinix believes that as of the date the initial notes were issued, the likelihood of a change in the interest rate on such notes was remote and has not and does not intend to treat the possibility of a change in the interest rate as affecting the yield to maturity of any initial notes or exchange notes. There can be no assurance that the IRS will agree with such position.

Original Issue Discount. The initial notes were issued as part of an investment unit comprised of \$1,000 principal amount of initial notes and one warrant to purchase shares of the common stock of Equinix. Equinix and the initial purchasers of the initial notes (the "Initial Purchasers") allocated in the purchase agreement for the initial notes a purchase price of \$949.35 to each \$1,000 principal amount at maturity of initial notes. This allocation reflected Equinix's and the Initial Purchasers' judgement as to the relative values of the initial notes and warrants at the time of issuance but is not binding on the IRS.

Equinix's and the Initial Purchaser's allocation of the issue price of the units will be binding on U.S. holders of exchange notes who acquire such notes in the exchange offer in exchange for initial notes that were in turn acquired by such holder directly from Equinix, unless the U.S. holder discloses the use of a different allocation in a statement attached to its timely federal income tax return for the year in which the unit was acquired. If a U.S. holder acquired a unit at a price different from that on which Equinix's and the Initial Purchaser's allocation is based, such holder may be treated as having acquired the initial notes for an amount greater or less than the amount allocated to such notes as set forth above thereby resulting in market discount or bond premium, as discussed below. U.S. holders considering the use of an issue price allocation different from that described above should consult their tax advisors as to the consequences thereof.

The initial notes will have OID in an amount equal to the excess of the stated redemption price at maturity over the issue price of such initial notes (as discussed above) and the exchange notes that are acquired in the exchange offer will have the same amount of OID. U.S. holders will be required to include OID in ordinary income over the period that they hold the exchange

notes in advance of the receipt of cash attributable thereto. The amount of OID to be included in income will be an amount equal to the sum of the daily portions of OID for each day during the taxable year in which the exchange notes are held.

The daily portions of OID are determined by allocating to each day in an accrual period (which may be of any length and may vary over the term of the exchange notes, at the option of the holder, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest on the exchange notes occurs on the first or last day of an accrual period) the pro rata portion of the OID allocable to the accrual period. The amount of OID that is allocable to an accrual period generally will be the excess of the product of the adjusted issue price of the exchange note at the beginning of the accrual period (the issue price of the exchange note determined as described above, generally increased by all prior accruals of OID) and the yield to maturity of the exchange note (calculated on a constant yield basis appropriately adjusted for the length of the accrual period) over the stated interest paid during the accrual period or on the first day of the succeeding accrual period. In general, the constant yield method will result in a greater portion of such discount being included in income in the later part of the term of the exchange note. Any amount of OID included in income will increase a U.S. holder's tax basis in the exchange notes.

Equinix is required to furnish certain information to the IRS, and will furnish annually to record holders of exchange notes, information relating to OID accruing during the calendar year. That information will be based upon the adjusted issue price of the initial notes that were exchanged for the exchange notes as if the holder were the original holder of the initial notes.

91

A U.S. holder who purchases an exchange note for an amount other than the adjusted issue price of the initial notes and/or on a date other than the end of an accrual period will be required to determine for itself the amount of OID, if any, it is required to include in gross income for U.S. federal income tax purposes.

**Optional Redemption.** Under the Treasury Regulations, for purposes of computing OID, Equinix will be presumed to exercise its option to redeem the exchange notes if, by utilizing the date of exercise of the call option as the maturity date and the redemption price as the stated redemption price at maturity, the yield on the exchange notes would be lower than such yield would be if the option were not exercised. See "Description of the Exchange Notes--Optional Redemption."

If Equinix's option to redeem the exchange notes were presumed exercised on a given date (the "Presumed Exercise Date"), the exchange notes would bear additional OID in an amount equal to the amount for which the exchange notes could be redeemed (the "Redemption Amount") over their issue price. For purposes of calculating the current inclusion of such discount, the yield on the exchange notes would be computed on their issue date by treating the Presumed Exercise Date as the maturity date of the exchange notes and the Redemption Amount as their stated principal amount due at maturity. If Equinix's option to redeem the exchange notes were presumed exercised but were not exercised in fact on the Presumed Exercise Date, the exchange notes would be treated, for certain purposes, as if the option were exercised and new debt instruments were issued on the Presumed Exercise Date for an amount of cash equal to the Redemption Amount. In such case, it appears that any payment of stated interest due under the exchange notes after the Presumed Exercise Date would constitute qualified stated interest (rather than OID) and would be taxable as ordinary interest income at the time such interest was accrued or was received, in accordance with such U.S. holder's regular method of accounting for tax purposes.

**Market Discount and Bond Premium.** If a U.S. holder purchases exchange notes or has purchased initial notes for an amount that is less than the adjusted issue price of such exchange notes or initial notes, as the case may be, the amount of difference will generally be treated as market discount for U.S. Federal income tax purposes. In such case, any principal payment on and gain realized on the sale, exchange or retirement of the exchange notes and unrealized appreciation on certain nontaxable dispositions of the exchange notes will be treated as ordinary income to the extent of any market discount that has not previously been included in gross income and that is treated as having accrued on such exchange notes or initial notes that were exchanged for such exchange notes, by the time of such payment or disposition. If a U.S. holder makes a gift of exchange notes, accrued market discount, if any, will be recognized as if such holder has sold such exchange notes for a price equal to their fair market value. In addition, the U.S. holder may be required to defer, until the maturity of the exchange notes or their earlier disposition in a taxable transaction, the deduction of a portion of the interest expense on any indebtedness incurred or continued to purchase or carry such exchange notes or initial notes that were exchanged for such exchange notes.

Unless the U.S. holder elects to treat market discount as accruing on a constant yield method, market discount will be treated as accruing on a

straight-line basis over the remaining term of the exchange notes. An election made to include market discount in income as it accrues will apply to all debt instruments acquired by the U.S. holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

If a U.S. holder purchases an exchange note for an amount in excess of all amounts payable on the exchange note after the purchase date, other than payments of stated interest, such excess will be treated as bond premium. In general, a U.S. holder may elect to amortize bond premium over the remaining term of the exchange note on a constant yield method. The amount of bond premium allocable to any accrual period is offset against the stated interest allocable to such accrual period (any excess may be deducted, subject to certain limitations). An election to amortize bond premium applies to all taxable debt instruments held at the beginning of the first taxable year to which such election applies and thereafter acquired by the U.S. holder and may be revoked only with the consent of the IRS.

92

**Sale or Retirement of Exchange Notes.** Upon the sale, retirement, redemption or other taxable disposition of exchange notes, a U.S. holder will generally recognize gain or loss in an amount equal to the difference between (a) the amount of cash and the fair market value of other property received in exchange therefor (other than amounts attributable to accrued but unpaid stated interest) and (b) the U.S. holder's adjusted tax basis in such exchange notes. Any gain or loss recognized will generally be capital gain or loss, and such capital gain or loss will generally be long-term capital gain or loss if the exchange notes have been held by the U.S. holder for more than one year (including, in the case of a U.S. holder who acquired the exchange notes in exchange for initial notes, the period of time the initial notes were held by such U.S. holder) and otherwise will be a short-term capital gain or loss.

A U.S. holder's tax basis in an exchange note that was acquired in exchange for an initial note that was in turn acquired in the initial issuance from Equinix will generally be equal to the issue price allocated to such initial note as described above under "--The Exchange Notes--Original Issue Discount", increased by the amount of OID, if any, included in gross income before the date of the disposition, and decreased by the amount of any payment, other than stated interest, on such note before disposition.

U.S. holders should be aware that the resale of the exchange notes may be affected by the market discount rules of the Code as described above under "--The Exchange Notes--Market Discount and Bond Premium" under which a purchaser of an initial note or an exchange note acquiring such note at a market discount generally would be required to include as ordinary income a portion of the gain realized upon the disposition or retirement of such note, to the extent of the market discount that has accrued but not been included in income while such note was held by such purchaser.

#### Non-U.S. Holders

Interest or redemption proceeds paid to non-U.S. holders of the exchange notes generally will not be subject to U.S. Federal withholding tax provided that (a) the non-U.S. holder does not actually or constructively own 10 percent or more of a total combined voting power of all classes of stock of Equinix entitled to vote, (b) the non-U.S. holder is not a "controlled foreign corporation" (within the meaning of the Code) that is related to Equinix through stock ownership, (c) either (1) the beneficial owner of the exchange notes provides Equinix or its agent with a statement signed under penalties of perjury that includes its name and address and certifies that it is not a United States person or (2) a securities clearing organization, bank, or other financial institution that holds customers' securities in the ordinary course of its business (a "financial institution") certifies to Equinix or its agent, under penalties of perjury, that such a statement has been received from the beneficial owner by it or another financial institution and furnished to Equinix or its agent a copy of the statement and (d) the exchange notes are in registered form. If these requirements cannot be met, a non-U.S. holder will be subject to U.S. withholding tax at a rate of 30 percent (or lower treaty rate, if applicable) on interest payments. Although U.S. tax will also be imposed against OID on the exchange notes before payment, such tax will only be withheld from stated interest payments on the exchange notes. However, such additional withholding may result in U.S. withholding tax on stated interest payments exceeding 30 percent.

In general, any gain realized by any non-U.S. Holder upon the sale, exchange or redemption of an exchange note will not be subject to Federal income or withholding tax unless (i) a non-U.S. holder is an individual and is present in the U.S. for a total of 183 days or more during the taxable year in which the gain is realized, (ii) the gain is effectively connected with the conduct of a trade or business of the holder in the U.S., or in the case of certain residents of countries which have an income tax treaty in force with the U.S., attributable to a permanent establishment (or in the case of an individual a fixed base) in the U.S. as such terms are defined in the applicable tax treaty, (iii) the holder is subject to tax in accordance with the provisions of U.S.

tax law applicable to certain U.S. expatriates (including certain former citizens or residents of the U.S.) or (iv) Equinix is or has been a "United States real property holding corporation" at any time within the shorter of the five-year period preceding such disposition or such holder's holding period. Equinix does not believe that is its currently a "United States real property holding corporation", or that it will become one in the future.

93

#### Deductibility of Interest and Original Issue Discount

The Code contains various limitations and restrictions on the deductibility of interest and/or OID. Some of these limitations and restrictions may be applicable to the interest and/or the OID associated with the notes. In such event, some or all of the interest or OID associated with the notes may not be deductible by Equinix.

#### Information Reporting and Backup Withholding

In general information reporting requirements will apply to OID, payments of principal, premium, if any, and interest on the exchange notes and payments of the proceeds of the sale of the exchange notes, and a 31% backup withholding tax may apply to such payments if the holder either (i) fails to demonstrate that the holder comes within certain exempt categories of holders or (ii) fails to furnish or certify his correct taxpayer identification number to the payer in the manner required, is notified by the IRS that he has failed to report payments of interest and dividends properly, or under certain circumstances, fails to certify that he has not been notified by the IRS that he is subject to backup withholding for failure to report interest and dividend payments. Any amounts withheld under the backup withholding rules from a payment to a holder will be allowed as a credit against such holder's United States federal income tax and may entitle the holder to a refund, provided that the required information is furnished to the IRS.

94

#### PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in the exchange offer where the outstanding exchange notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus, as amended and supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until , 2000, all dealers effecting transactions in the exchange notes issued in the exchange offer may be required to deliver a prospectus.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account in the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act, and profit on any such resale of exchange notes issued in the exchange and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the consummation of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the expenses of one counsel for the holders of the exchange notes, other than the commissions or concessions of any broker-dealers and will indemnify the holders of the exchange notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act. We note, however, that, in the opinion of the SEC, indemnification against liabilities arising under federal securities laws is against public policy and may be unenforceable.

#### LEGAL MATTERS

Legal matters as to the validity of the exchange notes offered by this prospectus will be passed on for us by Dewey Ballantine LLP, New York, New York. As of the date of this prospectus, some partners of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, our outside corporate counsel, beneficially owned an aggregate of 75,000 shares of our Series A preferred stock and 9,375 shares of our Series B preferred stock.

EXPERTS

The consolidated financial statements of Equinix, Inc. and subsidiary as of December 31, 1998 and 1999 and for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999, have been included herein and in the registration statement in reliance on the report of KPMG LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of that firm as experts in accounting and auditing.

95

EQUINIX, INC. AND SUBSIDIARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>	
<S>	<C>
Independent Auditors' Report.....	F-2
Consolidated Balance Sheets.....	F-3
Consolidated Statements of Operations.....	F-4
Consolidated Statements of Stockholders' Equity.....	F-5
Consolidated Statements of Cash Flows.....	F-6
Notes to Consolidated Financial Statements.....	F-7
</TABLE>	

F-1

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Equinix, Inc. and Subsidiary:

We have audited the accompanying consolidated balance sheets of Equinix, Inc. and subsidiary (the "Company"), as of December 31, 1998 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Equinix, Inc. and subsidiary as of December 31, 1998 and 1999, and the results of their operations and their cash flows for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999, in conformity with generally accepted accounting principles.

Mountain View, California  
January 21, 2000, except as to Note 10, which is as of January 28, 2000.

F-2

EQUINIX, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

<TABLE>			
<CAPTION>		December 31,	
		-----	
		1998	1999
		-----	-----
<S>	<C>	<C>	
Assets			
Current assets:			
Cash and cash equivalents.....	\$ 4,164,500		222,973,600

Short-term investments.....	5,000,000	--
Accounts receivable.....	--	177,700
Current portion of restricted cash and short-term investments.....	--	25,110,400
Prepays and other current assets.....	167,600	1,596,900
	-----	-----
Total current assets.....	9,332,100	249,858,600
Property and equipment, net.....	482,000	31,303,000
Construction in progress.....	30,700	14,175,800
Restricted cash and short-term investments, less current portion.....	--	13,498,300
Debt issuance costs, net.....	--	6,532,400
Other assets.....	156,400	1,400,300
	-----	-----
Total assets.....	\$10,001,200	316,768,400
	=====	=====

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable and accrued expenses.....	\$ 159,200	4,143,200
Accrued construction costs.....	252,300	9,772,200
Current portion of debt facilities and capital lease obligations.....	--	4,394,600
Accrued interest payable.....	--	2,166,700
Other current liabilities.....	--	204,600
	-----	-----
Total current liabilities.....	411,500	20,681,300
Debt facilities and capital lease obligations, less current portion.....	--	10,248,200
Senior notes.....	--	191,087,700
Other liabilities.....	--	802,400
	-----	-----
Total liabilities.....	411,500	222,819,600
	-----	-----

Commitments and Contingencies

Stockholders' equity:

Series A convertible preferred stock, \$0.001 par value per share; 16,500,000 and 32,000,000 shares authorized in 1998 and 1999, respectively; 15,697,500 and 18,682,500 shares issued and outstanding in 1998 and 1999, respectively; liquidation value of \$10,465,000 and \$12,455,000 in 1998 and 1999, respectively.....	15,700	18,700
Series B convertible preferred stock, \$0.001 par value per share; none and 36,000,000 shares authorized in 1998 and 1999, respectively; none and 15,762,373 shares issued and outstanding in 1998 and 1999, respectively; liquidation value of none and \$84,066,000 in 1998 and 1999, respectively.....	--	15,800
Common stock, \$0.001 par value per share; 43,500,000 and 132,000,000 shares authorized in 1998 and 1999, respectively; 6,150,000 and 11,672,196 shares issued and outstanding in 1998 and 1999, respectively.....	6,200	11,700
Additional paid-in capital.....	10,423,600	113,188,500
Deferred stock-based compensation.....	--	(3,656,700)
Accumulated other comprehensive income.....		14,100
Accumulated deficit.....	(855,800)	(15,643,300)
	-----	-----
Total stockholders' equity.....	9,589,700	93,948,800
	-----	-----
Total liabilities and stockholders' equity.....	\$10,001,200	316,768,400
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>  
<CAPTION>

Period from  
June 22,  
1998  
(inception)  
to Year ended  
December 31, December

	1998	31, 1999
<S>	<C>	<C>
Revenues.....	\$ --	44,400
Costs and operating expenses:		
Cost of revenues (includes stock-based compensation of \$25 in 1999).....	--	2,923,000
Sales and marketing (includes stock-based compensation of \$351 in 1999).....	34,200	2,668,600
General and administrative (includes stock-based compensation of \$615 in 1999).....	751,500	8,764,400
Total costs and operating expenses.....	785,700	14,356,000
Loss from operations.....	(785,700)	(14,311,600)
Interest income.....	149,900	2,138,100
Interest expense.....	--	(2,614,000)
Interest charge on beneficial conversion of convertible debt.....	(220,000)	--
Net loss.....	\$ (855,800)	(14,787,500)

</TABLE>

See accompanying notes to consolidated financial statements.

F-4

EQUINIX, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Period from June 22, 1998 (inception) to December 31, 1999

comprehensive deficit	Series A convertible preferred stock		Series B convertible preferred stock		Common stock		Additional paid-in capital	Deferred stock-based compensation	Accumulated other income
Accumulated deficit	Shares	Amount	Shares	Amount	Shares	Amount	capital	compensation	income
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Issuance of common stock for cash.....	--	\$ --	--	\$ --	6,060,000	\$ 6,100	(2,100)	--	--
Issuance of common stock upon exercise of common stock options.....	--	--	--	--	90,000	100	5,900	--	--
Issuance of Series A preferred stock, net of \$29,500 offering costs...	15,037,500	15,000	--	--	--	--	9,980,500	--	--
Conversion of debt to Series A preferred stock..	660,000	700	--	--	--	--	439,300	--	--
Net loss..... (855,800)	--	--	--	--	--	--	--	--	--
Balances as of December 31, 1998..... (855,800)	15,697,500	15,700	--	--	6,150,000	6,200	10,423,600	--	--
Issuance of Series A preferred stock..	3,000,000	3,000	--	--	--	--	1,997,000	--	--
Repurchase of Series A preferred stock..	(15,000)	--	--	--	--	--	(10,000)	--	--

Issuance of Series B preferred stock, net of \$2,360,000 offering costs...	--	--	15,762,373	15,800	--	--	81,690,200	--	--
Issuance of common stock upon exercise of common stock options.....	--	--	--	--	5,522,196	5,500	1,280,100	--	--
Issuance of Series A preferred stock warrants.....	--	--	--	--	--	--	600,600	--	--
Issuance of common stock warrants.....	--	--	--	--	--	--	12,559,400	--	--
Deferred stock-based compensation.....	--	--	--	--	--	--	4,647,600	(4,647,600)	--
Amortization of stock-based compensation.....	--	--	--	--	--	--	--	990,900	--
Comprehensive income (loss):									
Net loss.....	--	--	--	--	--	--	--	--	--
(14,787,500)									
Unrealized appreciation on short-term investments.....	--	--	--	--	--	--	--	--	14,100
-----									
Net comprehensive loss.....	--	--	--	--	--	--	--	--	14,100
(14,787,500)									
-----									
Balances as of December 31, 1999.....	18,682,500	\$18,700	15,762,373	\$15,800	11,672,196	\$11,700	113,188,500	(3,656,700)	14,100
(15,643,300)									
=====									

<CAPTION>

Total  
stockholders'  
equity

<S>

<C>

Issuance of common stock for cash.....	4,000
Issuance of common stock upon exercise of common stock options.....	6,000
Issuance of Series A preferred stock, net of \$29,500 offering costs...	9,995,500
Conversion of debt to Series A preferred stock..	440,000
Net loss.....	(855,800)
-----	
Balances as of December 31, 1998.....	9,589,700
Issuance of Series A preferred stock..	2,000,000
Repurchase of Series A preferred stock..	(10,000)

Issuance of Series B preferred stock, net of \$2,360,000 offering costs...	81,706,000
Issuance of common stock upon exercise of common stock options.....	1,285,600
Issuance of Series A preferred stock warrants.....	600,600
Issuance of common stock warrants.....	12,559,400
Deferred stock-based compensation.....	--
Amortization of stock-based compensation.....	990,900
Comprehensive income (loss):	
Net loss.....	(14,787,500)
Unrealized appreciation on short-term investments.....	14,100
	-----
Net comprehensive loss.....	(14,773,400)
	-----
Balances as of December 31, 1999.....	93,948,800
	=====

</TABLE>

See accompanying notes to consolidated financial statements.

F-5

EQUINIX, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

	Period from June 22, 1998 (inception) to December 31, 1998	Year ended December 31, 1999
	-----	-----
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss.....	\$ (855,800)	(14,787,500)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation.....	4,200	609,300
Interest charge on beneficial conversion of convertible debt.....	220,000	--
Amortization of deferred stock-based compensation.....	--	990,900
Amortization of senior note discount.....	--	91,700
Amortization of debt facilities and capital lease obligation discount.....	--	116,900
Amortization of debt issuance costs.....	--	67,600
Issuance of common stock warrants for strategic agreement.....	--	366,500
Changes in operating assets and liabilities:		
Accounts receivable.....	--	(177,700)
Prepays and other current assets.....	(167,600)	(1,429,300)
Other assets.....	(156,400)	(1,243,900)
Accounts payable and accrued expenses.....	159,200	2,313,800
Accrued interest payable.....	--	2,166,700
Other current liabilities.....	--	204,600
Other liabilities.....	--	802,400
	-----	-----
Net cash used in operating activities.....	(796,400)	(9,908,000)
	-----	-----

Cash flows from investing activities:		
Purchase of short-term investments.....	(5,000,000)	(28,800,000)
Sales and maturities of short-term investments....	--	33,814,100
Purchases of property and equipment.....	(486,200)	(28,241,400)
Additions to construction in progress.....	(30,700)	(14,145,100)
Accrued construction costs.....	252,300	9,519,900
Purchase of restricted cash and short-term investments.....	--	(38,608,700)
	-----	-----
Net cash used in investing activities.....	(5,264,600)	(66,461,200)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of common stock.....	4,000	--
Proceeds from exercise of stock options.....	6,000	1,285,600
Proceeds from debt facilities and capital lease obligations.....	--	16,114,500
Repayment of debt facilities and capital lease obligations.....	--	(988,000)
Proceeds from issuance of promissory notes.....	220,000	--
Proceeds from senior notes and common stock warrants, net.....	--	193,890,200
Repurchase of preferred stock.....	--	(10,000)
Proceeds from issuance of convertible preferred stock, net.....	9,995,500	84,886,000
	-----	-----
Net cash provided by financing activities.....	10,225,500	295,178,300
	-----	-----
Net increase in cash and cash equivalents.....	4,164,500	218,809,100
Cash and cash equivalents at beginning of period....	--	4,164,500
	-----	-----
Cash and cash equivalents at end of period.....	\$ 4,164,500	222,973,600
	=====	=====
Noncash financing and investing activities:		
Cash paid for taxes.....	\$ --	67,500
	=====	=====
Cash paid for interest.....	\$ --	153,400
	=====	=====
Noncash financing and investing activities:		
Preferred stock warrants issued for financing commitments.....	\$ --	600,600
	=====	=====
Common stock warrants issued for strategic agreement.....	\$ --	366,500
	=====	=====
Common stock warrants issued for services.....	\$ --	3,188,900
	=====	=====
Conversion of notes payable to convertible preferred stock.....	\$ 440,000	--
	=====	=====
Unrealized appreciation on investments.....	\$ --	14,100
	=====	=====
Assets recorded under capital lease.....	\$ --	660,700
	=====	=====
Deferred compensation on grants of stock options...	\$ --	4,647,600
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

F-6

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Equinix, Inc. ("Equinix" or the "Company") was incorporated as Quark Communications, Inc. in Delaware on June 22, 1998. The Company changed its name to Equinix, Inc. on October 13, 1998. Equinix designs, builds, and operates neutral Internet Business Exchange ("IBX") centers.

For the period June 22, 1998 (inception) through December 31, 1998 and the period ended September 30, 1999, the Company was a development stage enterprise. Subsequent to this period, the Company opened its second IBX center for commercial operation. In addition, the Company began to recognize revenue from its IBX centers. As a result, the Company is no longer a development stage enterprise as of and for the year ended December 31, 1999.

Basis of Presentation

The accompanying consolidated financial statements include the accounts

of Equinix and its wholly-owned subsidiary, Equinix-DC, Inc. ("Equinix-DC"). All significant intercompany accounts and transactions have been eliminated in consolidation.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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

The Company considers all highly liquid instruments with a maturity from the date of purchase of three months or less to be cash equivalents. Cash equivalents consist of money market mutual funds and certificates of deposit with financial institutions with maturities of between 7 and 60 days. Short-term investments generally consist of certificates of deposits with maturities of between 90 and 180 days and highly liquid debt and equity securities of corporations, municipalities and the U.S. government. Short-term investments are classified as "available-for-sale" and are carried at fair value based on quoted market prices, with unrealized gains and losses reported in stockholders' equity as a component of comprehensive income. The cost of securities sold is based on the specific identification method.

#### Restricted Cash and Short-term Investments

Restricted cash and short-term investments consists of \$37,011,500, plus accrued interest of \$67,100, deposited with an escrow agent to pay the first three interest payments on the Senior Notes (see Note 4) and restricted cash of \$1,530,100 provided as collateral under three separate security agreements for standby letters of credit entered into and in accordance with certain lease agreements. These agreements expire at various dates through 2014.

#### Financial Instruments and Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash, cash equivalents and short-term investments to the extent these exceed federal insurance limits

F-7

#### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

and accounts receivable. Risks associated with cash, cash equivalents and short-term investments are mitigated by the Company's investment policy, which limits the Company's investing to only those marketable securities rated at least A-1 or P-1 investment grade, as determined by independent credit rating agencies.

The Company's customer base is primarily composed of businesses throughout the United States. The Company performs ongoing credit evaluations of its customers.

#### Property and Equipment

Property and equipment are stated at original cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, generally two to five years for non-IBX center equipment and seven to ten years for IBX center equipment. Leasehold improvements and assets acquired under capital lease are amortized over the shorter of the lease term or the estimated useful life of the asset or improvement.

#### Construction in Progress

Construction in progress includes direct and indirect expenditures for the construction of IBX centers and is stated at original cost. The Company has contracted out substantially all of the construction of the IBX centers to independent contractors under construction contracts. Construction in progress includes certain costs incurred under a construction contract including project management services, site identification and evaluation services, engineering and schematic design services, design development and construction services and other construction-related fees and services. In addition, the Company has capitalized certain interest costs during the construction phase. Once an IBX center becomes operational, these capitalized costs are depreciated at the appropriate rate consistent with the estimated useful life of the underlying asset.

Interest incurred is capitalized in accordance with Statement of Financial Accounting Standards ("SFAS") No. 34, Capitalization of Interest Costs. Total interest cost incurred and total interest capitalized during the year ended December 31, 1999, was \$2,791,400 and \$177,400, respectively.

#### Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of

In accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, the Company considers the impairment of long-lived assets and certain identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment of long-lived assets has been recorded as of December 31, 1998 and 1999.

#### Revenue Recognition

Revenues consist of monthly fees from customer use of the IBX centers and related services and installation. Revenues from customer use of the IBX centers are billed monthly and recognized ratably over the term of the contract, generally one year. Service fees are recognized in the period in which the services are provided. Installation fees are recognized ratably over the term of the contract.

F-8

### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

#### Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce tax assets to the amounts expected to be realized.

#### Stock-Based Compensation

The Company accounts for its stock-based compensation plans in accordance with SFAS No. 123, Accounting for Stock-Based Compensation. As permitted under SFAS No. 123, the Company uses the intrinsic value-based method of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, to account for its employee stock-based compensation plans.

The Company accounts for stock-based compensation arrangements with nonemployees in accordance with the Emerging Issues Task Force Abstract ("EITF") No. 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services. Accordingly, unvested options and warrants held by nonemployees are subject to revaluation at each balance sheet date based on the then current fair market value.

Unearned deferred compensation resulting from employee and nonemployee option grants is amortized on an accelerated basis over the vesting period of the individual options, in accordance with FASB Interpretation No. 28, Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans ("FASB Interpretation No. 28").

#### Segment Reporting

The Company has adopted the provisions of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 establishes annual and interim reporting standards for operating segments of a company. The statement requires disclosures of selected segment-related financial information about products, major customers and geographic areas.

Comprehensive Income

The Company has adopted the provisions of SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components; however, the adoption of this statement had no impact on the Company's net loss or stockholders' equity. SFAS 130 requires unrealized gains or losses on the Company's available-for-sale securities to be included in other comprehensive income (loss). Comprehensive income (loss) consists of net loss and other comprehensive income.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for

F-9

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

hedging activities. SFAS No. 133, as amended by SFAS No. 137, Deferral of the Effective Date of FASB Statement No. 133, is effective for all fiscal quarters of fiscal years beginning after September 15, 2000. This statement does not currently apply to the Company as the Company does not have any derivative instruments or hedging activities.

(2) Balance Sheet Components

Cash, Cash Equivalents and Short-term Investments

As of December 31, 1998 and 1999, cost approximated market value of cash, cash equivalents and short-term investments; unrealized gains and losses were not significant. As of December 31, 1999, cash equivalents included investments in corporate debt securities with various contractual maturity dates which do not exceed 90 days.

Property & Equipment

Property and equipment is comprised of the following as of December 31:

<TABLE>  
<CAPTION>

	1998	1999
<S>	<C>	<C>
Leasehold improvements.....	\$240,600	19,523,200
IBX plant and machinery.....	--	8,235,400
Computer equipment and software.....	77,000	3,126,000
IBX equipment.....	--	658,700
Furniture and fixtures.....	168,600	373,200
	-----	-----
	486,200	31,916,500
Less accumulated depreciation.....	4,200	613,500
	-----	-----
	\$482,000	31,303,000
	=====	=====

</TABLE>

Leasehold improvements and certain computer equipment and software and furniture and fixtures, recorded under capital leases, aggregated none and \$660,700 as of December 31, 1998 and 1999, respectively. Amortization on the assets recorded under capital leases is included in depreciation expense.

Included within leasehold improvements is the value attributed to the MCI Warrant and the Bechtel Warrant totaling \$2,145,600 and \$1,043,300, respectively (see Note 5). Amortization on such warrants is included in depreciation expense.

Restricted Cash and Short-term Investments

Restricted cash and short-term investments consisted of the following as of December 31 1999:

<TABLE>

<S>	<C>
United States treasury notes:	
Due within one year.....	\$ 25,110,400
Due after one year through two years.....	11,968,200

Restricted cash in accordance with security agreements.....	1,530,100
	-----
	38,608,700
Less current portion.....	(25,110,400)
	-----
	\$ 13,498,300
	=====

</TABLE>

As of December 31, 1999, cost approximated market value of restricted cash and short-term investments; unrealized gains and losses were not significant.

F-10

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following as of December 31:

<TABLE>

<CAPTION>

	1998	1999
	-----	-----
<S>	<C>	<C>
Accounts payable.....	\$ 33,800	1,978,200
Accrued preferred stock issuance costs.....	--	1,180,000
Accrued compensation.....	23,200	303,000
Deferred rent.....	42,400	18,000
Income taxes payable.....	39,800	--
Accrued debt issuance costs.....	--	490,200
Other.....	20,000	173,800
	-----	-----
	\$159,200	4,143,200
	=====	=====

</TABLE>

(3) Debt Facilities and Capital Lease Obligations

Debt facilities and capital lease obligations consisted of the following as of December 31, 1999:

<TABLE>

	<C>
Comdisco Loan and Security Agreement (net of unamortized discount of \$331,500).....	\$ 4,710,600
Venture Leasing Loan Agreement (net of unamortized discount of \$93,200).....	9,358,400
Comdisco Master Lease Agreement and Addendum (net of unamortized discount of \$59,000).....	573,800
	-----
	14,642,800
Less current portion.....	(4,394,600)
	-----
	\$10,248,200
	=====

</TABLE>

Comdisco Loan and Security Agreement

In March 1999, Equinix-DC entered into a \$7,000,000 Loan and Security Agreement with Comdisco, Inc. ("Comdisco" and the "Comdisco Loan and Security Agreement"). Under the terms of the Comdisco Loan and Security Agreement, Comdisco may lend the Company up to \$3,000,000 for equipment (referred to as the "hard" loan) and up to \$4,000,000 for software and tenant improvements ("soft" loan) for the Ashburn, Virginia IBX center buildout. The loans, which are collateralized by the assets of the Ashburn IBX, are available in minimum advances of \$1,000,000 and each loan is evidenced by a secured promissory note. The hard and soft loans issued bear interest at rates of 7.5% and 9% per annum, respectively, and are repayable in 42 and 36 equal monthly installments, respectively, plus a final balloon interest payment equal to 15% of the original advance amount due at maturity. The Comdisco Loan and Security Agreement has an effective interest rate of 18.1% per annum. As of December 31, 1999, \$5,042,100 was outstanding under the Comdisco Loan and Security Agreement.

In connection with the Comdisco Loan and Security Agreement, the Company granted Comdisco a warrant to purchase 765,000 shares of the Company's Series A preferred stock at \$0.67 per share (the "Comdisco Loan and Security Agreement Warrant"). This warrant is immediately exercisable and

expires in ten years from the date of grant. The fair value of the warrant, using the Black-Scholes option pricing model with the following assumptions: deemed fair market value per share of \$0.67, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of 10 years, was \$428,700, was recorded as a discount to the applicable debt, and is being amortized to interest expense, using the effective interest method, over the life of the agreement.

#### Comdisco Master Lease Agreement

In May 1999, the Company entered into a Master Lease Agreement with Comdisco (the "Comdisco Master Lease Agreement"). Under the terms of the Comdisco Master Lease Agreement, the Company

F-11

#### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

sells equipment to Comdisco, which it will then lease back. The amount of financing to be provided is up to \$1,000,000. Repayments are made monthly over 42 months with a final balloon interest payment equal to 15% of the balance amount due at maturity. Interest accrues at 7.5% per annum. The Comdisco Master Lease Agreement has an effective interest rate of 14.6% per annum. As of December 31, 1999, \$590,600 was outstanding under the Comdisco Master Lease Agreement.

The Company leases certain leasehold improvements, computer equipment and software and furniture and fixtures under capital leases under the Comdisco Master Lease Agreement. These leases were entered into as sales-leaseback transactions. The Company has deferred a gain of \$77,700 related to the sale-leaseback in July 1999, which is being amortized in proportion to the amortization of the leased assets.

In connection with the Comdisco Master Lease Agreement, the Company granted Comdisco a warrant to purchase 30,000 shares of the Company's Series A preferred stock at \$1.67 per share (the "Comdisco Master Lease Agreement Warrant"). This warrant is immediately exercisable and expires in ten years from the date of grant. The fair value of the warrant using the Black-Scholes option pricing model with the following assumptions: deemed fair market value per share of \$0.67, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of 10 years, was \$15,000 and was recorded as a discount to the applicable capital lease obligation, and is being amortized to interest expense, using the effective interest method, over the life of the agreement.

#### Comdisco Master Lease Agreement Addendum

In August 1999, the Company amended the Comdisco Master Lease Agreement. Under the terms of the Comdisco Master Lease Agreement Addendum, the Company sells equipment (hard items) and software and tenant improvements (soft items) in its San Jose IBX center to Comdisco, which it then leases back. The amount of financing available under the Comdisco Master Lease Agreement Addendum is up to \$2,150,000 for hard items and up to \$2,850,000 for soft items. Amounts drawn under this addendum will be collateralized by the underlying hard and soft assets of the San Jose IBX center that were funded under the Comdisco Master Lease Agreement Addendum. Repayments are made monthly over the course of 42 months. Interest accrues at 8.5% per annum, with a final balloon interest payment equal to 15% of the original acquisition cost of the property financed. The Comdisco Master Lease Agreement Addendum has an effective interest rate of 15.3% per annum. As of December 31, 1999, \$42,200 was outstanding under the Comdisco Master Lease Agreement Addendum.

In connection with the Comdisco Master Lease Agreement Addendum, the Company granted Comdisco a warrant to purchase 150,000 shares of the Company's Series A preferred stock at \$3.00 per share (the "Comdisco Master Lease Agreement Addendum Warrant"). This warrant is immediately exercisable and expires in seven years from the date of grant or three years from the effective date of the Company's initial public offering, whichever is shorter. The fair value of the warrant using the Black-Scholes option pricing model with the following assumptions: deemed fair market value per share of \$0.67, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of seven years, was \$52,300, was recorded as a discount to the applicable capital lease obligation, and is being amortized to interest expense, using the effective interest method, over the life of the agreement.

#### Venture Leasing Loan Agreement

In August 1999, the Company entered into a Loan Agreement with Venture Lending & Leasing II, Inc. and other lenders ("VLL" and the "Venture Leasing Loan Agreement"). The Venture Leasing Loan Agreement provides financing for equipment and tenant improvements at the Newark, New Jersey

## EQUINIX, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

center and a secured term loan facility for general working capital purposes. The amount of financing to be provided is up to \$10,000,000, which may be used to finance up to 85% of the projected cost of tenant improvements and equipment for the Newark IBX center and is collateralized by the assets of the Newark IBX. Notes issued bear interest at a rate of 8.5% per annum and are repayable in 42 monthly installments plus a final balloon interest payment equal to 15% of the original advance amount due at maturity and are collateralized by the assets of the New Jersey IBX. The Venture Leasing Loan Agreement has an effective interest rate of 14.7% per annum. As of December 31, 1999, \$9,451,600 was outstanding under the Venture Leasing Loan Agreement.

In connection with the Venture Leasing Loan Agreement, the Company granted VLL a warrant to purchase 300,000 shares of the Company's Series A preferred stock at \$3.00 per share (the "Venture Leasing Loan Agreement"). This warrant is immediately exercisable and expires on June 30, 2006. The fair value of the warrant using the Black-Scholes option pricing model with the following assumptions: deemed fair market value per share of \$0.67, dividend yield 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of seven years, was \$104,600, was recorded as a discount to the applicable debt, and is being amortized to interest expense, using the effective interest method, over the life of the agreement.

## Maturities

Combined aggregate maturities for debt facilities and future minimum capital lease obligations are as follows:

<TABLE>  
<CAPTION>

	Debt facilities	Capital lease obligations	Total
<S>	<C>	<C>	<C>
2000.....	4,220,300	231,900	4,452,200
2001.....	4,596,000	214,100	4,810,100
2002.....	4,534,600	215,200	4,749,800
2003.....	1,142,800	169,400	1,312,200
2004.....	--	--	--
	-----	-----	-----
	14,493,700	830,600	15,324,300
Less amount representing interest....	--	(197,800)	(197,800)
	-----	-----	-----
	14,493,700	632,800	15,126,500
Less amount representing unamortized discount.....	(424,700)	(59,000)	(483,700)
	-----	-----	-----
	14,069,000	573,800	14,642,800
Less current portion.....	(4,220,300)	(174,300)	(4,394,600)
	-----	-----	-----
	9,848,700	399,500	10,248,200
	=====	=====	=====

</TABLE>

## (4) Senior Notes and Debt Issuance Costs

On December 1, 1999, the Company issued 200,000 units, each consisting of a \$1,000 principal amount 13% Senior Note due 2007 (the "Senior Notes") and one warrant to purchase 16.8825 shares (for an aggregate of 3,376,500 shares) of common stock for \$0.0067 per share (the "Senior Note Warrants"), for aggregate net proceeds of \$193,400,000, net of offering expenses. Of the \$200,000,000 gross proceeds, \$9,004,000 was allocated to additional paid-in capital for the fair value of the Senior Note Warrants and recorded as a discount to the Senior Notes. The discount on the Senior Notes is being amortized to interest expense, using the effective interest method, over the life of the debt. The Senior Notes have an effective

## EQUINIX, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

interest rate of 13.6% per annum. The fair value attributed to the Senior Note Warrants was consistent with the Company's treatment of its other

common stock transactions prior to the issuance of the Senior Notes. The fair value was based on recent equity transactions by the Company. The amount of the Senior Notes, net of the unamortized discount, is \$191,087,700 as of December 31, 1999.

As of December 31, 1999, restricted cash and short-term investments, including accrued interest thereon, includes \$37,078,600 deposited with an escrow agent that will be used to pay the first three interest payments. Interest is payable semi-annually, in arrears, on June 1 and December 1 of each year, commencing on June 1, 2000. The Senior Notes are partially collateralized by the restricted cash and short-term investments. Except for this security interest, the notes are unsecured, senior obligations of the Company and are effectively subordinated to all existing and future indebtedness of the Company, whether or not secured.

The Senior Notes are governed by the Indenture dated December 1, 1999, between the Company, as issuer, and State Street Bank and Trust Company of California, N.A., as trustee (the "Indenture"). Subject to certain exceptions, the Indenture restricts, among other things, the Company's ability to incur additional indebtedness and the use of proceeds therefrom, pay dividends, incur certain liens to secure indebtedness or engage in merger transactions.

The costs related to the issuance of the Senior Notes were capitalized and are being amortized to interest expense using the effective interest method, over the life of the Senior Notes. Debt issuance costs, net of amortization, are \$6,532,400 as of December 31, 1999.

#### (5) Stockholders' Equity

##### Stock Split

In January 2000, the Company's stockholders approved a three-for-two stock split effective January 19, 2000 whereby three shares of common stock and preferred stock were exchanged for every two shares of common stock and preferred stock then outstanding. All share and per share amounts in these financial statements have been adjusted to give effect to the stock split (see Note 10).

##### Preferred Stock

On September 10, 1998, 15,037,500 shares of Series A preferred stock were issued at a price of \$0.67 per share. Concurrent with the issuance of the Series A preferred stock, promissory notes of \$220,000 were converted into 660,000 shares of Series A preferred stock. During July 1998, the Company had borrowed \$220,000 in the aggregate under a convertible loan arrangement with a number of individual investors. The loans accrued interest of 5.83% per annum while outstanding, which was paid in cash. During the period ended December 31, 1998, the Company recorded a charge of \$220,000 to account for the "in the money" conversion right of the convertible loan arrangement. On January 27, 1999, 3,000,000 shares of Series A preferred stock were issued, at a price of \$0.67 per share in the second closing of the Series A financing.

In August 1999, the Company amended and restated its Certificate of Incorporation to increase the authorized share capital to 75,000,000 shares of common stock and 30,000,000 shares of preferred stock, of which 14,000,000 has been designated as Series A and 16,000,000 as Series B.

In January 2000, the Company amended and restated its Certificate of Incorporation to increase the authorized share capital to 132,000,000 shares of common stock and 68,000,000 shares of preferred stock, of which 32,000,000 has been designated as Series A and 36,000,000 as Series B.

F-14

#### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Between August and December 1999, the Company completed its Series B preferred stock financing. The Company issued 15,762,373 shares of Series B preferred stock, at a price of \$5.33 per share.

The rights, preferences, and privileges of the Series A and Series B preferred stock are as follows:

- . Dividends are noncumulative and are payable only upon declaration by the Board of Directors at a rate of \$0.05 and \$0.43 per share for Series A and B, respectively.
- . Holders of Series A and B preferred stock have a liquidation preference of \$0.67 and \$5.33 per share, respectively, plus all declared but unpaid dividends.

- . Each share of Series A and B preferred stock is convertible, at the option of the holder, into common stock at a conversion price equal to the respective original preferred stock issue price. The conversion price is subject to adjustment for stock splits and combinations and will automatically convert into common stock in the event of either (i) an underwritten public offering with an aggregate gross offering price of at least \$25,000,000 or (ii) upon a vote of the holders of a majority of the then outstanding shares of each class of preferred stock.
- . Each share of Series A and Series B preferred stock has voting rights equal to that of common stock on an "as if converted" basis.
- . The holders of Series A and B preferred stock are entitled to elect two and one directors, respectively, to the Company's Board of Directors so long as 25% of the shares of Series A and B preferred stock originally issued remain outstanding.
- . Series A and B preferred stock is not redeemable at any time.
- . Holders of greater than 1,500,000 shares of Series A and/or Series B preferred stock have the right to purchase their pro rata share of securities subsequently sold or otherwise issued by the Company, subject to standard exceptions.
- . Holders of Series A and Series B preferred stock have the right to veto:
  - . any increase in the number of Series B preferred stock or the issuance of any securities with rights senior to those of the Series B preferred stock;
  - . the redemption of any securities by the Company, other than in connection with an employee's termination of employment; and
  - . any increase to the size of the Company's board of directors.
- . Holders of Series A and Series B preferred stock may require the Company to file a registration statement with the SEC to register the holders' stock, and have the right to force the Company to include their shares in any registered public offering following the Company's initial public offering.
- . Holders of Series A and Series B preferred stock have the right to receive financial and other information from the Company.

#### Common Stock

The Company's founders purchased 6,060,000 shares of stock. Approximately 5,454,000 shares are subject to restricted stock purchase agreements whereby the Company has the right to repurchase the stock upon voluntary or involuntary termination of the founder's employment with the Company at \$0.00033 per share. The Company's repurchase right lapses at a rate of 25% per year. As of December 31, 1998 and 1999, 4,888,875 and 3,522,375 shares are subject to repurchase at a price of \$0.00033 per share, respectively.

F-15

#### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Upon the exercise of certain unvested stock options, the Company issued to employees common stock which is subject to repurchase by the Company at the original exercise price of the stock option. This right lapses over the vesting period. As of December 31, 1998 and 1999, there were 45,000 and 4,590,735 shares, respectively, subject to repurchase.

#### Stock Option Plan

In September 1998, the Company adopted the 1998 Stock Plan (the "Plan") under which nonstatutory stock options and restricted stock may be granted to employees, outside directors, and consultants, and incentive stock options may be granted to employees. Accordingly, the Company has reserved a total of 8,262,810 shares of the Company's common stock for issuance upon the grant of restricted stock or exercise of options granted in accordance with the Plan. Options granted under the Plan generally expire 10 years following the date of grant and are subject to limitations on transfer. The Plan is administered by the Board of Directors.

The Plan provides for the granting of incentive stock options at not

less than 100% of the fair market value of the underlying stock at the grant date. Nonstatutory options may be granted at not less than 85% of the fair market value of the underlying stock at the date of grant.

Option grants under the Plan are subject to various vesting provisions, all of which are contingent upon the continuous service of the optionee and may not impose vesting criterion more restrictive than 20% per year. Stock options may be exercised at anytime subsequent to grant. Stock obtained through exercise of unvested options is subject to repurchase at the original purchase price. The Company's repurchase right decreases as the shares vest under the original option terms.

Options granted to stockholders who own greater than 10% of the outstanding stock must have vesting periods not to exceed five years and must be issued at prices not less than 110% of the fair market value of the stock on the date of grant as determined by the Board of Directors. Upon a change of control, all shares granted under the Plan shall immediately vest. Unless otherwise terminated by the Board of Directors, the Plan automatically terminates in September 2008.

F-16

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

A summary of the Plan is as follows:

<TABLE>  
<CAPTION>

	1998		1999	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of period.....	--	\$ --	2,074,050	\$0.10
Granted.....	2,164,050	0.10	6,404,040	0.46
Forfeited.....	--	--	(340,500)	0.09
Exercised.....	(90,000)	0.10	(5,522,196)	0.23
Outstanding at end of period...	2,074,050	0.10	2,615,394	0.67
Shares available for future grant.....	6,098,760		35,220	
Exercisable at end of period...	20,001		76,431	
Weighted-average grant date fair value of options granted to employees during the period at fair value.....		0.01		0.01
Weighted-average grant date fair value of options granted to non-employees during the period at fair value.....		0.56		0.56
Weighted-average grant date fair value of options granted to employees during the period at below fair value.....		--		1.28
Weighted-average grant date fair value of options granted to non-employees during the period at below fair value....		--		1.77

</TABLE>

The following table summarizes information about stock options outstanding as of December 31, 1999:

<TABLE>  
<CAPTION>

Range of exercise prices	Outstanding		Exercisable	
	Number of shares	Weighted-average remaining contractual life	Number of shares	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>
\$0.01 to \$0.13.....	1,383,144	9.23	76,431	\$0.07

\$0.67.....	180,750	9.78	0.67	--	--
\$1.00.....	753,000	9.86	1.00	--	--
\$2.67.....	298,500	9.93	2.67	--	--
	-----			-----	
	2,615,394	9.53	0.67	76,431	0.07
	=====			=====	

</TABLE>

The weighted-average remaining contractual life of options outstanding at December 31, 1999 was 9.53 years.

Stock-Based Compensation

Employees

The Company uses the intrinsic-value method prescribed in APB No. 25 in accounting for its stock-based compensation arrangements with employees. Stock-based compensation expense is recognized for

F-17

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

employee stock option grants in those instances in which the fair value of the underlying common stock exceeds the exercise price of the stock options at the date of grant. The Company recorded deferred stock-based compensation related to employees of \$4,313,500 in respect to stock options granted through December 31, 1999, of which \$788,300 has been amortized to stock-based compensation expense for the year ended December 31, 1999 on an accelerated basis over the vesting period of the individual options, in accordance with FASB Interpretation No. 28.

Had compensation costs been determined using the fair value method for the Company's stock-based compensation plans, net loss would have been changed to the amounts indicated below:

<TABLE>  
<CAPTION>

	Period from June 22, 1998 (inception) to December 31, 1998		Year ended December 31, 1999
	-----	-----	-----
<S>	<C>	<C>	<C>
Net loss:			
As reported.....	\$ (855,800)	\$ (14,787,500)	
Pro forma.....	(857,500)	(14,831,800)	

</TABLE>

The Company's calculations for employee grants were made using the minimum value method with the following weighted average assumptions for the period from June 22, 1998 (inception) to December 31, 1998 and the year ended December 31, 1999: dividend yield of 0%; expected volatility of 0%; risk-free interest rates of 5.77% in the period from June 22, 1998 (inception) to December 31, 1998 and 5.66% in the year ended December 31, 1999; and expected lives of 2.67 years in the period from June 22, 1998 (inception) to December 31, 1998 and 2.52 years in the year ended December 31, 1999.

Non-Employees

The Company uses the fair value method to value options granted to non-employees. In connection with its grant of options to non-employees, the Company has recognized deferred stock-based compensation of \$334,100 through December 31, 1999, of which \$202,600 has been amortized to stock-based compensation expense for the year ended December 31, 1999 on an accelerated basis over the vesting period of the individual options, in accordance with FASB Interpretation No. 28.

The Company's calculations for non-employee grants were made using the Black-Scholes option pricing model with the following weighted average assumptions for the period from June 22, 1998 (inception) to December 31, 1998 and the year ended December 31, 1999: dividend yield of 0%; expected volatility of 80%; risk-free interest rates of 4.99% in the period from June 22, 1998 (inception) to December 31, 1998 and 5.48% in the year ended December 31, 1999; and contractual life of 10 years.

Warrants

In August 1999, the Company entered into a strategic agreement with NorthPoint Communications, Inc. ("NorthPoint"). Under the terms of the

strategic agreement, NorthPoint has agreed to use certain of the Company's domestic IBX centers and install their operational nodes in such centers. In exchange, the Company granted NorthPoint a warrant to purchase 338,145 shares of the Company's common stock at \$0.53 per share (the "NorthPoint Warrant"). The NorthPoint Warrant was earned upon execution of the strategic agreement as Northpoint's performance commitment was complete. The NorthPoint Warrant is immediately exercisable and expires five years from date of grant. The NorthPoint Warrant was valued at \$366,500 using the Black-Scholes option-pricing model and was immediately expensed to general and administrative expenses. In addition, the following assumptions were used in determining the fair value of

F-18

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

the warrant: deemed fair market value per share of \$1.33, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5.0% and a contractual life of 5 years.

In November 1999, the Company entered into a definitive agreement with MCI Worldcom, or MCI, whereby MCI agreed to install high-bandwidth local connectivity services to the Company's first seven IBX centers by a pre-determined date in exchange for a warrant to purchase 675,000 shares of common stock of the Company at \$0.67 per share (the "MCI Warrant"). The MCI Warrant is immediately exercisable and expires five years from the date of grant. As of December 31, 1999, warrants for 525,000 shares are subject to repurchase at the original exercise price if MCI's performance commitments are not completed. The MCI Warrant was valued at \$2,145,600 using the Black-Scholes option-pricing model and was recorded to construction in progress on the accompanying consolidated balance sheet as of December 31, 1999. Under the applicable guidelines in EITF 96-18, the underlying shares of common stock associated with the MCI Warrant subject to repurchase are revalued at each balance sheet date to reflect their current fair value until MCI's performance commitment is complete. Any resulting increase in fair value of the warrants is recorded as an additional cost component of the IBX center. In addition, the following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$3.67, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5.5% and a contractual life of 5 years.

In November 1999, the Company entered into a master agreement with Bechtel Corporation, or Bechtel, whereby Bechtel agreed to act as the exclusive contractor under a Master Agreement to provide program management, site identification and evaluation, engineering and construction services to build approximately 29 IBX centers over a four year period under mutually agreed upon guaranteed completion dates. As part of the agreement, the Company granted Bechtel a warrant to purchase 352,500 shares of the Company's common stock at \$1.00 per share (the "Bechtel Warrant"). The Bechtel Warrant is immediately exercisable and expires five years from date of grant. As of December 31, 1999, warrants for 253,800 shares are subject to repurchase at the original exercise price, if Bechtel's performance commitments are not complete. The Bechtel Warrant was valued at \$1,043,300 using the Black-Scholes option-pricing model and was recorded to construction in progress on the accompanying consolidated balance sheet as of December 31, 1999. Under EITF 96-18, the underlying shares of common stock associated with the Bechtel Warrant subject to repurchase are revalued at each balance sheet date to reflect their current fair value until Bechtel's performance commitment is complete. Any resulting increase in fair value of the warrants is recorded as an additional cost component of the IBX center. In addition, the following assumptions were used in determining the fair value of the warrant: deemed fair market value per share of \$3.67, dividend yield of 0%, expected volatility of 80%, risk-free interest rate of 5.5% and a contractual life of 5 years.

In addition, the Company has issued several warrants in connection with its debt facilities and capital lease obligations (see Note 3) and the Senior Notes (see Note 4). The Company has the following warrants outstanding as of December 31, 1999:

<TABLE>  
<CAPTION>

Series A preferred stock warrants	Warrants outstanding	Exercise price
-----	-----	-----
<S>	<C>	<C>
Comdisco Loan and Security Agreement Warrant.....	765,000	\$0.67
Comdisco Master Lease Agreement Warrant.....	30,000	1.67
Comdisco Master Lease Agreement Addendum Warrant.....	150,000	3.00
Venture Leasing Loan Agreement Warrant.....	300,000	3.00
	-----	
	1,245,000	

</TABLE>

=====

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

<TABLE>  
<CAPTION>

Common stock warrants -----	Warrants outstanding	Exercise price
<S>	<C>	<C>
Senior Note Warrants.....	3,376,500	\$0.0067
NorthPoint Warrant.....	338,145	0.53
MCI Warrant.....	675,000	0.67
Bechtel Warrant.....	352,500	1.00
	-----	-----
	4,742,145	
	=====	

</TABLE>

(6) Income Taxes

The components of the provision for income taxes (benefit) are as follows:

<TABLE>  
<CAPTION>

	1998	1999
<S>	<C>	<C>
Current:		
Federal.....	\$ 29,300	(18,600)
State.....	10,500	(1,500)
	-----	-----
	39,800	(20,100)
Deferred:		
Federal.....	(29,300)	29,300
State.....	(10,500)	10,500
	-----	-----
	(39,800)	39,800
	-----	-----
	\$ --	19,700
	=====	=====

</TABLE>

Income tax expense is included in selling, general and administrative expenses for the year ended December 31, 1999.

Actual income tax expense differs from the expected tax benefit computed by applying the statutory federal income tax rate of approximately 24.8% and 35% for the periods ended December 31, 1998 and December 31, 1999, respectively, as a result of the following:

<TABLE>  
<CAPTION>

	1998	1999
<S>	<C>	<C>
Computed tax (benefit) at statutory rate.....	\$ (212,300)	(5,166,600)
State taxes.....	--	6,000
Net operating losses and temporary differences for which no tax benefit is recognized.....	211,900	2,594,000
Net operating losses not benefitted.....	--	2,572,000
Other.....	400	14,300
	-----	-----
	\$ --	19,700
	=====	=====

</TABLE>

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets as of December 31, 1998 and December 31, 1999 is presented as follows:

<TABLE>  
<CAPTION>

	1998	1999
	-----	-----
<S>	<C>	<C>
Deferred tax assets:		
Other assets.....	\$ 1,100	--
Start-up expenses.....	326,000	3,301,000
Net operating loss.....	--	3,169,000
	-----	-----
Total deferred tax assets.....	327,100	6,470,000
Less valuation allowance.....	(287,300)	(6,470,000)
	-----	-----
Net deferred tax assets.....	\$ 39,800	--
	=====	=====

</TABLE>

Net deferred tax assets are included in prepaids and other current assets at December 31, 1998.

The net change in the total valuation allowance for the period from June 22, 1998 (inception) to December 31, 1998 and the year ended December 31, 1999, was an increase of \$287,300 and \$6,182,700, respectively.

The Company has established a valuation allowance against that portion of deferred tax assets where management has determined that it is more likely than not that the asset will not be realized.

At December 31, 1999, the Company had net operating loss carryforwards of approximately \$7,300,000 for federal and state tax purposes. If not earlier utilized, the federal net operating loss carryforward will expire in 2019 and the state loss carryforward will expire in 2006.

The Company's future ability to utilize net operating loss carryforwards may be subject to ownership changes as defined in the Internal Revenue Code of 1986.

(7) Commitments and Contingencies

Operating Lease Commitments

The Company leases its IBX centers and certain equipment under noncancelable operating lease agreements expiring through 2014. The centers' lease agreements typically provide for base rental rates which increase at defined intervals during the term of the lease. In addition, the Company has negotiated rent expense abatement periods to better match the phased build-out of its centers. The Company accounts for such abatements and increasing base rentals using the straight-line method over the life of the lease. The difference between the straight-line expense and the cash payment is recorded as deferred rent.

Minimum future operating lease payments as of December 31, 1999 are summarized as follows:

<S>	<C>
Year ending:	
2000.....	4,949,700
2001.....	8,321,500
2002.....	8,578,700
2003.....	8,775,500
2004.....	9,045,300
Thereafter.....	90,244,300
	-----
Total.....	129,915,000
	=====

</TABLE>

F-21

EQUINIX, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Total rent expense was approximately \$165,000 and \$1,739,100 for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999, respectively.

Deferred rent included in accrued expenses was \$42,400 and \$18,000 as of December 31, 1998 and 1999, respectively. Deferred rent included in other liabilities was none and \$566,600 as of December 31, 1998 and 1999, respectively.

Employment Agreement

The Company has agreed to indemnify an officer of the Company for any claims brought by his former employer under an employment and non-compete agreement the officer had with this employer.

#### Employee Benefit Plan

During the year ended December 31, 1999, the Company adopted the Equinix 401(k) Plan (the "401(k) Plan"). The 401(k) Plan allows eligible employees to contribute up to 15% of their compensation, limited to \$10,000 in 1999. Employee contributions and earnings thereon vest immediately. Although the Company may make discretionary contributions to the 401(k) Plan, none have been made as of December 31, 1999.

#### (8) Related Party Transactions

The Company advanced an aggregate of \$750,000 to an officer of the Company, which is evidenced by a promissory note. The proceeds of this loan were used to fund the purchase of a personal residence. The loan is due September 13, 2004, but is subject to certain events of acceleration, including an initial public offering of the Company's common stock and is secured by a second deed of trust on the officer's residence. The loan is non-interest bearing. This loan is presented in other assets on the accompanying consolidated balance sheet as of December 31, 1999.

In March 1999, the Company entered into an equipment lease facility with a preferred stockholder under which the Company leased \$137,300 of equipment for a 24-month term.

In August 1999, the Company entered into a strategic agreement with NorthPoint. Under the terms of the strategic agreement, NorthPoint has agreed to use certain of the Company's domestic IBX centers and install their operational nodes in such centers. In exchange, the Company granted NorthPoint a warrant to purchase 338,145 shares of the Company's common stock at \$0.53 per share. The NorthPoint Warrant was earned upon execution of the strategic agreement as NorthPoint's performance commitment was complete. The NorthPoint Warrant is immediately exercisable and expires five years from date of grant. The NorthPoint Warrant was valued at \$366,500 using the Black-Scholes option-pricing model and was immediately expensed to general and administrative expenses.

#### (9) Segment Information

During the year ended December 31, 1999, the Company adopted the provisions of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 requires disclosures of selected segment-related financial information about products, major customers and geographic areas.

The Company and its subsidiary are principally engaged in the design, build-out and operation of neutral IBX centers. All revenues result from the operation of these IBX centers. Accordingly, the Company considers itself to operate in a single segment for purposes of disclosure under SFAS No. 131.

F-22

#### EQUINIX, INC. AND SUBSIDIARY

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The Company's chief operating decision-maker evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the presentation in the accompanying consolidated financial statements.

As of December 31, 1998 and 1999, all of the Company's operations and assets are based in the United States.

#### (10) Subsequent Events

In January 2000, the Company's stockholders approved an amendment to the 1998 Stock Plan increasing the aggregate number of common shares available for issuance over the term of the Plan by 3,750,000 to a total of 12,012,810 shares.

In January 2000, the Company's stockholders approved a three-for-two stock split of its common and preferred stock effective January 19, 2000. The Company amended and restated its Certificate of Incorporation to increase the authorized share capital to 132,000,000 shares of common stock and 68,000,000 shares of preferred stock, of which 32,000,000 has been designated as Series A and 36,000,000 as Series B, to give effect to the three-for-two stock split. The accompanying consolidated financial statements have been adjusted to reflect this stock split.

In January 2000, the Company entered into an operating lease for its Dallas, Texas IBX center. The agreement is for a minimum of 10 years, with annual rent payments increasing from \$1,131,000 to \$1,357,200 over the lease term.

In January 2000, the Company entered into an operating lease agreement for its new corporate headquarters facility in Mountain View, California. The agreement is for a minimum of seven years, with annual rent payments increasing from \$1,662,600 to \$2,103,800 over the lease term. In connection with the lease agreement, the Company granted the lessor warrants to purchase up to 33,100 shares of the Company's common stock at \$6.00 per share. The warrants are exercisable upon certain defined events occurring through May 28, 2000 and expire in ten years from the date of grant.

In January 2000, the Company advanced an aggregate of \$250,000 to an officer of the Company, which is evidenced by a promissory note. The proceeds of this loan were used to fund the purchase of a principal residence. The loan is due January 13, 2005, but is subject to certain events of acceleration, including an initial public offering of the Company's common stock. The loan is secured by a second deed of trust on the officer's residence and is non-interest bearing.

F-23

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-----  
Equinix, Inc.

Exchange Offer for  
\$200,000,000 13% Senior Notes due 2007

[LOGO OF EQUINIX, INC.]

, 2000  
-----  
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## PART II

### Information Not Required in Prospectus

#### Item 20. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law authorizes a court to award or a corporation's board of directors to grant indemnification to directors and officers in terms sufficiently broad to permit indemnification under limited circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended (the "Securities Act"). Article VII, Section 7.6 of our bylaws provides for mandatory indemnification of our directors and permissive indemnification of our officers and employees to the maximum extent permitted by the Delaware General Corporation Law. Our Certificate of Incorporation provides that our directors shall not be liable for monetary damages for breach of the directors' fiduciary duty as directors to our stockholders and us to the fullest extent permitted by the Delaware General Corporation Law. This provision in the Certificate of Incorporation does not eliminate the directors' fiduciary duty, and in appropriate circumstances, equitable remedies like injunctive or other forms of non-monetary relief will remain available under Delaware law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to us for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for actions leading to improper personal benefit to the director, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Delaware law. The provision also does not affect a director's responsibilities under any other law, like the federal securities laws or state or federal environmental laws. We have entered into indemnification agreements with our officers and directors, a form of which is attached as Exhibit 10.5 and incorporated herein by reference. The indemnification agreements provide our officers and directors with further indemnification to the maximum extent permitted by the Delaware General Corporation Law.

#### Item 21. Exhibits and Financial Statement Schedules

##### (a) Exhibits

<TABLE>

<CAPTION>

Exhibit

No. Description

-----

<C> <S>

3.1\*\* Amended and Restated Certificate of Incorporation of the Registrant, as amended to date.

- 3.2\*\* Bylaws of the Registrant.
- 4.1\*\* Reference is made to Exhibits 3.1 and 3.2.
- 4.2\*\* Form of Old Note.
- 4.3\*\* Form of New Note.
- 4.4\*\* Escrow agreement, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as escrow agent and trustee).
- 4.5\*\* Indenture (See Exhibit 10.1).
- 4.6\*\* Common Stock Registration Rights Agreement (See Exhibit 10.3).
- 4.7\*\* Registration Rights Agreement (See Exhibit 10.4).
- 4.8\*\* Purchase Agreement, dated as of November 24, 1999, by and among the Registrant and Salomon Smith Barney Inc., Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. (collectively, the "Initial Purchasers").
- 4.9\*\* Amended and Restated Investors' Rights Agreement (See Exhibits 10.6 and 10.7).
- 5.1 Opinion of Counsel.
- 10.1\*\* Indenture, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as trustee).
- 10.2\*\* Warrant Agreement, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as warrant agent).
- 10.3\*\* Common Stock Registration Rights Agreement, dated as of December 1, 1999, by and among the Registrant, Benchmark Capital Partners II, L.P., Cisco Systems, Inc., Microsoft Corporation, ePartners, Albert M. Avery, IV and Jay S. Adelson (as investors), and the Initial Purchasers.

</TABLE>

II-1

<TABLE>

<CAPTION>

Exhibit	Description
No.	-----
<C>	<S>
10.4**	Registration Rights Agreement, dated as of December 1, 1999, by and among the Registrant and the Initial Purchasers.
10.5**	Form of Indemnification Agreement between the Registrant and each of its officers and directors.
10.6**	Amended and Restated Investors' Rights Agreement, dated as of August 26, 1999, by and between the Registrant, the Series A Purchasers, the Series B Purchasers and members of the Registrant's management.
10.7**	Amendment No.1 to the Amended and Restated Investors' Rights Agreement and Amended and Restated Voting Agreement, dated as of August 26, 1999, by and between the Registrant, the Series A Purchasers, the Series B Purchasers and members of the Registrant's management, effective as of November 30, 1999.
10.8**	The Registrant's 1998 Stock Option Plan.
10.9***	Lease Agreement with Carlyle-Core Chicago LLC, dated as of September 1, 1999.
10.10***	Lease Agreement with Market Halsey Urban Renewal, LLC, dated as of May 3, 1999.
10.11***	Lease Agreement with Laing Beaumeade, dated as of November 18, 1998.
10.12***	Lease Agreement with Rose Ventures II, Inc., dated as of June 10, 1999.
10.13+	Lease Agreement with 600 Seventh Street Associates, Inc., dated as of August 6, 1999.
10.14***	First Amendment to Lease Agreement with Trizechahn Centers, Inc. (dba Trizechahn Beaumeade Corporate Management), dated as of October 28, 1999.
10.15+	Lease Agreement with Nexcomm Asset Acquisition I, L.P., dated as of January 21, 2000.
10.16***	Lease Agreement with Trizechahn Centers, Inc. (dba Trizechahn Beaumeade Corporate Management), dated as of December 15, 1999.
10.17**	Lease Agreement with ARE-2425/2400/2450 Garcia Bayshore LLC, dated as of January 28, 2000.
10.18	Sublease Agreement with Insweb Corporation, dated as of November 1, 1998.
10.19***	Master Agreement for Program Management, Site Identification and Evaluation, Engineering and Construction Services between Equinix, Inc. and Bechtel Corporation, dated November 3, 1999.
10.20+	Agreement between Equinix, Inc. and MCI Worldcom, Inc., dated November 16, 1999.
10.21**	Customer Agreement between Equinix, Inc. and MCI Worldcom, Inc., dated November 16, 1999.
21.1**	List of Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP, independent auditors.
23.2	Consent of Counsel. Reference is made to Exhibit 5.1.
24.1**	Power of Attorney.
25.1**	Form of T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of State Street Bank and Trust Company of California, N.A.

- 27.1\*\* Financial Data Schedule.
- 99.1\*\* Form of Letter of Transmittal relating to the Exchange Offer.
- 99.2\*\* Form of Notice of Guaranteed Delivery.

</TABLE>

- - - - -

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

(b) Financial Statement Schedules

All schedules have been omitted because the information required to be presented in them is not applicable or is shown in the consolidated financial statements or related notes.

II-2

Item 22. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the Registrant in accordance with the provisions described in Item 20 above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission this indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities, other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding, is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of this issue.

The undersigned Registrant hereby undertakes that:

(1) It will respond to requests for information that is incorporated by reference into the prospectus in accordance with Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed after the effective date of the registration statement through the date of responding to the request.

(2) It will supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(3) It will file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission in accordance with Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement.

(4) For the purpose of determining any liability under the Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) It will remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

II-3

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Redwood City, State of California, on this 20th day of April, 2000.

Equinix, Inc.

/s/ Albert M. Avery, IV

By: \_\_\_\_\_  
 Albert M. Avery, IV  
 President, Chief Executive Officer  
 and Director

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the registration statement has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

<TABLE>  
 <CAPTION>

Signature -----	Title -----	Date ----
/s/ Albert M. Avery, IV _____ Albert M. Avery, IV	President, Chief Executive Officer (Principal Executive Officer) and Director	April 20, 2000
Jay S. Adelson* _____ Jay S. Adelson	Vice President, Engineering and Site Development, Chief Technology Officer and Director	April 20, 2000
/s/ Philip J. Koen _____ Philip J. Koen	Chief Financial Officer (Principal Financial and Accounting Officer)	April 20, 2000
Andrew S. Rachleff* _____ Andrew S. Rachleff	Director	April 20, 2000
Michelangelo Volpi* _____ Michelangelo Volpi	Director	April 20, 2000
/s/ Albert M. Avery, IV _____ Albert M. Avery	Attorney-in-fact	
/s/ Philip J. Koen _____ Philip J. Koen	Attorney-in-fact	

</TABLE>

II-4

INDEX TO EXHIBITS

<TABLE>  
 <CAPTION>

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4.3**	Form of New Note.
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4.7**	Registration Rights Agreement (See Exhibit 10.4).
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- Purchasers").
- 4.9\*\* Amended and Restated Investors' Rights Agreement (See Exhibits 10.6 and 10.7).
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- 10.1\*\* Indenture, dated as of December 1, 1999, by and among the Registrant and State Street Bank and Trust Company of California, N.A. (as trustee).
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</TABLE>

<TABLE>

<CAPTION>

Exhibit

No.	Description
-----	-------------

-----

<C> <S>

- |         |   |
|---------|---|
| 10.21** | Customer Agreement between Equinix, Inc. and MCI Worldcom, Inc., dated November 16, 1999.   |
| 21.1**  | List of Subsidiaries of the Registrant.   |
| 23.1    | Consent of KPMG LLP, independent auditors.  |
| 23.2    | Consent of Counsel. Reference is made to Exhibit 5.1.   |
| 24.1**  | Power of Attorney.  |
| 25.1**  | Form of T-1 Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of State Street Bank and Trust Company of California, N.A. |
| 27.1**  | Financial Data Schedule.  |
| 99.1**  | Form of Letter of Transmittal relating to the Exchange Offer.   |
| 99.2**  | Form of Notice of Guaranteed Delivery.  |

</TABLE>

-----

\* To be filed by amendment.

\*\* Previously filed.

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

April 20, 2000

Equinix, Inc.  
901 Marshall Street  
Redwood City, CA 94063

Ladies and Gentlemen:

We have acted as special New York counsel to Equinix, Inc., a Delaware corporation (the "Company"), in connection with the Company's offer to exchange (the "Exchange Offer") up to \$200,000,000 aggregate principal amount of its 13% Senior Notes due 2007 (the "Exchange Notes") which have been registered under the Securities Act of 1933, as amended (the "Securities Act") for its existing 13% Senior Notes due 2007 (the "Old Notes"), as described in the Prospectus (the "Prospectus") contained in the Registration Statement on Form S-4 (as amended or supplemented, the "Registration Statement"), to be filed with the Securities and Exchange Commission. The Old Notes were issued, and the Exchange Notes are proposed to be issued, under an indenture dated as of December 1, 1999 (the "Indenture"), between the Company and State Street Bank and Trust Company of California, N.A., as Trustee.

In arriving at the opinion expressed below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates, agreements and other matters as we have deemed necessary or advisable for the purposes of rendering this opinion.

In such examination, we have assumed, without independent investigation, (i) the genuineness of all signatures; (ii) the legal capacity of all individuals who have executed any of the documents reviewed by us; (iii) the authenticity of all documents submitted to us as originals; (iv) the conformity to executed documents of all unexecuted copies submitted to us; and (v) the authenticity of, and the conformity to original documents of, all documents submitted to us as certified or photocopied copies. In addition, we have relied upon the opinion of Gunderson, Dettmer, Stough, Villeneuve, Franklin & Hachigian, LLP, corporate and securities counsel to the Company, rendered December 1, 1999 in connection with the issuance of the Old Notes stating that (i) the Company has taken all necessary action, corporate and otherwise, to authorize the issuance and delivery of the Exchange Notes; (ii) the Company has the power, corporate and otherwise, to issue and deliver the Exchange Notes; and (iii) the Exchange Notes have been duly executed and delivered. The opinions expressed herein are subject in all respects to the assumptions, limitations and qualifications expressed therein. As to certain factual matters material to our opinion, we have relied upon oral statements, written information and certificates of officials and representatives of the Company and others, and we have not independently verified the accuracy of the statements contained therein.

Equinix, Inc.  
April 20, 2000

Based on the foregoing, and subject to the assumptions, limitations, exceptions and qualifications set forth herein, we are of the opinion that the Exchange Notes, when authenticated, issued and delivered in exchange for the Old Notes in accordance with the terms of the Indenture and the Exchange Offer, will constitute valid and binding obligations of the Company, enforceable in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally or by general equitable principles.

We are members of the Bar of the State of New York and the foregoing opinion is limited to the laws of the State of New York as in effect on the date hereof.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference made to this firm under the caption "Legal Matters" in the Prospectus. In giving this consent, we do not thereby admit that we are included within the category of persons whose consent is required under Section 7 of the Securities Act, or the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

Very truly yours,

/s/ Dewey Ballantine LLP

Dewey Ballantine LLP  
-----

[\*\*\*]=Certain information in this Exhibit has been omitted and filed separately with the Securities and Exchange Commission.

TELECOMMUNICATIONS OFFICE LEASE  
-----

CARRIER CENTER LOS ANGELES

600 SEVENTH STREET ASSOCIATES, INC.,

a California corporation

as Landlord,

and

EQUINIX, INC.,

a Delaware corporation,

as Tenant

CARRIER CENTER LOS ANGELES  
-----

INDEX  
-----

<TABLE>	<CAPTION>	ARTICLE	SUBJECT MATTER	PAGE
- - - - -	-----	<S>	<C>	----
ARTICLE 1	PREMISES, BUILDING, PROJECT, AND COMMON AREAS.....			1
ARTICLE 2	LEASE TERM; OPTION TERMS.....			1
ARTICLE 3	BASE RENT.....			1
ARTICLE 4	ADDITIONAL RENT.....			1
ARTICLE 5	USE OF PREMISES.....			6
ARTICLE 6	SERVICES AND UTILITIES.....			7
ARTICLE 7	REPAIRS.....			9
ARTICLE 8	ADDITIONS AND ALTERATIONS.....			10
ARTICLE 9	COVENANT AGAINST LIENS.....			11
ARTICLE 10	INSURANCE.....			12
ARTICLE 11	DAMAGE AND DESTRUCTION.....			14
ARTICLE 12	NONWAIVER.....			16
ARTICLE 13	CONDEMNATION.....			16
ARTICLE 14	ASSIGNMENT AND SUBLETTING.....			16
ARTICLE 15	SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES.....			20
ARTICLE 16	HOLDING OVER.....			20
ARTICLE 17	ESTOPPEL CERTIFICATES.....			20
ARTICLE 18	SUBORDINATION.....			21
ARTICLE 19	DEFAULTS; REMEDIES.....			21
ARTICLE 20	COVENANT OF QUIET ENJOYMENT.....			23
ARTICLE 21	SECURITY DEPOSIT.....			23
ARTICLE 22	SUPPLEMENTAL EQUIPMENT.....			24
ARTICLE 23	SIGNS.....			27
ARTICLE 24	COMPLIANCE WITH LAW.....			27
ARTICLE 25	LATE CHARGES.....			27
ARTICLE 26	LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT.....			27
ARTICLE 27	ENTRY BY LANDLORD.....			28
ARTICLE 28	PARKING.....			28
ARTICLE 29	MISCELLANEOUS PROVISIONS.....			28

EXHIBITS

- A-1 OUTLINE OF SUITE 600
- A-2 ROOF SPACE AND ROOF SYSTEMS SUPPORT PAD
- A-3 OUTLINE OF MUST TAKE SPACE

B	TENANT WORK LETTER
C	FORM OF NOTICE OF LEASE TERM DATES
D	RULES AND REGULATIONS
E	FORM OF TENANT'S ESTOPPEL CERTIFICATE
F	FORM NON-DISTURBANCE AGREEMENT
G	PROJECT SOUND REQUIREMENTS AND SPECIFICATIONS
H	ANTENNA SPACE RIDER
I	FORM OF MEMORANDUM OF LEASE

-i-

CARRIER CENTER LOS ANGELES

INDEX OF MAJOR DEFINED TERMS

<TABLE>  
<CAPTION>

DEFINED TERMS	LOCATION OF DEFINITION IN OFFICE LEASE
- - - - -	- - - - -
<S>	<C>
Abatement Event.....	13
Acceptable Changes.....	15
Accountant.....	11
Additional Electrical Supply.....	12
Additional Rent.....	5
Alterations.....	14
Antenna Conduit Space.....	Exhibit H
Antenna Conduits.....	Exhibit H
Antenna Space.....	Exhibit H
Antenna Space Effective Date.....	Exhibit H
Antennas.....	Exhibit H
Auxiliary Space.....	30
Base Building.....	15
Base Rent.....	5
Base Year.....	5
BOMA.....	2
Brokers.....	37
Building.....	1
Building Structure.....	14
Building Systems.....	14
Claims.....	17, 31
Collocation Agreements.....	23
Common Areas.....	1
Connecting Equipment.....	29
Contract.....	Exhibit B
Cost Pools.....	9
Customers.....	23
Damage Termination Date.....	20
Damage Termination Notice.....	20
Direct Expenses.....	5
Effective Date.....	iv
Electrical Equipment.....	12
Eligibility Period.....	13
Estimate.....	10
Estimate Statement.....	10
Estimated Excess.....	10
Excess.....	9
Exercise Date.....	3
Expense Year.....	6
Fair Rental Value.....	3
Final Costs.....	Exhibit B
Fire-Suppression System.....	29
Force Majeure.....	35
Future Mortgage.....	26
HVAC.....	12
Landlord.....	iv
Landlord Parties.....	16
Landlord Repair Notice.....	19
Lease.....	iv
Lease Commencement Date.....	2
Lease Expiration Date.....	3
Lease Term.....	2

Lease Year.....	3
License.....	29
Lines.....	30
Notices.....	35
Operating Expenses.....	6

<TABLE>	
<S>	
Option Rent.....	<C> 3
Option Rent Notice.....	3
Premises.....	1
Project.....	1
Proposition 13.....	8
Quoted Rent.....	22
Renovations.....	37
Rent.....	5
Review Period.....	10
Security Deposit.....	28
Statement.....	9
Subject Space.....	21
Summary.....	iv
Supplemental Equipment.....	30
Tax Expenses.....	8
Tenant.....	iv
Tenant Damage Event.....	20
Tenant Work Letter.....	1
Tenant's Conduit.....	30
Tenant's Exercise Notice.....	3
Tenant's HVAC Equipment.....	29
Tenant's Share.....	9
Transfer Notice.....	21
Transfer Premium.....	23
Transferee.....	21
Transferee's Rent.....	22
Transfers.....	21
</TABLE>	

CARRIER CENTER LOS ANGELES

TELECOMMUNICATIONS OFFICE LEASE

This Telecommunications Office Lease (the "Lease"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "Summary"), below, is made by and between 600 SEVENTH STREET ASSOCIATES, INC., a California corporation ("Landlord"), and EQUINIX, INC., a Delaware corporation ("Tenant").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
-----	-----
1. Date:	August 6, 1999 (the "Effective Date")
2. Premises (Article 1). -----	
2.1 Building:	[*] Los Angeles, California 90014 Building RSF: _____
2.2 Premises:	Approximately [*] rentable square feet of space consisting of (i) approximately [*] rentable square feet of space comprising the entire sixth (6th) floor of the Building, and known as Suite 600 (the "Suite 600 Space"), and (ii) approximately [*] rentable square feet of space located on the roof of the Building (the "Roof Space"), both as further set forth in Exhibit A-1 and

3. Lease Term  
 (Article 2).  
 -----
- 3.1 Length of Term: One Hundred Eighty (180) months.
- 3.2 Lease Commencement Date: June 1, 2000
- 3.3 Lease Expiration Date: The date immediately preceding the one hundred eightieth (180th) month anniversary of the Lease Commencement Date.

4. Base Rent (Article 3):  
 -----

4.1 Base Rent:

Months of Lease Term	Annual Base Rent	Monthly Installment of Base Rent	Annual Rental Rate per Rentable Square Foot
1 - 12	\$[*]	\$[*]	\$[*]
13 - 24	\$[*]	\$[*]	\$[*]
25 - 36	\$[*]	\$[*]	\$[*]
37 - 48	\$[*]	\$[*]	\$[*]
49 - 60	\$[*]	\$[*]	\$[*]
61 - 72	\$[*]	\$[*]	\$[*]
73 - 84	\$[*]	\$[*]	\$[*]
85 - 96	\$[*]	\$[*]	\$[*]
97 - 108	\$[*]	\$[*]	\$[*]
109 - 120	\$[*]	\$[*]	\$[*]

\*CONFIDENTIAL TREATMENT REQUESTED CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-iv-

121 - 132	\$[*]	\$[*]	\$[*]
133 - 144	\$[*]	\$[*]	\$[*]
145 - 156	\$[*]	\$[*]	\$[*]
157 - 168	\$[*]	\$[*]	\$[*]
169 - 180	\$[*]	\$[*]	\$[*]

- 4.2 Base Rent Abatement (Section 3.2): Tenant shall be entitled to an abatement of Base Rent for a portion of the Premises during the first (1st) [\*] months of the Lease Term pursuant to the terms and conditions of Section 3.2.

5. Base Year (Article 4): Calendar year 2000.  
 -----

6. Tenant's Share (Article 4): Approximately [\*]%.  
 -----

7. Permitted Use (Article 5): General office use and operation of telecommunications equipment consistent with a first-class telecommunications building  
 -----

8. Security Deposit (Article 21): \$[\*]  
 -----

9. Address of Tenant (Section 29.18): 901 Marshall Avenue, 2nd Floor  
 Redwood City, CA 94063  
 -----

Attention: Art Chinn

with a copy to:

[\*]  
 Suite 600  
 Los Angeles, CA 90014

10. Address of Landlord (Section 29.18): See Section 29.18 of the Lease.  
 -----

11. Parking (Article 28) -----  
Subject to the terms and conditions of Section -----  
28, Tenant shall be permitted to rent up to --  
fifteen (15) undesignated and unreserved parking passes in the Parking Structure.
12. Broker(s) (Section 29.24): -----  
Landlord's Representative: -----  
Telecom Real Estate Services, Inc.

\*CONFIDENTIAL TREATMENT REQUESTED CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-v-

ARTICLE 1  
-----

PREMISES, BUILDING, PROJECT, AND COMMON AREAS  
-----

1.1 Premises, Building, Project and Common Areas.  
-----

1.1.1 The Premises. Landlord hereby leases to Tenant and Tenant  
-----  
hereby leases from Landlord the premises set forth in Section 2.2 of the Summary  
-----  
(the "Premises"). The outline of the Premises is set forth in Exhibit A-1 and  
-----  
Exhibit A-2 attached hereto. The parties hereto agree that the lease of the  
-----  
Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of Exhibits A-1, A-2 and A-3 is to show the approximate location of the Premises  
-----  
and the Must Take Space and the First Offer Space in the "Building," as that term is defined in Section 1.1.2, below, only, and such Exhibits are not meant  
-----  
to constitute an agreement, representation or warranty as to the construction of the Premises or the Must Take Space, the precise area thereof or the specific location of the "Common Areas," as that term is defined in Section 1.1.3, below,  
-----  
or the elements thereof or of the accessways to the Premises, Must Take Space or the "Project," as that term is defined in Section 1.1.2, below. Except as  
-----  
specifically set forth in this Lease and in the work letter attached hereto as Exhibit B (the "Tenant Work Letter"), Landlord shall not be obligated to provide  
-----  
or pay for any improvements, work or services related to the improvement, remodeling or refurbishment of the Premises, and Tenant shall accept the Premises in its "AS IS" condition on the Lease Commencement Date. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair.

1.1.2 The Building and The Project. The Premises are a part of that  
-----  
certain seven (7) story office building set forth in Section 2.1 of the Summary  
-----  
(the "Building"). The Building is part of an office project known as "Carrier Center Los Angeles. The term "Project," as used in this Lease, shall mean (i) the Building and the Common Areas, and (ii) the land (which is improved with landscaping and other improvements) upon which the Building and the Common Areas are located, and (iii) at Landlord's reasonable discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project, which Landlord reasonably anticipates will directly benefit Tenant.

1.1.3 Common Areas. Tenant shall have the non-exclusive right to use  
-----  
in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the  
-----  
Project which are provided, from time to time, for use in common by Landlord,

Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, or to be shared by Landlord and certain tenants, are collectively referred to herein as the "Common Areas"). The manner in which the Common Areas are maintained and operated shall be consistent with other similarly situated telecommunications buildings in the downtown Los Angeles area and Tenant's use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that Landlord shall use commercially reasonable efforts to ensure that any such alterations or additions to the Common Areas do not unreasonably interfere with Tenant's use and occupancy of the Premises.

1.1.4 Access. Landlord agrees that, subject to Landlord's reasonable  
-----

rules and regulations, and access control systems and procedures, Tenant shall have access to the Premises 24 hours a day, 365 days a year during the Lease Term.

1.2 Must Take Space.  
-----

1.2.1 Description of Must Take Space. Commencing as of [\*] (the  
-----

"Must Take Space Commencement Date") the Premises shall be expanded to include a portion of the seventh (7th) floor of the Building consisting of approximately [\*] rentable square feet of space as more particularly shown on the floor plan attached hereto as Exhibit A-3 (the "Must Take Space"). The Must Take Space shall not include the areas shown as the "Leasing and Management Office" and "Historic Suite" on Exhibit A-3.  
-----

1.2.2 Base Rent. In addition to the Base Rent payable by Tenant to  
-----

Landlord for the Premises, commencing upon the Must Take Commencement Date (as defined above), Tenant shall pay to Landlord, as Base Rent for each rentable square foot of the Must Take Space, an amount equal to the

\*CONFIDENTIAL TREATMENT REQUESTED CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

Base Rent paid by Tenant for each rentable square foot of the original Premises as of the Must Take Space Commencement Date and shall be subject to adjustment as set forth in Section 4 of the Summary. Tenant shall not be entitled to any  
-----

Base Rent Abatement for the Must Take Space pursuant to Section 3.2 below. In  
-----

addition, for purposes of calculating Tenant's Share of Directing Expenses in excess of Direct Expenses for the Base Year, effective as of the Must Take Commencement Date, Tenant's Share shall be increased to [\*]%, calculated by dividing the rentable square feet of the Premises and Must Take Space by the total rentable square feet within the Project.

1.2.3 Term. The lease term for the Must-Take Space shall commence as  
-----

of the Must Take Commencement Date, and shall expire at the expiration of the Lease Term (as may be extended pursuant to Section 2.2 below).  
-----

1.2.4 Improvement of Must Take Space. The Must Take Space shall be  
-----

delivered to Tenant on the Must-Take Commencement Date in its "AS IS" condition, without any obligation on Landlord's part to construct or pay for any Tenant Improvements or alterations for the Must-Take Space; provided, however, Landlord shall provide Tenant with a tenant improvement allowance for the Must Take Space ("Must Take Improvement Allowance") equal to \$25.00 per square foot of the Must Take Space for the construction of certain Tenant Improvements in the Must-Take Space pursuant to the provisions of Exhibit B attached to this Lease, except for purposes of the Must-Take Space only, the following modifications to Exhibit B shall apply with respect to the Must Take Space: (i) all references in Exhibit B to the "Premises" shall, for purposes of this Section 1.2, mean the "Must Take Space" .1.2.5 Other Terms. The Must Take Space shall become part of the  
-----

Premises for all purposes of this Lease as of the Must Take Commencement Date, and except as otherwise expressly provided in this Section 1.2, all of the terms and conditions of this Lease shall apply to the Must Take Space following the Must Take Commencement Date as though the Must Take Space was originally part of the Premises. Following delivery of the Must-Take Space to Tenant, Tenant shall execute an amendment adding such Must-Take Space to this Lease upon the foregoing terms and conditions within thirty (30) days of delivery of such amendment to Tenant by Landlord.

1.2.6 Additional Roof Rights: Commencing on the Must Take space commencement date defined in Section 1.2.1 above, Tenant shall be entitled to utilize the portion of the roof system support pad designated as Portion B on Exhibit A-2 attached hereto for the installation of additional Tenants to service the Must Take space.

1.4 Rentable Square Feet. The rentable square feet of the Premises are  
-----  
approximately as set forth in Section 2.2 of the Summary, and the rentable  
-----  
square feet of the Building is approximately as set forth in Section 2.1 of the  
-----  
Summary. For purposes hereof, the "rentable square feet" of the Premises, and the Must Take Space shall be calculated by Landlord pursuant to the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 ("BOMA"), as modified for the Project pursuant to Landlord's standard rentable area measurements for the Project, to include, among other calculations, (i) a portion of the Common Areas and service areas of the Project, and (ii) the vertical penetrations of the Project used for telecommunications and utility purposes (i.e. the bus duct risers and conduit chases). The rentable square feet of the Premises, the rentable square feet of the Must Take Space and the rentable square feet of the Building are not subject to adjustment or remeasurement by Tenant, but shall be remeasured by Landlord within ninety (90) days following the delivery of the respective Premises, Expansion Space and any First Offer Space to Tenant, and which measurements are subject to verification from time to time by Landlord through Landlord's planner/designer, and such verification shall be made in accordance with the provisions of this Section  
-----

1.4. The determination of Landlord's planner/designer shall be conclusive and  
- ---  
binding upon the parties. In the event that Landlord's planner/designer determines that the rentable square footage shall be different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect rentable square feet (including, without limitation, the amount of the Base Rent and Tenant's Share) shall be modified in accordance with such determination. If such determination is made, it will be confirmed in writing by Landlord to Tenant.

\*CONFIDENTIAL TREATMENT REQUESTED CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

-2-

ARTICLE 2  
-----

LEASE TERM; OPTION TERMS  
-----

2.1 Lease Term. The terms and provisions of this Lease shall be effective  
-----  
as of the date of this Lease. The term of this Lease (the "Lease Term") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set  
-----  
forth in Section 3.2 of the Summary (the "Lease Commencement Date"), and shall  
-----  
terminate on the date set forth in Section 3.3 of the Summary (the "Lease  
-----  
Expiration Date") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Lease Term; provided, however, that the last Lease Year shall end on the Lease Expiration Date. At any time during the Lease Term, Landlord or Tenant may deliver to the other party a notice in the form as set forth in Exhibit C, attached hereto, as a confirmation  
-----  
only of the information set forth therein, which receiving party shall execute and return such notice to the other party within ten (10) days of receipt thereof.

2.2 Option Term.  
-----

2.2.1 Option Right. Landlord hereby grants to Tenant two (2)  
-----  
consecutive options to extend the Lease Term for a period of five (5) years each (each, an "Option Term"), each of which options shall be exercisable only by written notice delivered by Tenant to Landlord as provided below, provided that, as of the date of delivery of any such notice, Tenant is not in default under this Lease and Tenant has not previously been in default under this Lease beyond any applicable cure periods more than three (3) times. Upon the proper exercise of any such option to extend, and provided that, as of the end of the initial Lease Term or initial Option Term, Tenant is not in default under this Lease beyond any applicable cure periods and Tenant has not previously been in default under this Lease beyond any applicable cure periods more than three (3) times, the Lease Term, as it applies to the Premises, shall be extended for the

applicable Option Term. The rights contained in this Section 2.2 shall be

-----  
personal to the Original Tenant (and any Permitted Affiliates) and may only be exercised by the Original Tenant and any assignee (including any Permitted Affiliate) to which Tenant's entire interest in this Lease has been assigned pursuant to Article 14 below, and may only be exercised by the Original Tenant

-----  
or such assignee, as the case may be (but not by any sublessee or other transferee of Tenant's interest in this Lease or the Premises) if the Original Tenant or such assignee, as the case may be, occupies at least seventy percent (70%) of the Premises as of the date Tenant purports to exercise the right to lease the Expansion Space.

2.2.2 Option Rent. The "Rent," as that term is defined in Section

-----  
4.1, below, payable by Tenant during the applicable Option Term (the "Option

-----  
Rent") shall be equal to the greater of (i) the "Fair Rental Value" for the Premises as of the commencement of the then applicable Option Term, and (ii) the Rent payable by Tenant for the period immediately prior to the end of the Lease Term or then applicable Option Term. The "Fair Rental Value" shall mean the rent (including the obligation to directly pay electrical and janitorial expenses and including additional rent and considering any "base year" or "expense stop" applicable thereto), including all escalations, at which tenants using their premises predominantly for telecommunications oriented purposes (including without limitation the One Wilshire and 611 Wilshire buildings located in Los Angeles, California), as of the commencement of the applicable Option Term, are leasing non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Premises for a term of five (5) years, which comparable space is located in the Building or in comparable buildings in the downtown Los Angeles office market.

2.2.3 Exercise of Option. The applicable option contained in this

-----  
Section 2.2 shall be exercised by Tenant, if at all, and only in the following

-----  
manner: (i) Tenant shall deliver written notice to Landlord not more than eighteen (18) months nor less than nine (9) months prior to the expiration of the applicable Lease or Option Term, stating that Tenant may be interested in exercising its option; (ii) Landlord, after receipt of Tenant's notice, shall deliver notice (the "Option Rent Notice") to Tenant not less than seven (7) months prior to the expiration of the applicable Lease or Option Term, setting forth Landlord's determination of the Option Rent; and (iii) if Tenant wishes to exercise such option, Tenant shall, on or before the date (the "Exercise Date") which is the earlier of (A) the date occurring six (6) months prior to the expiration of the applicable Lease or Option Term, and (B) the date occurring thirty (30) days after Tenant's receipt of the Option Rent Notice, exercise the option by delivering written notice thereof to Landlord ("Tenant's Exercise Notice"), and concurrent with, such exercise, and in Tenant's Exercise Notice, Tenant may, at its option, object to the Option Rent contained in the Option Rent Notice, in which case the parties shall follow the procedure, and the Option Rent shall be determined, as set forth in Section 2.2.4 below. Tenant's failure to deliver Tenant's Exercise Notice on or before the Exercise Date, shall be deemed to constitute Tenant's waiver of its extension rights hereunder.

2.2.4. Determination of Option Rent. In the event Tenant timely and

-----  
appropriately objects in Tenant's Exercise Notice to the Option Rent initially determined by Landlord, Landlord and

Tenant shall attempt to agree upon the Option Rent, using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within thirty (30) days following Landlord's receipt of Tenant's Exercise Notice objecting to the Option Rent (the "Outside Agreement Date"), then each party shall submit to the other party a separate written determination of the Option Rent within ten (10) business days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.4.1 through 2.2.4.8 below. Failure of Tenant or Landlord to submit a written determination of the Option Rent within such ten (10) business day period shall conclusively be deemed to be the non-determining party's approval of the Option Rent submitted within such ten (10) business day period by the other party.

2.2.4.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be an independent real estate broker who shall have been active over the five (5) year period ending on the date of such appointment in the leasing of comparable commercial office buildings in Los Angeles County, California. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Fair Market Rent for the Premises as determined by the arbitrators, taking into account the requirements of Section 2 above. Each such arbitrator shall be appointed within thirty (30) days after the Outside Agreement Date.

2.2.4.2 The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria

set forth hereinabove for qualification of the initial two (2) arbitrators.

2.2.4.3 The three (3) arbitrators shall within thirty (30) days after the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent and shall notify Landlord and Tenant thereof.

2.2.4.4 The decision of the majority of the three (3) arbitrators shall be binding upon Landlord and Tenant.

2.2.4.5 If either Landlord or Tenant fails to appoint an arbitrator within thirty (30) days after the applicable Outside Agreement Date, the arbitrator appointed by one of them shall reach a decision, notify Landlord and Tenant thereof, and such arbitrator's decision shall be binding upon Landlord and Tenant.

2.2.4.6 If the two (2) arbitrators fail to agree upon and appoint a third arbitrator within the time period provided in Section 2.2.4.2 above, then the parties shall mutually select the third arbitrator. If Landlord and Tenant are unable to agree upon the third arbitrator within ten (10) days, then either party may, upon at least five (5) days prior written notice to the other party, request the Presiding Judge of the Los Angeles County Superior Court, acting in his private and nonjudicial capacity, to appoint the third arbitrator. Following the appointment of the third arbitrator, the panel of arbitrators shall within thirty (30) days thereafter reach a decision as to whether Landlord's or Tenant's submitted Option Rent shall be used and shall notify Landlord and Tenant thereof.

2.2.4.7 The cost of the arbitrators and the arbitration proceeding shall be paid by Landlord and Tenant equally, except that each party shall pay for the cost of its own witnesses and attorneys.

2.2.4.8 Notwithstanding any such determination of Fair Market Rent by any such arbitrators, in no event shall the Annual Base Rent payable by Tenant during the Option Term be less than the Annual Base Rent payable by Tenant for the Lease Year immediately preceding Tenant's exercise of the applicable Option Term.

-2-

2.3 Delay in Delivery of Possession/Early Occupancy.

2.3.1 Delay in Delivery of Possession. Landlord shall endeavor to

deliver possession of the Premises to Tenant on or before December 1, 1999 (the "Scheduled Delivery Date"). If Landlord fails to deliver the Premises to Tenant on or before the Scheduled Delivery Date, Landlord shall not be in default under this Lease, and shall not be liable to Tenant for any damages or expenses resulting therefrom. In such event the Lease Commencement Date shall be delayed (i) day for day for each such day of Landlord Delay for the first sixty (60) days of such delay beyond the Scheduled Delivery Date (the "First Delay Period"), (ii) two (2) days for each such day of Landlord Delay beyond the First Delay Period until the date which is one hundred twenty (120) days following the Scheduled Delivery Date (the "Second Delay Period"), and (iii) three (3) days for each such day of Landlord Delay beyond the Second Delay Period until the date which is one hundred eighty (180) days following the Scheduled Delivery Date (the "Third Delay Period"). Notwithstanding the foregoing limitation on Landlord's liability to the contrary, if Landlord fails to deliver possession of the Premises to Tenant on or before June 1, 2000 (the "Outside Delivery Date"), then Tenant, as its sole and exclusive remedy, shall have the right to terminate this Lease by written notice delivered to Landlord by no later than June 15, 2000. Notwithstanding the foregoing, Tenant shall not be entitled to either (i) the Lease Commencement Date delays set forth in this Section 2.3.1(ii) and (iii)

hereinabove, or (ii) the termination right set forth in this Section 2.3.1, if

Landlord's inability to deliver the Premises to Tenant on the Scheduled Delivery Date or Outside Delivery Date, as applicable, results from a Force Majeure Event described in Section 29.16 below.

2.3.2 Early Occupancy. If Landlord delivers possession of the

Premises to Tenant prior to the Lease Commencement Date, all the provisions of this Lease shall apply with respect to Tenant's possession and/or occupancy of the Premises, except that Tenant shall not be obligated to pay Base Rent during any such early occupancy period.

ARTICLE 3

BASE RENT

3.1 Base Rent. Subject to Section 3.2 below, Tenant shall pay, without  
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prior notice or demand, to Landlord or Landlord's agent at the management office  
of the Project, or, at Landlord's option, at such other place as Landlord may  
from time to time designate in writing, by a check for currency which, at the  
time of payment, is legal tender for private or public debts in the United  
States of America, base rent for the Premises ("Base Rent") as set forth in  
Section 4 of the Summary, payable in equal monthly installments as set forth in  
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Section 4 of the Summary in advance on or before the first day of each and every  
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calendar month during the Lease Term, without any setoff or deduction whatsoever  
except as otherwise set forth herein. The Base Rent for the first full month of  
the Lease Term shall be paid at the time of Tenant's execution of this Lease.  
If any Rent payment date (including the Lease Commencement Date) falls on a day  
of the month other than the first day of such month or if any payment of Rent is  
for a period which is shorter than one month, the Rent for any fractional month  
shall accrue on a daily basis for the period from the date such payment is due  
to the end of such calendar month or to the end of the Lease Term at a rate per  
day which is equal to 1/365 of the applicable annual Rent. All other payments  
or adjustments required to be made under the terms of this Lease that require  
proration on a time basis shall be prorated on the same basis.

3.2 Base Rent Abatement. Notwithstanding anything to the contrary  
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contained in Section 3.1, Landlord hereby waives Tenant's obligation to pay Base  
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Rent for [\*] rentable square feet of the initial Premises (the "Rent Abatement  
Space") for the first [\*] ([\*]) months after the Lease Commencement Date (the  
"Abatement Period"); provided, however, that if at any time during the Abatement  
Period (i) Tenant commences to utilize any portion of the Rent Abatement Space  
for installation or operation of Customer or Tenant's telecommunications  
equipment, or (ii) Landlord issues a notice to Tenant respecting a default on  
the part of Tenant which default is not cured within the applicable grace  
period, if any, Landlord's agreement to waive payment of Base Rent shall (a) in  
the event of item (i) above, be immediately revoked without further notice to  
Tenant and the rights of Tenant pursuant to this Section 3.2 shall be null and  
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void with respect to the portion of the Rent Abatement Space from which Tenant  
has commenced business operations, and (b) in the event of item (ii) above, be  
completely and immediately revoked without further notice to Tenant and the  
rights of Tenant pursuant to this Section 3.2 shall be null and void. In any  
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such notice given by Landlord, Landlord shall have the right to demand any and  
all Base Rent which would have been due and payable in accordance with the Lease  
absent the waiver contained in this Section 3.2. Notwithstanding anything to  
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the contrary contained in this Section 3.2, Tenant shall be required to make all  
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payments of Direct Expenses and Additional Rent during the Abatement Period and  
throughout the Lease Term.

\*CONFIDENTIAL TREATMENT REQUESTED CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY  
WITH THE SECURITIES AND EXCHANGE COMMISSION.

ARTICLE 4  
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ADDITIONAL RENT  
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4.1 General Terms. In addition to paying the Base Rent specified in  
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Article 3 of this Lease, Tenant shall pay "Tenant's Share" of the annual "Direct  
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Expenses," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease,  
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respectively allocated to the tenants of the Building, to the extent such Direct  
Expenses allocated to the tenants of the Building are in excess of Tenant's  
share of Direct Expenses applicable to the "Base Year," as that term is defined  
in Section 4.2.1 of this Lease. Such payments by Tenant, together with any and  
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all other amounts payable by Tenant to Landlord pursuant to the terms of this  
Lease (including without limitation the Conduit Rental described in Section 6.4  
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below), are hereinafter collectively referred to as the "Additional Rent", and  
the Base Rent and the Additional Rent are herein collectively referred to as  
"Rent." All amounts due under this Article 4 as Additional Rent shall be  
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payable for the same periods and in the same manner as the Base Rent. Without  
limitation on other obligations of Tenant which survive the expiration of the  
Lease Term, the obligations of Tenant to pay the Additional Rent provided for in  
this Article 4 shall survive the expiration of the Lease Term.  
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4.2 Definitions of Key Terms Relating to Additional Rent. As used in this

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Article 4, the following terms shall have the meanings hereinafter set forth:  
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4.2.1 "Base Year" shall mean the period set forth in Section 5 of the  
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Summary.

4.2.2 "Direct Expenses" shall mean "Operating Expenses" and "Tax  
Expenses."

4.2.3 "Expense Year" shall mean each calendar year in which any  
portion of the Lease Term falls, through and including the calendar year in  
which the Lease Term expires, provided that Landlord, upon notice to Tenant, may  
change the Expense Year from time to time to any other twelve (12) consecutive  
month period, and, in the event of any such change, Tenant's Share of Direct  
Expenses shall be equitably adjusted for any Expense Year involved in any such  
change.

4.2.4 "Operating Expenses" shall mean all expenses, costs and amounts  
of every kind and nature which Landlord pays or accrues during any Expense Year  
because of or in connection with the ownership, management, maintenance,  
security, repair, replacement, restoration or operation of the Project, or any  
portion thereof. Without limiting the generality of the foregoing, Operating  
Expenses shall specifically include any and all of the following: (i) the cost  
of supplying all utilities (except for utilities provided to the Premises or to  
the premises of other tenants in the Building), the cost of operating,  
repairing, maintaining, and renovating the utility, telephone, mechanical,  
sanitary, storm drainage, and elevator systems, and the cost of maintenance and  
service contracts in connection therewith; (ii) the cost of licenses,  
certificates, permits and inspections and the cost of contesting any  
governmental enactments which may affect Operating Expenses, and the costs  
incurred in connection with a transportation system management program or  
similar program; (iii) the cost of all insurance carried by Landlord in  
connection with the Project, and the amounts of insurance deductibles to the  
extent otherwise includable in Operating Expenses; (iv) the cost of landscaping,  
relamping, and all supplies, tools, equipment and materials used in the  
operation, repair and maintenance of the Project, or any portion thereof; (v)  
costs incurred in connection with any parking areas servicing the Building  
(including without limitation the Parking Structure); (vi) fees and other costs,  
including management fees, consulting fees, legal fees and accounting fees, of  
all contractors and consultants in connection with the management, operation,  
maintenance and repair of the Project (including city sidewalks); (vii) payments  
under any equipment rental agreements and the fair rental value of any  
management office space; (viii) wages, salaries and other compensation and  
benefits, including taxes levied thereon, of all persons engaged in the  
operation, maintenance and security of the Project; (ix) costs under any  
instrument pertaining to the sharing of costs by the Project; (x) operation,  
repair, maintenance and replacement of all systems and equipment and components  
thereof of the Building; (xi) the cost of janitorial (except for janitorial  
services provided to the Premises or to the premises of other tenants in the  
Building), alarm, security and other services, replacement of wall and floor  
coverings, ceiling tiles and fixtures in the Project and in the Common Areas,  
maintenance and replacement of curbs and walkways, repair to roofs and re-  
roofing; (xii) amortization (including interest on the unamortized cost at a  
rate equal to the floating commercial loan rate announced from time by Bank of  
America, a national banking association, or its successors, as its prime rate,  
plus two percent (2%) per annum (the "Interest Rate")) of the cost of acquiring  
or the rental expense of personal property used in the maintenance, operation  
and repair of the Project, or any portion thereof; (xiii) the cost of capital  
improvements or other costs incurred in connection with the Project (A) which  
are intended to effect economies in the operation or maintenance of the Project,  
or any portion thereof, to the extent of any reasonably anticipated savings by  
Landlord (B) that are required to comply with present or anticipated  
conservation programs, (C) which are replacements or modifications of  
nonstructural items located in the Project required to keep the Project in good  
order or condition, or (D) that are required under any governmental law or  
regulation enacted after the Lease Commencement Date; provided, however, that  
any capital expenditure shall be amortized (including interest on the

unamortized cost at the Interest Rate in effect at the time such expenditure is  
placed in service) over its useful life as Landlord shall reasonably determine;  
(xiv) costs, fees, charges or assessments imposed by, or resulting from any  
mandate imposed on Landlord by, any federal, state or local government for fire  
and police protection, trash removal, community services, or other services  
which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5,  
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below; and (xv) payments under any easement, license, operating agreement,  
declaration, restrictive covenant, or instrument pertaining to the sharing of  
costs by the Building. If the Project is not at least ninety-five percent (95%)  
occupied during all or a portion of any Expense Year, Landlord shall make an  
adjustment to the components of Operating Expenses for such year to determine  
the amount of Operating Expenses that would have been incurred had the Building  
been ninety-five percent (95%) occupied; and the amount so determined shall be

deemed to have been the amount of Operating Expenses for such year. Operating Expenses for the Base Year shall not include market-wide labor-rate increases due to extraordinary circumstances, including, but not limited to, boycotts and strikes, and utility rate increases due to extraordinary circumstances including, but not limited to, conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements provided that, upon written request by Tenant, Landlord shall give Tenant notice of any such items which were not included in Operating Expenses for the Base Year. In no event shall the components of Direct Expenses for any Expense Year related to electrical costs be less than the components of Direct Expenses related to electrical costs in the Base Year.

In the event Landlord does not carry earthquake insurance during the Base Year, and if Landlord adds earthquake insurance during any subsequent Expense Year, then from and after the date upon which such earthquake insurance is so added and continuing throughout the period during which such earthquake insurance is carried, Operating Expenses for the Base Year shall be deemed to be increased during the period of the Lease Term for which such earthquake insurance is maintained by Landlord in an amount equal to the actual cost of such earthquake insurance in the Expense Year it was implemented by Landlord,

Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(A) bad debt expenses, rent loss or reserves for bad debts and interest, principal payments, attorneys' fees, points and fees on debts, including lender costs and closing costs (except in connection with the financing of items which may be included in Operating Expenses) or amortization on any ground lease, mortgage or mortgages or any other debt instrument encumbering the Building or Project;

(B) marketing costs, including leasing commissions, incurred in connection with lease, sublease and/or assignment transactions with present or prospective tenants or other occupants of the Building;

(C) legal fees incurred in negotiating and enforcing tenant leases or other occupancy agreements or the defense of Landlord's title to or interest in the Project;

(D) costs, including permit, license and inspection costs or architects and engineers fees, incurred with respect to the installation of other tenants' or occupants' improvements made for tenants or other occupants in the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants in the Project;

(E) the cost of providing any service directly to and paid directly by any tenant of the Building;

(F) costs of any items (including, but not limited to, costs incurred by Landlord for the repair of damage to the Project or for items which are reimbursable under any contractor, manufacturer or supplier warranty), to the extent Landlord receives reimbursement from insurance proceeds (or would have received had Landlord maintained the insurance required under this Lease), condemnation proceeds or from a contractor, manufacturer, supplier or any other third party (other than reimbursement by tenants pursuant to the Operating Expenses pass-through provisions of their leases); such proceeds shall be credited to Operating Expenses in the year in which received, except that any deductible amount under any insurance policy shall be included within Operating Expenses in an amount of up to but not exceeding twenty thousand dollars (\$20,000) per Expense Year;

(G) costs of capital additions, capital alterations or capital improvements (including any replacements) in excess of a total of \$25,000 for the Building per Expense Year, except those set forth in Section 4.2.4 (xiii)

above;

(H) depreciation, amortization and interest payments, except as set forth in Sections 4.2.4 (vii), (xii) and (xiii) above, and except on materials,

tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with

-2-

a third party, where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with standard accounting practices and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life;

(I) Tax Expenses;

(J) expenses in connection with services, utilities or other benefits

which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Project without charge;

(K) costs and the overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Project to the extent the same exceeds the costs of such by unaffiliated third parties on a competitive basis;

(L) Landlord's general corporate overhead and general and administrative expenses, including without limitation, all compensation above that which is normal and customary in the Los Angeles market to employees of Landlord above the level of building manager;

(M) advertising and promotional expenditures, and costs of signs in or on the Project identifying the owner of the Project or other tenants' signs;

(N) tax penalties on the Project arising out of Landlord's acts or omissions incurred as a result of Landlord's negligence, inability or unwillingness to make payments or file returns when due;

(O) costs arising from Landlord's charitable or political contributions;

(P) costs, penalties, fines, awards or interest necessitated by or resulting from the gross negligence or willful misconduct of Landlord, or any of its agents, employees or independent contractors;

(Q) rent and other payments under any ground or underlying lease of the Building or Project;

(R) the cost of correcting any latent defects in the initial design or construction of the Building or the Project improvements other than any cost arising out of the Tenant Improvements or Alterations;

(S) costs of removing or remediating any asbestos or asbestos containing materials in the Project;

(T) costs incurred to remove, remedy, contain, or treat Hazardous Materials (defined in Section 5.2.4 below), which (i) were in existence in the -----  
Building or Project prior to the Lease Commencement Date, (ii) are brought into the Building or Project after the Lease Commencement Date by Landlord or Landlord's employees, agents, contractors or other tenants and which are of such a nature, at the time of such introduction, that a federal, state or municipal governmental authority, if it had then had knowledge of such hazardous materials would have then required the removal of such hazardous materials or other remedial or containment action with respect thereto or (iii) migrated onto the Project after the Lease Commencement Date, and which are of such a nature, at the time of such introduction, that a federal, state, or municipal government authority, if it had knowledge of such Hazardous Material migration of the time of such migration would have then required the removal of such Hazardous Material or other remedial or containment action with respect thereto;

(U) wages or salaries of employees or attendants in parking garages, newsstands or other commercial concessions, if any, operated by Landlord in the Building;

(V) costs of purchasing, installing and replacing artwork; and

(W) the cost of any management fees paid to the manager of the Project in excess of the management fee being charged or paid by other landlords for first class office buildings in the downtown Los Angeles office market.

#### 4.2.5 Taxes. -----

4.2.5.1 "Tax Expenses" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal

-3-

property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i)

any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("Proposition 13") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Tax Expenses under this Article 4 for such Expense Year. If Tax

Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the terms of this Lease. Notwithstanding anything to the contrary contained in this Section

4.2.5 there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section

4.5 of this Lease.

4.2.5.4 The amount of Tax Expenses for the Base Year attributable to the valuation of the Project, inclusive of tenant improvements, shall be known as "Base Taxes." If in any comparison year subsequent to the Base Year, the amount of Tax Expenses decreases below the amount of Base Taxes, then for purposes of all subsequent comparison years, including the comparison year in which such decrease in Tax Expenses occurred, the Base Taxes shall be decreased by an amount equal to the decrease in Tax Expenses.

4.2.6 "Tenant's Share" shall mean the percentage set forth in Section 6 of the Summary, and is based on the ratio of the rentable square footage of the Premises to the total rentable square footage of the Building.

4.3 Allocation of Direct Expenses; Cost Pools. Landlord shall have the right, from time to time, to equitably allocate some or all of the Direct Expenses for the Project among different portions or occupants of the Project (the "Cost Pools"), in Landlord's reasonable discretion. Such Cost Pools may include, but shall not be limited to, the office space tenants and telecommunications tenants of the Project. The Direct Expenses within each such Cost Pool shall be allocated and charged to the tenants within such Cost Pool in an equitable manner.

4.4 Calculation and Payment of Additional Rent. Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1 below, the Additional Rent as follows:

4.4.1 Calculation of Excess. If for any Expense Year ending or

commencing within the Lease Term, Tenant's Share of Direct Expenses for such Expense Year exceeds Tenant's Share of the amount of Direct Expenses applicable to the Base Year, then Tenant shall pay to Landlord, in the manner

-4-

set forth in Section 4.4.2, below, and as Additional Rent, an amount equal to  
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such excess of the Direct Expenses, as applicable (the "Excess").

#### 4.4.2 Statement of Actual Direct Expenses and Payment by Tenant. -----

Landlord shall endeavor to give to Tenant following the end of each Expense Year, a statement (the "Statement") which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of the Excess. Within ten (10) days of receiving the Statement for each Expense Year, if an Excess is present, Tenant shall pay the full amount of the Excess for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Excess," as that term is defined in Section 4.4.3  
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below. If the Statement indicates that the amount of Estimated Excess paid by Tenant to Landlord for the applicable Expense Year exceeds the actual amount of the Excess for such year, Landlord shall refund to Tenant such overpayment within thirty (30) days after such Statement is delivered to Tenant. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4.  
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Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if an Excess is present, Tenant shall immediately pay to Landlord such amount (or Landlord shall, within such thirty (30) day period, refund to Tenant any overpayment of any Estimated Excess paid by Tenant for such Expense Year). The provisions of this Section 4.4.2  
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shall survive the expiration or earlier termination of the Lease Term.

#### 4.4.3 Statement of Estimated Direct Expenses. In addition, Landlord -----

shall endeavor to give Tenant a yearly expense estimate statement (the "Estimate Statement") which shall set forth Landlord's reasonable estimate (the "Estimate") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated excess (the "Estimated Excess") as calculated by comparing the Direct Expenses for such Expense Year, which shall be based upon the Estimate, to the amount of Direct Expenses for the Base Year. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Excess under this Article 4, nor shall Landlord be prohibited from  
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revising any Estimate Statement or Estimated Excess theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Excess for the then-current Expense Year (reduced by any amounts paid pursuant to the next to last sentence of this Section 4.4.3). Such fraction shall have as its numerator the number of months  
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which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Excess set forth in the previous Estimate Statement delivered by Landlord to Tenant.

#### 4.5 Taxes and Other Charges for Which Tenant Is Directly Responsible. -----

4.5.1 Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment (including without limitation Tenant's switching and antenna equipment), furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.5.2 If the tenant improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied

against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

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4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

-5-

4.6 Tenant Audit. In the event Tenant disputes the amount of the Direct

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Expenses set forth in the Statement delivered by Landlord to Tenant pursuant to Section 4.4.2 above, Tenant shall have the right, at Tenant's cost, after reasonable notice to Landlord, to inspect, at Landlord's office during normal business hours, Landlord's books and records directly relevant to the Direct Expenses set forth in such Statement; provided, however, Tenant shall have no right to conduct such inspection, have an audit performed by the Accountant as described below, or object to or otherwise dispute the amount of the Direct Expenses set forth in any Statement, unless Tenant does so within one (1) year immediately following Landlord's delivery of the particular Statement in question (the "Review Period"); provided, further, that notwithstanding any such timely objection, dispute, inspection and/or audit, and as a condition precedent to Tenant's exercise of its right of objection, dispute, inspection and/or audit as set forth in this Section 4.6, Tenant shall not be permitted to withhold

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payment of, and Tenant shall timely pay to Landlord, the full amounts as required by the provisions of this Article 4 in accordance with such Statement. However, such payment may be made under protest pending the outcome of any audit which may be performed by the Accountant as described below. If after such inspection, Tenant still disputes the amount of the Direct Expenses set forth in the Statement, Tenant shall have the right, within the Review Period, to cause an independent certified public accountant which shall be one of the "Big 5" national accounting firms selected by Tenant which (i) has not represented or been engaged by Tenant on Tenant's behalf in the past ten (10) years, and (ii) is not paid on a contingent fee basis (the "Accountant"), to commence and complete an audit of Landlord's books and records directly relevant to Landlord's calculation of the Direct Expenses to determine the proper amount of the Direct Expenses incurred and amounts payable by Tenant for the Expense Year which is the subject of such Statement, which audit shall be final and binding upon Landlord and Tenant. If such audit reveals that Landlord has over-charged Tenant, then within thirty (30) days after the results of such audit are made available to Landlord, Landlord shall reimburse to Tenant the amount of such over-charge. If the audit reveals that the Tenant was under-charged, then within thirty (30) days after the results of such audit are made available to Tenant, Tenant shall reimburse to Landlord the amount of such under-charge. Tenant agrees to pay the cost of such audit unless it is subsequently determined that Landlord's original Statement which was the subject of such audit was in error to Tenant's disadvantage by more than five percent (5%), in which case Landlord shall reimburse Tenant for the reasonable cost of such audit. The payment by Tenant of any amounts pursuant to this Article 4 shall not preclude Tenant from questioning the correctness of any Statement provided by Landlord at any time during the Review Period, but the failure of Tenant to object thereto, conduct and complete its inspection and request that Landlord have the Accountant conduct and finalize the audit as described above prior to the expiration of the Review Period shall be conclusively deemed Tenant's approval of the Statement in question and the amount of Direct Expenses shown thereon.

ARTICLE 5

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USE OF PREMISES

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5.1 Use. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary, and Tenant shall not use or permit the

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Premises to be used for any other purpose or purposes whatsoever. Tenant further covenants and agrees that it shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the Rules and Regulations, or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project (including laws pertaining to Hazardous Materials, as defined below). Tenant shall comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of such Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project.

Tenant shall comply with all recorded covenants, conditions, and restrictions now or hereafter affecting the Project.

5.2 Hazardous Materials.  
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5.2.1 Prohibition on Use. Tenant shall not use or allow another  
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person or entity to use any part of the Premises for the storage, use, treatment, manufacture or sale of Hazardous Materials. Landlord acknowledges, however, that Tenant will maintain products in the Premises which are incidental to the operation of its telecommunications and ancillary offices, such as dry or gel cell batteries, photocopy supplies, secretarial supplies and limited janitorial supplies, which products contain chemicals which are categorized as Hazardous Materials. Landlord agrees that the use of such products in the Premises in compliance with all applicable laws and in the manner in which such products are designed to be used shall not be a violation by Tenant of this Section 5.2.1.  
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5.2.2 Indemnity. Tenant agrees to indemnify, defend, protect and  
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hold Landlord and the Landlord Parties (as defined in Section 10.1 below)  
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harmless from and against any and all claims, actions, administrative proceedings (including informal proceedings), judgments, damages, punitive damages, penalties, fines, costs, liabilities, interest or losses, including reasonable attorneys' fees and expenses, consultant fees, and expert fees, together with all other costs and expenses of any kind or

-6-

nature, that arise during or after the Lease Term directly or indirectly from or in connection with the presence, suspected presence, release or suspected release of any Hazardous Materials in or into the air, soil, surface water or groundwater at, on, about, under or within the Premises or Project or any portion thereof, caused by Tenant, its customers, assignees or subtenants and/or their respective agents, employees, contractors, licensees or invitees (collectively, "Tenant Parties").

5.2.3 Remedial Work. In the event any investigation or monitoring of  
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site conditions or any clean-up, containment, restoration, removal or other remedial work (collectively, the "Remedial Work") is required under any applicable federal, state or local laws or by any judicial order, or by any governmental entity as the result of operations or activities upon, or any use or occupancy of any portion of the Premises by Tenant or the Tenant Parties, Tenant shall perform or cause to be performed the Remedial Work in compliance with such laws or order. All Remedial Work shall be performed by one or more contractors, selected by Tenant and approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant, including, without limitation, the charges of such contractor(s), the consulting engineers, and Landlord's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such Remedial Work.

5.2.4 Definition of Hazardous Materials. As used herein, the term  
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"Hazardous Materials" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including, without limitation, any material or substance which is (i) defined or listed as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance" or "hazardous material" under any applicable federal, state or local law or administrative code promulgated thereunder, (ii) petroleum, or (iii) asbestos.

ARTICLE 6  
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SERVICES AND UTILITIES  
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6.1 Standard Tenant Services.  
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6.1.1 Heating and air conditioning ("HVAC") service in the Premises will be provided by Tenant, at Tenant's sole cost and expense, through separate package units which shall be subject to the direct control of Tenant. Subject to Landlord's prior written approval of Tenant's plans and specifications, such approval not to be unreasonably withheld or delayed, Tenant shall have the right to install in a location within the Premises and/or Project designated in writing by Landlord "Tenant's HVAC Equipment" pursuant to Article 22 below. The  
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acquisition and operation of Tenant's HVAC Equipment (including without limitation the purchase, installation, and maintenance thereof) shall be at Tenant's sole cost and expense, and the electrical consumption resulting from

Tenant's usage of Tenant's HVAC equipment shall be separately metered, billed to Tenant and paid by Tenant pursuant to Section 6.1.2 below.

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6.1.2 Tenant shall install in the Premises, at Tenant's sole cost and expense and subject to Landlord's prior approval of the plans and specifications therefore such approval not be unreasonably withheld or delayed, a transformer tying into the Building's bus duct system to obtain an electrical supply for the Premises providing up to 10,000 amps at 480 volts, three-phase wiring, through two (2) separate bus ducts run to the Premises. The cost of such electrical supply and all other electricity provided to the Premises shall be separately metered to the Premises at Tenant's sole cost and expense (including without limitation, the cost of any metering equipment or the installation cost thereof). Tenant shall pay directly to Landlord within ten (10) days after receipt of written demand and as Additional Rent under this Lease (and not as part of Operating Expenses) the cost of all electricity and HVAC provided to and/or consumed in the Premises and by all of Tenant's equipment (including without limitation Tenant's HVAC Equipment) plus a Landlord administration fee equal to two and one-half percent (2 1/2%) of the total utility bill for Tenant at the Project. In addition, Tenant shall bear the cost of replacement of lamps, starters and ballasts for lighting fixtures within the Premises. In the event Tenant desires electric power in excess of the level set forth in the first sentence in this Section 6.1.2 or available from Landlord ("Additional

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Electrical Supply"), Tenant may, at its own expense, elect to make direct arrangements with the Los Angeles Department of Water and Power to obtain such Additional Electric Supply directly from the Department of Water and Power, if feasible. Landlord makes no representations or warranties regarding such arrangements (including their feasibility), but agrees to cooperate with Tenant and the Department of Water and Power reasonably and in good faith in this regard. The plans and specifications for any new vault or transformer space (including, but not limited to, the location of such space within the Building, which shall be designated by Landlord in its discretion, provided that Landlord is willing to make such space available) and for any transformer, related equipment, facilities or connections to provide the Additional Electrical Supply, shall be subject to Landlord's prior written approval. Tenant agrees to pay all bills from the Department of Water and Power for such direct electrical service when due and shall pay a reasonable rental as established by Landlord in its good faith, but sole, discretion for any new vault or transformer space used by Tenant to provide the Additional Electrical Supply. The initial

-7-

transformer to be installed by Tenant as described above, and any subsequent transformers and other electrical equipment which Tenant elects to install to provide Additional Electrical Supply to the Premises, shall sometimes be referred to herein collectively as the "Electrical Equipment." Notwithstanding anything in this Lease to the contrary, commencing on the earlier to occur of (i) the date which is the thirty-sixth (36th) month of the Lease Term, and (ii) the date upon which Tenant has placed ninety percent (90%) of its collocation Customers in the Premises, Landlord shall have the right to meter and test Tenant's connected peak amperage load used at the Premises, and in the event that over a thirty (30) day period, Landlord's metering and testing procedures demonstrate that Tenant is not utilizing on a daily average business day basis, all of the amps initially reserved by Tenant in this Section 6.1.2, Landlord may

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reclaim up to seventy-five percent of any amperage Landlord reasonably determines through such process is being unused by Tenant.

6.1.3 Landlord shall not provide janitorial services to the Premises. Tenant shall be solely responsible, at Tenant's sole cost and expense, for keeping all areas of the Project used by Tenant, in a neat, clean and safe condition, and for performing all janitorial services and other cleaning of the Premises appropriate to maintain the Premises in a manner consistent with a first-class telecommunications building; provided that Tenant shall use a janitor on Landlord's designated Building janitorial list (which list shall contain two or more janitorial companies) for all janitorial services within the Project.

6.1.4 Landlord shall furnish unheated water from mains for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent, and heated water for lavatory purposes from regular building supply in such quantities as required in Landlord's judgment for the comfortable and normal use of the Premises. Tenant shall pay Landlord, as Additional Rent, for any additional water which is furnished for any other purpose. The amount that Tenant shall pay Landlord for such additional water shall be the average price per gallon charged to the Landlord for the Building by the entity providing water.

6.2 Interruption of Use. Tenant agrees that Landlord shall not be liable  
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for damages, by abatement of Rent (except as expressly provided in Section 6.3  
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below) or otherwise, for failure to furnish or delay in furnishing any service (including without limitation telephone, telecommunication and emergency power

services), or for any diminution or interruption in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after commercially reasonable effort to do so, by any accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article

6. Landlord may comply with voluntary controls or guidelines promulgated by any

governmental entity relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions without creating any liability of Landlord to Tenant under this Lease, provided that such voluntary compliance with such controls shall not unreasonably interfere with Tenant's use or occupancy of the Premises. As a material inducement to Landlord's entry into this Lease, Tenant waives and releases any rights it may have to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code.

6.3 Special Abatement of Rent. Notwithstanding the provisions of Section

6.2 above to the contrary, in the event that during the Lease Term Tenant is

prevented from using, and does not use, the Premises or any portion thereof as a result of (i) any failure by Landlord to provide any of the essential utilities and services to the Premises required to be provided by Landlord under Section

6.1 of this Lease, (ii) any failure by Landlord to provide access to the

Premises (including as a result of any Renovations undertaken by Landlord pursuant to Section 29.30 of this Lease or construction pursuant to Section

29.32), (iii) any act by Landlord which unreasonably prevents Tenant from

conducting its business in the Premises (and Tenant does not conduct its business in the Premises as a result of such act) or (iv) Landlord's failure to promptly, timely and diligently perform any repairs, maintenance or alterations required by this Lease to be performed by Landlord, after the Lease Commencement Date, which substantially interferes with Tenant's use of the Premises (any such set of circumstances as set forth in items (i) through (iv), above, to be known as an "Abatement Event"), then Tenant shall give Landlord notice of such Abatement Event. If such Abatement Event continues for five (5) consecutive business days after Landlord's receipt of any such notice from Tenant ("Eligibility Period"), then the Base Rent shall be abated or reduced, as the case may be, during such time after the Eligibility Period that Tenant continues to be so prevented from using, and does not use, the Premises or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises; provided, however, in the event that Tenant is prevented from using, and does not use, a portion of the Premises for a period of time in excess of the

-8-

Eligibility Period, then for such time after expiration of the Eligibility Period during which Tenant is so prevented from effectively conducting its business therein, the Base Rent shall be abated for such time as Tenant continues to be so prevented from using, and does not use, the Premises. If, however, Tenant re-occupies any portion of the Premises during such period, the Base Rent allocable to such re-occupied portion, based on the proportion that the rentable square feet of such re-occupied portion of the Premises bears to the total rentable square feet of the Premises, shall be payable by Tenant from the date Tenant re-occupies such portion of the Premises. For purposes of this Section 6.3, Tenant shall not be deemed to be occupying or using the Premises

merely by having Tenant's furniture or personal property remaining in the Premises. Such right to abate Base Rent shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event; provided, however, that if Landlord does not cure such Abatement Event within one hundred eighty (180) days after Landlord's receipt from Tenant of notice of the occurrence of the Abatement Event, Tenant shall have the right to terminate this Lease during the first five (5) business days in each calendar month following the end of such one hundred eighty (180) day period until such time as Landlord has cured the Abatement Event, which right may be exercised only by delivery of thirty (30) days notice to Landlord (the "Abatement Event Termination Notice") during such ten (10) business day period and shall be effective as of the date set forth in the Abatement Event Termination Notice (the "Abatement Event Termination Date"), which Abatement Event Termination Date shall not be less than thirty (30) days

and not more than one hundred twenty (120) days, following the delivery of the Abatement Event Termination Notice. The foregoing abatement and termination rights shall not be applicable if the Abatement Event is caused by damage or destruction or an eminent domain taking described in Articles 11 and 13 of this

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Lease, since Tenant's rent abatement rights with respect to such events are set forth in Articles 11 and 13 of this Lease. Except as expressly provided in this

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Section 6.3, nothing contained herein shall be interpreted to mean that Tenant

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is excused from paying Rent due hereunder.

ARTICLE 7

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REPAIRS

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7.1 Landlord's Repairs. Landlord shall maintain in good order, repair and  
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condition (i) the structural portions of the Building, including the foundation, roof, curtain wall, mullions, columns, beams, shafts (including elevator shafts), stairwells, elevator cabs, and Building mechanical, electrical and telephone closets (collectively, "Building Structure"), (ii) the Building's mechanical, electrical, life safety, plumbing, sprinkler and HVAC systems located outside the Premises (collectively, the "Building Systems"), and (iii) the Common Areas. Notwithstanding anything in this Lease to the contrary, Tenant shall be required to pay for the cost of repairs to the Building Structure, the Building Systems and/or the Common Areas to the extent required because of (1) Tenant's use of the Premises for other than normal and customary business office operations, and/or (2) Tenant's Alterations (as defined in Section 8.1 below).

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7.2 Tenant's Repairs. Subject to Landlord's repair obligations set forth  
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in Section 7.1 above, Tenant shall, at Tenant's own expense, pursuant to the  
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terms of this Lease, including without limitation Article 8 hereof, keep the

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Premises, including all improvements, fixtures, equipment (including without limitation the Supplemental Equipment) and furnishings therein, in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, pursuant to the terms of this Lease, including without limitation Article 8 hereof, promptly and adequately repair all damage to the Premises and

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replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, if Tenant fails to make such repairs following any applicable notice and cure rights of Tenant, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including an administration fee equal to five percent (5%) of the cost thereof (to be uniformly established for the Building and/or the Project) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses arising from Landlord's involvement with such repairs and replacements forthwith upon being billed for same. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8

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ADDITIONS AND ALTERATIONS

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8.1 Landlord's Consent to Alterations. Tenant may not make any  
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improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "Alterations") without first procuring the prior written consent (the "Alteration Consent Request") of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which

consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Landlord shall notify Tenant of its approval or denial of any Alterations within fifteen (15) days of receipt of the applicable Alteration Consent Request, and Landlord's failure to

respond within such fifteen (15) day period shall be deemed Landlord's consent to the Alteration described in the applicable Alteration Consent Request. The construction of the initial improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

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Notwithstanding the foregoing, Tenant may make non-structural changes to the Premises (such non-structural changes to be referred to hereafter collectively as the "Acceptable Changes") without Landlord's prior consent provided (i) Tenant delivers to Landlord written notice of such Acceptable Changes at least fifteen (15) days prior to the commencement thereof, (ii) such Acceptable Changes do not cost in excess of Twenty Five Thousand Dollars (\$25,000.00) for any one (1) job, (iii) such Acceptable Changes do not affect the exterior appearance of the Building or Common Areas, the structural aspects of the Building, or the Building systems and equipment of the Premises or Building, and (iv) Tenant obtains and delivers to Landlord prior to commencement of construction of such Acceptable Changes, all permits and approvals required by any local, state or federal authorities for such Acceptable Changes.

#### 8.2 Manner of Construction. Landlord may impose, as a condition of its

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consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant from a list provided and approved by Landlord (provided such list shall include more than one (1) contractor and shall also include Carlson and/or any other Carlson entity reasonably approved by Landlord), the requirement that upon Landlord's request, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term if Landlord gave Tenant written notice that such removal would be required at the time Landlord consented to such Alteration. If such Alterations will involve the use of or disturb Hazardous Materials or substances existing in the Premises, Tenant shall comply with Landlord's rules and regulations concerning such Hazardous Materials or substances. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of Los Angeles, all in conformance with Landlord's construction rules and regulations. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "Base Building" shall include the structural portions of the Building, and the public restrooms and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under Article 9 of this Lease, upon completion

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of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project management office a reproducible copy of the "as built" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

#### 8.3 Payment for Improvements. If payment is made directly to contractors,

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Tenant shall comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors. Whether or not Tenant orders any work directly from Landlord, Tenant shall reimburse Landlord for any and all reasonable costs and expenses arising from Landlord's involvement with such work.

#### 8.4 Construction Insurance. In addition to the requirements of Article 10

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of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease

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immediately upon completion thereof. In addition, Landlord may, in its discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 Landlord's Property. All Alterations, improvements, fixtures,

conduit, (excluding Tenant's Generator, generator enclosures, paralleling gear, DC plant or UPS system and Tenant HVAC

-10-

Equipment, Liebert units and chillers [collectively, "Tenant's Trade Fixtures"]) and/or appurtenances which may be installed or placed in or about the Premises, from time to time, including any non-general office use improvements made at the time of Tenant's initial occupancy of the Premises, shall be at the sole cost of Tenant and shall be and become the property of Landlord, and shall be and remain part of the Premises and shall not be removed by Tenant at the end of the term of this Lease, unless Landlord agreed to its removal at the time Landlord consented to such Alteration. Such fixtures, alterations, additions, repairs, improvements and/or appurtenances shall include, without limitation, the Base, Shell and Core (as defined in the Tenant Work Letter) and improvements, built-in utilities such as heating, ventilating and air conditioning units in the Premises, floor coverings, drapes, paneling, molding, doors, kitchen and dishwashing fixtures, plumbing systems, electrical systems, lighting systems, silencing equipment, switching conduit and cabling, all fixtures and outlets for the systems mentioned above and for all telephone, radio, telegraph and television purposes, and any special flooring or ceiling installations. Notwithstanding the foregoing, Landlord may, by written notice to Tenant at the time Tenant requests Landlord's consent to any Alteration pursuant to Section

8.1 or Section 22, or given following any earlier termination of this Lease,

require Tenant, at Tenant's expense, to remove any Alterations, improvements, fixtures, conduits and/or appurtenances (not including the initial Tenant Improvements to be constructed by Tenant pursuant to the Tenant Work Letter) in the Premises and Project, and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises and Project to a building standard tenant improved condition as determined by Landlord. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations, improvements, fixtures, conduits and/or appurtenances in the Premises and Project, and returns the affected portion of the Premises and Project to a building standard tenant improved condition as determined by Landlord, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures, conduit, and/or appurtenances in, on or about the Premises and Project, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

8.6 Landlord Lien Waivers. Subject to Article 9 below, within a reasonable

period of time after receipt of written request therefor from a lender and/or a vendor under a conditional sales agreement or other agreement requiring a security interest in any furniture, trade fixtures or equipment installed or to be installed in the Premises, Landlord shall execute a commercially reasonable form of landlord lien waiver agreement which shall assure the vendor of the seniority of the vendor's lien claim relative to such furniture, trade fixtures and equipment in relation to Landlord's interest therein; such agreement shall permit the removal of such affected furniture, fixtures and equipment at any time during the Lease Term upon prior written notice to Landlord and shall require such vendor to repair any damage resulting from such removal.

ARTICLE 9

COVENANT AGAINST LIENS

Except as provided in Section 8.6 above, Tenant shall keep the Project and

Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Premises to any liens or encumbrances whether claimed by

operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises.

-11-

ARTICLE 10

INSURANCE

10.1 Indemnification.

10.1.1 Tenant's Indemnification of Landlord and Waiver. Subject to

the limitations, exclusions and Landlord's indemnity of Tenant as set forth in Sections 10.1.2 and 10.1.3 below, Tenant hereby (i) assumes all risk of damage

to property or injury to persons in, upon or about the Premises from any cause whatsoever and (ii) agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "Landlord Parties") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability including without limitation court costs and reasonable attorneys' fees (collectively, "Claims") incurred in connection with or arising from any cause in, on or about the Premises, on any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or of any of Tenant's Customers (as defined in Section 14.6 below) (except to the

extent such Customer is a tenant of the Project and the Claims do not arise as a result of such Customer's activities in the Premises), the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, provided that the terms of the foregoing indemnity shall not apply to any Claims to the extent caused by the gross negligence or willful misconduct of Landlord and not insured or required to be insured by Tenant under this Lease. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1

is not intended and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this

Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.1.2 Exclusion from Tenant's Indemnity; Landlord's Indemnification

of Tenant. The terms of the assumption of risk, waiver, release and

indemnification by Tenant of Landlord set forth in Section 10.1.1 above shall

not, however, include any Claims to the extent resulting from (i) the negligence or willful misconduct of the Landlord Parties in connection with the Landlord Parties' activities in the Building and/or breach by Landlord of the Landlord's obligations under this Lease (except for damage to the Tenant Improvements, and all Alterations and leasehold improvements in the Premises, and Tenant's personal property, fixtures, furniture and equipment in the Premises, to the extent such Claims are covered by insurance maintained by Tenant pursuant to this Lease or would have been covered had Tenant maintained the insurance required pursuant to this Lease), or (ii) damage to any portion of the Building or Common Areas located outside the Premises to the extent such Claims are covered by Landlord's insurance pursuant to Section 10.2 of this Lease (or would

have been covered had Landlord maintained such insurance), even if resulting from the negligence or willful misconduct of the Tenant Parties, and, subject to the limitations in Section 10.1.3 below, Landlord shall indemnify, defend,

protect and hold Tenant and Tenant's partners, subpartners, and their respective officers, agents, employees and independent contractors, harmless from and against any and all such excluded Claims.

10.1.3 Limitation on Consequential Damages. Notwithstanding anything

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to the contrary contained in the foregoing provisions of this Article 10 or  
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elsewhere in this Lease, nothing in this Article 10 or this Lease shall impose  
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any obligations on Tenant or Landlord to be responsible or liable for, and each  
hereby releases the other from all liability for, consequential damages other  
than those consequential damages (i) permitted to be recovered by Landlord  
following a termination of this Lease after a default by Tenant pursuant to  
Section 19.2.1 above, (ii) incurred by Landlord in connection with a holdover of  
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the Premises by Tenant after the expiration or earlier termination of this  
Lease, or (iii) incurred by Landlord in connection with any repair, physical  
construction or improvement work performed by or on behalf of Tenant in the  
Project.

10.1.4 Survival. The provisions of this Section 10.1 shall survive

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the expiration or sooner termination of this Lease with respect to any claims or  
liability occurring prior to such expiration or termination.

10.2 Landlord's Insurance.  
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10.2.1 Property Damage. Landlord shall, from and after the date

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hereof until the expiration of the Lease Term, maintain "All Risk" or "Special  
Causes of Loss" Physical Damage covering the Building (including the Building  
Structure and Building Systems, but excluding the Tenant Improvements,  
Alterations, and leasehold improvements in the Premises, Tenant's personal  
property, the Supplemental Equipment and other property Tenant is required to  
insure pursuant to Section 10.3.2 below). Such insurance shall be in an amount  
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not less than one hundred percent (100%) of the full replacement cost of the  
property insured, exclusive of architectural and engineering fees, excavation,  
footing and foundations, and in amounts that meet any co-insurance clauses of  
the policy. Landlord shall also have the right, but not the obligation, to  
maintain earthquake and/or flood insurance, and insurance against such other  
risks and perils as Landlord may from time to time determine.

10.2.2 Liability Insurance. Landlord shall, from and after the date

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hereof until the expiration of the Lease Term, also maintain Commercial General  
Liability Insurance covering Landlord's liability for all claims or losses for  
bodily injury and property damage arising out of Landlord's operations or use of  
the Real Property.

10.2.3 Tenant's Compliance With Landlord's Fire and Casualty

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Insurance. Tenant shall, at Tenant's expense, comply with all customary  
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insurance company requirements pertaining to the use of the Premises, provided  
that such insurance requirements shall not unreasonably interfere with Tenant's  
use and occupancy of the Premises. If Tenant's conduct or use of the Premises  
other than for normal office purposes causes any increase in the premium for any  
insurance policies carried by Landlord, then Tenant shall reimburse Landlord for  
any such increase. Tenant, at Tenant's expense, shall comply with all rules,  
orders, regulations or requirements of the American Insurance Association  
(formerly the National Board of Fire Underwriters) and with any similar body.

10.3 Tenant's Insurance. Tenant shall maintain the following coverages in

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the following amounts.

10.3.1 Commercial General Liability Insurance covering the insured  
against claims of bodily injury, personal injury and property damage (including  
loss of use thereof) arising out of Tenant's operations (and the operations of  
any Customers (defined in Section 14.6 below) of Tenant), and contractual

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liabilities (covering the performance by Tenant of its indemnity agreements)  
including a Broad Form endorsement covering the insuring provisions of this  
Lease and the performance by Tenant of the indemnity agreements set forth in  
Section 10.1 of this Lease, for limits of liability not less than:  
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Bodily Injury and Property Damage Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate
Personal Injury Liability	\$5,000,000 each occurrence \$5,000,000 annual aggregate

10.3.2 Physical Damage Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Base, Shell and Core," as that term is defined in the Tenant Work Letter, attached hereto as Exhibit B and incorporated by this reference, and any other improvements which

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exist in the Premises as of the Lease Commencement Date (excluding the Base Building), (iii) the Supplemental Equipment, and (iv) the "Tenant Improvements," as that term is defined in the Tenant Work Letter attached hereto as Exhibit B

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and incorporated herein by this reference, and all other improvements, alterations and additions to the Premises. Such insurance shall be written on an "all risks" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

10.3.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

10.4 Form of Policies. The minimum limits of policies of insurance

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required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) with respect to the coverages required under Sections 10.3.2(ii) and (iv) above, name Landlord, and any other

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party the Landlord so specifies, as an additional insured, including Landlord's managing agent, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's obligations under Section 10.1 of this Lease; (iii) be issued by an insurance company having a

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rating of not less than A-X in Best's Insurance Guide or which is otherwise acceptable to Landlord and

-13-

licensed to do business in the State of California; (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least thirty (30) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 Subrogation. Landlord and Tenant intend that their respective

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property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor. Landlord or Tenant shall immediately notify the other if such party is unable to obtain the above required waiver of subrogation.

10.6 Additional Insurance Obligations. Tenant shall carry and maintain

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during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such

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reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord provided that Landlord shall not require Tenant to change its insurance requirements more than one time in any Lease Year.

ARTICLE 11

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DAMAGE AND DESTRUCTION

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11.1 Repair of Damage to Premises by Landlord. Tenant shall promptly

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notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such

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restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "Landlord Repair Notice") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Sections 10.3.2(ii) and (iv) of this Lease,

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and Landlord shall repair any injury or damage to tenant improvements and Alterations in the Premises (but not any Supplemental Equipment or any of Tenant's personal property which shall be promptly and with due diligence repaired and restored by Tenant at Tenant's sole cost and expenses, unless and to the extent Landlord elects in its sole discretion to restore all or a part of the Supplemental Equipment) installed in the Premises and shall return the Base, Shell and Core, Tenant's Work and any such tenant improvements and Alterations in the Premises (and any Supplemental Equipment Landlord elects to repair in its sole discretion) to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, as assigned by Tenant, the cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. Except as otherwise set forth in Section 7.1, in the event that

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Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, Tenant shall, at its sole cost and expense, repair any injury or damage to the Tenant's Work and the Base, Shell and Core installed in the Premises and shall return such Tenant's Work and Base, Shell and Core to their original condition. In the event Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select and Tenant shall reasonably approve the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, Landlord shall allow Tenant a proportionate abatement of Base Rent, during the time and to the extent the Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a

-14-

result thereof; provided, further, however, that if the damage or destruction is due to the negligence or willful misconduct of Tenant or any of its agents, employees, contractors, invitees or guests, Tenant shall be responsible for any reasonable, applicable insurance deductible (which shall be payable to Landlord upon demand) and there shall be no rent abatement. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date which is reasonably determined by Landlord to be the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 Landlord's Option to Repair. Notwithstanding the terms of Section

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11.1 of this Lease, Landlord may elect not to rebuild and/or restore the

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Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire, earthquake or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one hundred eighty (180) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); or (ii) the damage is not fully covered by

Landlord's insurance policies; provided, however, that (A) if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, (B) the damage constitutes a "Tenant Damage Event" (as defined below), and (C) repair of such damage cannot, in the reasonable judgment of an architect or contractor selected by Landlord, be substantially completed within two hundred seventy (270) days after the date of the damage, then Tenant may elect, not later than ninety (90) days after nor earlier than thirty (30) days after the date Tenant receives notice from the architect or contractor that the repairs cannot be completed within such two hundred seventy (270) day period, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. As used herein, a "Tenant Damage Event" shall mean damage by fire or other casualty, to all or any part of the Premises, the Building or of the Common Areas providing access to the Premises, which damage is not the result of the negligence or willful misconduct of Tenant or any of Tenant's employees, agents, contractors, licensees or invitees, and which damage substantially interferes with Tenant's use of or access to the Premises and would entitle Tenant to an abatement of Base Rent pursuant to Section 11.1 above. Furthermore, if neither

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Landlord nor Tenant has terminated this Lease, and the repairs of a Tenant Damage Event are not actually completed within the later of the Estimated Repair Period or two hundred seventy (270) days after the date of the damage, Tenant shall have the right (but only on the initial occasion of Tenant sending the Damage Termination Notice) to terminate this Lease within five (5) business days of the end of such period and thereafter during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are substantially complete, by notice to Landlord (the "Damage Termination Notice"), effective as of a date set forth in the Damage Termination Notice (the "Damage Termination Date"), which Damage Termination Date shall not be less than five (5) business days following the end of such period or each such month, as the case may be, and not later than ninety (90) days after the end of such period or each such month, as the case may be. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty (30) day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty-day period, then this Lease shall terminate upon the expiration of such thirty-day period.

11.3 Waiver of Statutory Provisions. The provisions of this Lease,

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including this Article 11, constitute an express agreement between Landlord and

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Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

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NONWAIVER

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No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or

-15-

condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter

the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13  
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CONDEMNATION  
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If the twenty-five percent (25%) or more of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than twenty-five percent (25%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Base Rent shall be apportioned as of the date Tenant is physically dispossessed of the Premises. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all

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or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14  
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ASSIGNMENT AND SUBLETTING  
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14.1 Transfers. Except as otherwise provided herein, Tenant shall not,  
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without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license, "co-location" or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "Transferee"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "Transfer Notice") shall include (i) the proposed effective date of the Transfer, which shall not be less than fifteen (15) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "Subject Space"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "Transfer Premium", as that term is defined in Section 14.3 below, in connection with such Transfer, the  
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name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such

Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, and (v) an executed estoppel certificate from Tenant in the form attached hereto as Exhibit

E. Any Transfer made without Landlord's prior written consent shall, at

Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, within thirty (30) days after written request by Landlord not to exceed \$1,000 per Transfer.

14.2 Landlord's Consent. Landlord shall not unreasonably withhold its

consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project, or would be a significantly less prestigious occupant of the Building than Tenant;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transfer occurs during the period from the Lease Commencement Date until the earlier of (i) the fourth anniversary of the Lease Commencement Date or (ii) the date at least ninety-five percent (95%) of the rentable square feet of the Building is leased, and the rent charged by Tenant to such Transferee during the term of such Transfer (the "Transferee's Rent"), calculated using a net present value analysis, is less than ninety-five percent (95%) of the rent being quoted by Landlord at the time of such Transfer for comparable space in the Building for a comparable term (the "Quoted Rent"), calculated using a present value analysis;

14.2.5 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.6 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, (i) occupies space in the Project at the time of the request for consent, or (ii) is negotiating or has negotiated with Landlord to lease space in the Project.

If Landlord consents to any Transfer pursuant to the terms of this Section

14.2 (and does not exercise any recapture rights Landlord may have under Section

14.4 of this Lease), Tenant may within six (6) months after Landlord's consent,

but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any

changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or (ii) which would cause the proposed

Transfer to materially be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14

(including Landlord's right of recapture, if any, under Section 14.4 of this

Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or

delayed its consent under Section 14.2 or otherwise has breached or acted  
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unreasonably under this Article 14, their sole remedies shall be a declaratory  
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judgment and an injunction for the relief sought without any monetary damages  
(other than reasonable attorneys fees), and Tenant hereby waives all other  
remedies, including, without limitation, any right at law or equity to terminate  
this Lease, on its own behalf and, to the extent permitted under all applicable  
laws, on behalf of the proposed Transferee. Tenant shall indemnify, defend and  
hold harmless Landlord from any and all liability, losses, claims, damages,  
costs, expenses, causes of action and proceedings involving any third party or  
parties (including without limitation Tenant's proposed subtenant or assignee)  
who claim they were damaged by Landlord's wrongful withholding or conditioning  
of Landlord's consent.

-17-

14.3 Transfer Premium. If Landlord consents to a Transfer (not including  
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any Collocation Agreement pursuant to Section 14.6 below), as a condition  
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thereto which the parties hereby agree is reasonable, Tenant shall pay to  
Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined  
in this Section 14.3, received by Tenant from such Transferee. "Transfer  
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Premium" shall mean all rent, additional rent or other consideration payable by  
such Transferee in connection with the Transfer in excess of the Rent and  
Additional Rent payable by Tenant under this Lease during the term of the  
Transfer on a per rentable square foot basis if less than all of the Premises is  
transferred, after deducting the reasonable expenses incurred by Tenant for (i)  
any changes, alterations and improvements to the Premises in connection with the  
Transfer, (ii) any free base rent reasonably provided to the Transferee, (iii)  
any brokerage commissions in connection with the Transfer, (iv) any reasonable  
attorneys fees incurred by Tenant in conjunction with documenting such Transfer.  
"Transfer Premium" shall also include, but not be limited to, key money, bonus  
money or other cash consideration paid by Transferee to Tenant in connection  
with such Transfer, and any payment in excess of fair market value for services  
rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment,  
or furniture transferred by Tenant to Transferee in connection with such  
Transfer.

14.4 Landlord's Option as to Subject Space. Notwithstanding anything to  
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the contrary contained in this Article 14, and except with respect to  
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"Collocation Agreements" and "Non-Transfers," as those terms are defined in  
Sections 14.6 and 14.7, below, Landlord shall have the option, by giving written  
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notice to Tenant within thirty (30) days after receipt of any Transfer Notice  
involving more than fifty percent (50%) of the Premises, to recapture the  
Subject Space. Such recapture notice shall cancel and terminate this Lease with  
respect to the Subject Space as of the date stated in the Transfer Notice as the  
effective date of the proposed Transfer until the last day of the term of the  
Transfer as set forth in the Transfer Notice (or at Landlord's option, shall  
cause the Transfer to be made to Landlord or its agent, in which case the  
parties shall execute the Transfer documentation promptly thereafter). In the  
event of a recapture by Landlord, if this Lease shall be canceled with respect  
to less than the entire Premises, the Rent reserved herein shall be prorated on  
the basis of the number of rentable square feet retained by Tenant in proportion  
to the number of rentable square feet contained in the Premises, and this Lease  
as so amended shall continue thereafter in full force and effect, and upon  
request of either party, the parties shall execute written confirmation of the  
same. If Landlord declines, or fails to elect in a timely manner to recapture  
the Subject Space under this Section 14.4, then, provided Landlord has consented  
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to the proposed Transfer, Tenant shall be entitled to proceed to transfer the  
Subject Space to the proposed Transferee, subject to provisions of this Article  
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14. Landlord shall be responsible for the cost of installing any demising walls  
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to be used to separate any Subject Space recaptured pursuant to this Section  
14.4 from the remaining portion of the Premises.

14.5 Effect of Transfer. If Landlord consents to a Transfer, (i) the terms  
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and conditions of this Lease shall in no way be deemed to have been waived or  
modified, (ii) such consent shall not be deemed consent to any further Transfer  
by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord,  
promptly after execution, an original executed copy of all documentation  
pertaining to the Transfer in form reasonably acceptable to Landlord, (iv)  
Tenant shall furnish upon Landlord's request a complete statement, certified by  
an independent certified public accountant, or Tenant's chief financial officer,  
setting forth in detail the computation of any Transfer Premium Tenant has  
derived and shall derive from such Transfer, and (v) no Transfer relating to

this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 Collocation Agreements. Landlord acknowledges that Tenant's business

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to be conducted on the Premises requires the installation on the Premises of certain communications equipment by telecommunications customers of Tenant ("Customers") in order for such Customers to interconnect with Tenant's terminal facilities or to permit Tenant to manage or operate their equipment. Tenant represents to Landlord that such arrangements will require access by each Customer to the Premises only on an infrequent basis, and only when accompanied by a representative of Tenant. Notwithstanding anything contained elsewhere in this Article 14, Landlord hereby consents in advance to any sublease, license

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agreement, "Co-Location Agreement" or like agreement (collectively, "Collocation Agreements") between Tenant and such a Customer for the limited purpose of permitting such an arrangement as is described in this Section 14.6. The

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effectiveness of such advance consent as to a particular Customer Sublease is conditioned on (a) Tenant not giving such Customer any rights not given Tenant under this Lease, and (b) Tenant providing Landlord with same-day advance facsimile notice of all Customers authorized to enter the Premises and Project during Business Hours, and same-day advance verbal authorization to and approval by the Project manager for any authorized entry of the Premises and Project during hours other than the Business Hours. Tenant shall be liable to Landlord for any violation by its Customers of any provisions of this Lease.

-18-

14.7 Additional Transfers. For purposes of this Lease, the term "Transfer"

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shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of twenty-five percent or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded

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through an exchange or over the counter), (A) the dissolution, merger, consolidation or other reorganization of Tenant, or (B) the sale or other transfer of more than an aggregate of fifty percent (50%) of the voting shares of Tenant (other than the original issuance of voting shares by Tenant and/or the transfer of voting shares to immediate family members by reason of gift or death), within a twelve (12)-month period.

14.8 Non-Transfers. Notwithstanding anything to the contrary contained in

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this Lease, neither (i) the sale or exchange of any capital stock of Tenant on a public exchange, (ii) an assignment of this Lease to a transferee of all or substantially all of the assets of Tenant, (iii) an assignment of this Lease or sublease of the Premises to a transferee which is either (A) the resulting entity of a merger or consolidation of Tenant with another entity or (B) acquiring all or substantially all of the assets of Tenant, (iv) subject to Landlord's reasonable approval of any leasehold mortgage documentation, the mortgage, pledge or hypothecation of Tenant's interest under the Lease to any institutional lender, nor (v) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), shall be deemed a Transfer under Article 14 of this Lease (and thus shall not be subject to Landlord's

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prior consent or recapture rights pursuant to Section 14.1 and 14.4 or rights to  
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receive any Transfer Premium pursuant to Section 14.3), provided that (1) Tenant

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notifies Landlord of any such assignment or sublease at least five (5) days prior to the effective thereof, and thereafter promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such transfer or transferee, (2) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (3) such transferee or affiliate (which for purposes of this Lease shall be referred to as a "Permitted Affiliate") shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles (the "Net Worth") sufficient to satisfy the obligations and responsibilities to be undertaken in connection with such assignment or sublease, (4) such transferee or affiliate, shall with respect to an Assignment of this Lease, deliver to Landlord an agreement assuming all the obligations of Tenant under this Lease arising after the effective date of such assignment, and (5) with respect to

any mortgage, pledge or hypothecation of Tenant's leasehold interest in the Premises, Landlord reasonably approves any financing or mortgage documentation.

14.9 Occurrence of Default. Any Transfer hereunder shall be subordinate

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and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as canceled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee (not including any Customer under a Collocation Agreement) attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee (not including any Customer under a Collocation Agreement) to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any

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obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

ARTICLE 15

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SURRENDER OF PREMISES; OWNERSHIP AND

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REMOVAL OF TRADE FIXTURES  
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15.1 Surrender of Premises. No act or thing done by Landlord or any agent

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or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof,

-19-

shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 Removal of Tenant Property by Tenant. Upon the expiration of the

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Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the

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Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal; provided that Tenant shall not be permitted to remove any of the Supplemental Equipment other than Tenant's Trade Fixtures such Supplemental Equipment becoming the sole property of Landlord upon expiration of the Lease Term.

ARTICLE 16

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HOLDING OVER  
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If Tenant holds over after the expiration of the Lease Term or earlier

termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Base Rent shall be payable at a monthly rate equal to one hundred twenty-five percent (125%) (the "Percentage Rate") of the Base Rent applicable during the last rental period of the applicable Lease or Option Term for the first ninety (90) days of such holdover tenancy, provided that the Percentage Rate shall be increased to two hundred percent (200%) for any holdover tenancy by Tenant in excess of ninety (90) days. Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any

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holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other

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rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

ARTICLE 17

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ESTOPPEL CERTIFICATES  
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Within ten (10) days following a request in writing by Landlord or Tenant, the non-requesting party shall execute, acknowledge and deliver to the Requesting Party an estoppel certificate, which, as submitted by the Requesting Party, shall be substantially in the form of Exhibit E, attached hereto (or

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such other form as may be required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by the Requesting Party or The requesting Party's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. The non-requesting party shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current year provided that Landlord shall keep such information confidential pursuant to the requirements of Section 29.28 below. Such statements shall be prepared in

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accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

-20-

ARTICLE 18

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SUBORDINATION  
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18.1 Subordination. This Lease is subject and subordinate to all present

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and future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. Notwithstanding the foregoing to the contrary, Landlord agrees to provide Tenant with commercially reasonable non-disturbance agreement(s) in favor of Tenant from any ground lessors, mortgage holders or deed of trust beneficiaries under any ground lease, mortgage or deed of trust affecting the Project which comes into existence at any time after the date of execution of this Lease but prior to the expiration of the Lease Term ("Future Mortgage") in consideration of, and as a condition precedent to, Tenant's agreement to be bound by the terms of this Article 18

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with respect to such Future Mortgage. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in

lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever except as expressly provided for in this Lease, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10 ) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases, provided Tenant has received or will receive a commercially reasonable nondisturbance agreement in favor of Tenant from any such party requesting such further instruments or assurances. Tenant hereby irrevocably authorizes Landlord to execute and deliver in the name of Tenant any such instrument or instruments if Tenant fails to do so in accordance with the requirements with this Lease; provided that such authorization shall in no way relieve Tenant from the obligation of executing such instruments of subordination or superiority. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any foreclosure proceeding or sale.

18.2 Non-Disturbance Agreement From Existing Lender. In the event that as -----  
of the date of execution of this Lease, there exists any deed of trust or ground lease encumbering the Project which is not terminated, released or reconveyed within sixty (60) days thereafter, then Landlord shall obtain and deliver to Tenant a commercially reasonable non-disturbance agreement from the beneficiary under such deed of trust a form of which is attached hereto as Exhibit F.  
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Tenant shall execute and return such non-disturbance agreement to Landlord within thirty (30) days after Tenant's receipt thereof.

ARTICLE 19  
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DEFAULTS; REMEDIES  
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19.1 Events of Default. The occurrence of any of the following shall -----  
constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) days after receipt of written notice by Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure section 1161 or any similar successor law, or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section -----

19.1.2, any failure by Tenant to observe or perform any other provision, -----  
covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for ten (10) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a ten (10) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of sixty (60 ) days after written notice thereof from Landlord to Tenant; or

19.1.3 To the extent permitted by law, a general assignment by Tenant or any guarantor of the Lease for the benefit of creditors, or the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is discharged within thirty (30) days; or

19.1.4 Abandonment of all or a substantial portion of the Premises by Tenant; or

19.1.5 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure  
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continues for more than two (2) business days after notice from Landlord; or

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 Remedies Upon Default. Upon the occurrence of any event of default by  
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Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of any unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 19.2 shall be deemed to be and to  
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mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no  
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case greater than the maximum amount of such interest permitted by law. As used in Paragraph 19.2.1(iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus two percent (2%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or  
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any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 Subleases of Tenant. Whether or not Landlord elects to terminate this

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Lease on account of any default by Tenant, as set forth in this Article 19,  
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Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 Form of Payment After Default. Following the occurrence of two (2) or

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more events of monetary default in any twelve (12) month period by Tenant, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.5 Efforts to Relet. No re-entry or repossession, repairs, maintenance,

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changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

ARTICLE 20

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COVENANT OF QUIET ENJOYMENT  
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Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

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SECURITY DEPOSIT  
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Concurrent with Tenant's execution of this Lease, Tenant shall deposit with Landlord a security deposit (the "Security Deposit") in the amount set forth in Section 8 of the Summary, as security for the faithful performance by Tenant of

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all of its obligations under this Lease. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, the removal of property and the repair of resultant damage, Landlord may, without notice to Tenant, but shall not be required to apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default and Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. Any unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within forty-five (45) days following the expiration of the Lease Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby waives the provisions of Section 1950.7 (excluding 1950.7(b)) of the California Civil Code, or any successor statute.

ARTICLE 22

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SUPPLEMENTAL EQUIPMENT  
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22.1 Supplemental Equipment. Landlord hereby grants to Tenant and Tenant

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hereby accepts from Landlord, on the terms and conditions set forth herein, a license (the "License") coupled with Tenant's leasehold interest granting Tenant the right (but with respect to Tenant's HVAC Equipment and Electrical Equipment in the Premises, Tenant shall have the obligation), to install, at Tenant's sole

cost and expense and subject to the provisions of this Article 22, the

following:

-23-

22.1.1 Subject to the satisfactory completion of the Roof Systems Support Pad (as defined in Section 2.4 of the Tenant work letter), a heating, ventilating and air conditioning system and related connections to the Premises (the "Tenant's HVAC Equipment") on the portion of the Roof System Support Pad shown as "Area A". on Exhibit A-2 attached hereto;

22.1.2 A dry-pipe, FM 200 or gas-based fire suppression system (the "Fire-Suppression System") in the Premises in a location designated in writing by Landlord. In connection with Tenant's installation of the Fire Suppression System, Tenant shall have the right to disconnect and cap, if necessary, in compliance with applicable law, and in accordance with the terms of Section 22.3 below, any existing fire-suppression system in the Premises.;

22.1.3 Subject to the satisfactory completion of the Roof Systems Support Pad (as defined in Section 2.4 of the Tenant Work Letter), four (4) 1,500 Kilowatt emergency generators ("Tenant's Generators") on that portion of the Roof System Support Pad shown as "Area A" on Exhibit A-2 attached hereto. Tenant shall install Tenant's Generators in compliance with all applicable law, and in accordance with the terms and conditions of this Section 22, and shall be solely responsible for (i) all costs and expenses incurred in connection with the installation, maintenance and operation of Tenant's Generator, and (ii) all permits and other governmental approvals required to install, operate and maintain Tenant's Generator. Tenant shall conduct all testing of Tenant's Generators in accordance with Landlord's testing rules during non-business hours and shall give Landlord not less than forty-eight (48) hours advance written notice of any such tests.

In addition, from and after the Must Take Space Commencement Date (defined in Section 1.2 above) Landlord shall permit Tenant to install, at Tenant's sole cost and expense one (1) additional 1500-kilowatt emergency generator (the "Expansion Generator") in an area of Landlord's designated project generator room (the "Project Generator Room") approved by Landlord; provided that, if Tenant elects to install the Expansion Generator Tenant shall reimburse Landlord for its proportionate share (to be determined by dividing the number of generator pads used by Tenant by the total number of generator pads in the Project Generator Room) of all reasonable costs incurred by Landlord in constructing the Project Generator Room.

22.1.4 Tenant shall be entitled to utilize up to, but not exceeding 10,000 gallons of Landlord's designated generator stand-by fuel storage tank (the "Generator Fuel Tank") in the Project's fuel storage area to provide fuel for Tenant's Generators. Notwithstanding anything to the contrary contained in this Article 22, Landlord shall acquire and install (i) the Generator Fuel Tank (ii) reasonably sufficient fuel piping from the Generator Fuel Tank to Tenant's fuel tank header in the basement of the Building and to Tenant's Generators, and (iii) a fuel usage meter to measure and record Tenant's fuel consumption from the Generator Fuel Tank, provided that Tenant shall pay Landlord for all costs and expenses (which cost and expenses shall be deducted from the Tenant Improvement Allowance pursuant to the Tenant Work Letter attached hereto), incurred as a result of Landlord's installation and acquisition of the fuel piping, any metering equipment and Tenant's prorata share of the Generator Fuel Tank. Tenant's Generators, the Expansion Generators (if added pursuant to Section 22.1.3 above), shall sometimes herein be collectively referred to as "Tenant's Generator Equipment."

22.1.5 The Electrical Equipment described in Section 6.1.2 above;

22.1.6 Subject to available capacity of the Building, such connection equipment, such as conduits, cables, risers, feeders and materials (collectively, the "Connecting Equipment") in the shafts, ducts, conduits, chases, utility closets and other facilities of the Building as is reasonably necessary to connect Tenant's HVAC Equipment, Tenant's Generator Equipment, the Generator Fuel Tank, the Electrical Equipment and the Fire-Suppression System to Tenant's other machinery and equipment in the Premises, subject however, to the provisions of Section 22.3 below and subject to the availability of vertical riser and feeder excess capacity;

22.1.7 Up to (i) eight (8) four inch (4.0") aluminum conduits running from the Premises to the seventh (7th) floor and basement of the Building, in each of the two (2) main telecommunications riser of the Building (the "Main Telecom Risers") in locations designated or approved in writing by Landlord and

in the basement from the main telecommunication riser to the two (2) minimum points of entry in the basement of the Building to connect with the fiberoptic network of Tenant's chosen fiber optic service providers, and (ii) eight (8) four inch (4.0") aluminum conduits in the interconnect riser of the Building (the "Interconnect Riser") running from the second (2nd) floor to the seventh (7th) floor of the Building (collectively "Tenant's Conduit"). Notwithstanding anything in this Lease to the contrary, commencing on the earlier to occur of (i) the date occurring thirty-six (36) months following the Effective Date And (ii) the date upon which Tenant has placed ninety percent (90%) of its collocation Customers in the Premises, Landlord shall have the right to recapture from Tenant up to seventy five

-24-

percent of any of the Tenant's Conduit allocated to Tenant pursuant to this Section 22.1.7, which Landlord reasonably determines is not actually being used to carry Tenant's or Tenant's Customers fiber throughout the Project;

22.1.8 New telecommunications lines and related equipment (collectively the "Lines") in the Tenant's Conduit described in Section 22.1.7

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above. Tenant shall install its Lines in the Building and Project in a "backbone" configuration with horizontal Lines on applicable floors of the Building being connected to a single Line in a vertical riser. Once the backbone configuration is constructed, any and all new Lines installed by Tenant pursuant to the terms of this Section 22 shall be attached to such backbone  
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configuration. Notwithstanding anything to the contrary contained in this Lease, Tenant shall only use Tenant's Lines in the Interconnect Riser to make direct connections with other tenants in the Project.

22.1.9 Tenant's HVAC Equipment, the Fire Suppression System, Tenant's Generator Equipment, the Electrical Equipment, the Connecting Equipment, Tenant's Conduit and the Lines are sometimes collectively referred to as the "Supplemental Equipment."

22.2 License Areas. The areas within the Building and Project which are  
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outside the Premises and are occupied by the Supplemental Equipment (including without limitation, Tenant's non-exclusive use, in common with one or more other tenants of the Project and Landlord, the vertical shafts and horizontal raceways of the Building to the extent Tenant's use of such areas are approved in writing by Landlord) are referred to herein collectively as the "License Areas". The precise amount and location of the License Areas shall be designated by Landlord. It is expressly understood that Landlord retains the right to use the License Areas for any purpose whatsoever provided that Tenant shall have reasonable access to, and Landlord shall not unduly interfere with the use of, the Supplemental Equipment therein.

22.3 Installation. Except for the Project Radiators and Generator Fuel  
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Tank which are to be installed by Landlord pursuant to Section 22.1.4, the  
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installation of the Supplemental Equipment shall constitute Alterations and shall be performed in accordance with and subject to the provisions of Article 8  
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of this Lease.

22.4 Tenant's Obligations. For the purposes of determining Tenant's  
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obligations with respect to the License Areas, the License Areas shall be deemed to be a portion of the Premises; consequently, unless otherwise provided in this Article 22, all of the provisions of this Lease with respect to Tenant's  
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obligations hereunder shall apply to the installation, use and maintenance of the License Areas and the Supplemental Equipment, including without limitation, provisions relating to compliance with requirements as to insurance, indemnity, janitorial services, repairs, maintenance and compliance with law, except that unless otherwise provided herein Tenant shall have no obligation to pay Base Rent for the License Areas.

22.5 Tenant's Compliance with HVAC Sound/Vibration Specifications.  
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Notwithstanding anything to the contrary contained herein, in addition to the complying with the other requirements set forth in this Article 22, Tenant shall  
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comply with Landlord's "Project Sound Requirements and Specifications" set forth on Exhibit G attached hereto and all requirements of the City of Los Angeles  
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(including without limitation, sound attenuation and vibration mitigation) in the installation and operation of Tenant's HVAC Equipment and Tenant's Generator Equipment. Provided that Tenant is not in default in any of its obligations under this Lease, Tenant shall be allocated a proportionate share of Landlord's sound budget for the Project.

22.6 Indemnity. Tenant shall install, use, maintain and repair the

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Supplemental Equipment, and use the License Areas, so as not to damage or interfere with the operation of the Building, the Building systems or with the occupancy or activities of any other tenant of the Building; and Tenant hereby agrees to indemnify and hold harmless the Landlord Parties from and against any and all claims (including but not limited to claims for bodily injury or property damage), actions, mechanic's liens, losses, liabilities, and expenses (including reasonable attorney fees and costs of defense by Landlord's legal counsel) (collectively, "Claims"), which may arise from the installation, operation, use, maintenance or removal of the Supplemental Equipment and use of the License Areas. Similarly, Tenant shall pay upon demand by Landlord the costs to repair any physical damage to the Building and the License Areas caused by such installation, operation, use, maintenance or removal. Tenant hereby waives and releases the Landlord Parties from any Claims Tenant may have at any time (including but not limited to Claims relating to interruptions in services) arising out of or relating in any way to the installation, operation, use, maintenance, and/or removal of the Supplemental Equipment and/or use of the License Areas. Such waiver and release shall not apply to Claims to the extent caused by Landlord's gross negligence or willful misconduct and not insured or required to be insured by Tenant under this Lease.

-25-

However, in no event shall Landlord or any member of the Landlord Parties be liable to Tenant for lost profits or consequential or incidental damages of any kind.

22.7 Tenant Waiver. Landlord shall not have any obligations with respect

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to the Supplemental Equipment or License Areas or compliance with any requirements relating thereto, nor shall Landlord be responsible for any damage that may be caused to the Supplemental Equipment or License Areas except to the extent caused by the gross negligence or willful misconduct of Landlord and not insured or required to be insured by Tenant under this Lease. Landlord makes no representation that the Supplemental Equipment or License Areas will be able to operate without interference or disturbance and Tenant agrees that Landlord shall not be liable to Tenant therefor.

22.8 Protective Installations. Tenant, at Tenant's sole cost and expense,

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shall install such fencing and other protective equipment on or about the Supplemental Equipment and License Areas as Landlord may determine.

22.9 Damage to Supplemental Equipment/Taxes on Supplemental Equipment.

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Notwithstanding anything in Article 11 to the contrary, Tenant shall (i) be

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solely responsible for any damage caused as a result of and/or to the Supplemental Equipment except to the extent such damage arises out of the gross negligence or willful misconduct of Landlord and is not insured or required to be insured by Tenant under this Lease, (ii) promptly pay any tax, license or permit fees charged pursuant to any requirements in connection with the installation, maintenance or use of the Supplemental Equipment and comply with all precautions and safeguards recommended by all governmental authorities, and (iii) make necessary repairs, replacements or to maintenance of the Supplemental Equipment and License Areas (unless and to the extent Landlord has elected in Section 11.1 to repair the Supplemental Equipment) or License Areas.

22.10 Landlord's Rights. If any of the conditions set forth in this

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Article 22 are not complied with by Tenant, or if Tenant's use of the

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Supplemental Equipment is interfering with the activity or occupancy of any other tenant in the Building, then without limiting Landlord's rights and remedies it may otherwise have under this Lease, Tenant shall, upon written notice from Landlord, have the option either to (i) immediately discontinue its use of the Supplemental Equipment and License Areas, remove the same, and make such repairs and restoration as required under Section 22.10 below, (ii)

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reposition any Supplemental Equipment to a location designated by Landlord if Landlord elects to permit such repositioning, and make such repairs and restorations as required under Section 22.10 below, or (iii) correct such

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noncompliance within thirty (30) days after receipt of notice. If Tenant fails to correct noncompliance within thirty (30) days after receipt of notice, then, subject to Section 22.10 below, Tenant shall immediately discontinue its use of

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the applicable Supplemental Equipment and remove the same and discontinue use of the related License Areas. Tenant acknowledges and agrees that any exercise by Landlord of its rights under this Section 22.9 shall not relieve Tenant of any

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of its obligations under the Lease.

22.11 Removal of Supplemental Equipment. Notwithstanding anything in this

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Lease to the contrary (including without limitation Article 15), upon the

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expiration of the Lease Term or upon any earlier termination of this Lease, Landlord shall have the option, but not the obligation, of requiring that Tenant, subject to the control of and direction from Landlord, remove all or any portion of the Supplemental Equipment, repair any damage caused thereby, and restore the License Areas and other facilities of the Building and Project to their condition existing prior to the installation of the Supplemental Equipment; provided that Tenant shall be permitted to remove Tenant's Trade Fixtures upon the expiration of the Lease Term so long as it meets the repair and restoration requirements set forth hereinabove.

ARTICLE 23

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SIGNS  
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23.1 Full Floors. Subject to Landlord's prior written approval, in its

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reasonable discretion, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, if the Premises comprise an entire floor of the Building, at its sole cost and expense, may install identification signage anywhere in the Premises including in the elevator lobby of the Premises, provided that such signs must not be visible from the exterior of the Building.

23.2 Multi-Tenant Floors. If other tenants occupy space on the floor on

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which the Premises is located, Tenant's identifying signage shall be provided by Landlord, at Tenant's cost, and such signage shall be comparable to that used by Landlord for other similar floors in the Building and shall comply with Landlord's Building standard signage program.

-26-

23.3 Prohibited Signage and Other Items. Any signs, notices, logos,

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pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

ARTICLE 24

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COMPLIANCE WITH LAW  
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Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations; provided that Landlord shall comply with any standards or regulations which relate to the Common Areas, Building Structure and those portion of the Building Systems located outside the Premises, unless such compliance obligations are directly related to and result from Tenant's particular manner of use of the Premises or the tenant improvements (including the initial Tenant Improvements constructed pursuant to the Tenant Work Letter) or the Alterations installed in or to the Premises after the date hereof, in which event such compliance obligations shall be at Tenant's sole cost and expense. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent

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jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant.

ARTICLE 25

LATE CHARGES  
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If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) days after said amount is due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the Interest Rate, and (ii) the highest rate permitted by applicable law.

ARTICLE 26  
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LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT  
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26.1 Landlord's Cure. All covenants and agreements to be kept or performed  
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by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is  
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otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant's Reimbursement. Except as may be specifically provided to the  
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contrary in this Lease, Tenant shall pay to Landlord, within five (5) days after delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; and (ii) sums equal to all losses, costs, liabilities, damages  
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and expenses referred to in Article 10 of this Lease. Tenant's obligations  
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under this Section 26.2 shall survive the expiration or sooner termination of  
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the Lease Term.

-27-

ARTICLE 27  
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ENTRY BY LANDLORD  
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Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an emergency) to enter the Premises with a representative of Tenant made reasonably available by Tenant to (i) inspect them; (ii) show the Premises to (x) prospective purchasers, mortgagees, (y) tenants during the last twelve (12) months of Lease Term, or to (z) current or prospective mortgagees, ground or underlying lessors or insurers; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at  
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any time to (A) take possession due to any breach of this Lease in the manner provided herein; and (B) perform any covenants of Tenant which Tenant fails to perform after any applicable notice and cure period. Landlord may make any such entries without the abatement of Rent and may take such reasonable steps as required to accomplish the stated purposes. Except as provided in Section 6.3  
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above, Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a

forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

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PARKING

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For so long as Landlord owns the Parking Structure, Tenant shall, subject to availability, be permitted to rent up to the number of parking passes set forth in Section 11 of the Summary for parking in the Parking Structure. Tenant

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shall pay to Landlord for said parking passes on a monthly basis the prevailing rate charged by Landlord from time to time for parking passes at the location of such passes, plus all applicable parking taxes. Landlord specifically reserves the right to sell the Parking Structure, to change the location, size, configuration, design, layout and all other aspects of the Parking Structure at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, close-off or restrict access to the Parking Structure for purposes of permitting or facilitating any such construction, alteration or improvements. The parking passes provided to Tenant pursuant to this Article 28 are provided

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solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to Landlord.

ARTICLE 29

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MISCELLANEOUS PROVISIONS

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29.1 Terms; Captions. The words "Landlord" and "Tenant" as used herein

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shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 Binding Effect. Subject to all other provisions of this Lease, each

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of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

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29.3 No Air Rights. No rights to any view or to light or air over any

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property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

-28-

29.4 Modification of Lease. Should any current or prospective mortgagee or

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ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way unreasonably or adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) days following the request therefor. Landlord and Tenant agree that within thirty (30) days of the Lease Commencement Date, Landlord and Tenant shall execute a memorandum of Lease in the form of Exhibit I attached hereto.

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29.5 Transfer of Landlord's Interest. Tenant acknowledges that Landlord

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has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease arising after the date of such transfer and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder. Landlord agrees that any unapplied portion of the Security Deposit held pursuant to Article 21 herein, shall be transferred or credited to any

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purchaser of the Project from Landlord.

29.6 Prohibition Against Recording. Except as provided in Section 29.4 of  
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this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 Landlord's Title. Landlord's title is and always shall be paramount  
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to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 Relationship of Parties. Nothing contained in this Lease shall be  
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deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 Application of Payments. Landlord shall have the right to apply  
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payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 Time of Essence. Time is of the essence with respect to the  
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performance of every provision of this Lease in which time of performance is a factor.

29.11 Partial Invalidity. If any term, provision or condition contained in  
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in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 No Warranty. In executing and delivering this Lease, Tenant has not  
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relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 Landlord Exculpation. The liability of Landlord or the Landlord  
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Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the equity interest Landlord would have in the Building if the Building were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Building (as such value is determined by Landlord), provided that in no event shall such liability extend to any insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13

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shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no

circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 Entire Agreement. It is understood and acknowledged that there are  
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no oral agreements between the parties hereto affecting this Lease and this Lease and the Exhibits hereto, constitute the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 Right to Lease. Landlord reserves the absolute right to effect such  
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other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 Force Majeure. Any prevention, delay or stoppage due to strikes,  
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lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent except as otherwise provided for in this Lease and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 (except for Alterations

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required to be constructed by Tenant pursuant to Article 24 of this Lease)

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(collectively, a "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 Waiver of Redemption by Tenant. Tenant hereby waives, for Tenant and  
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for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 Notices. All notices, demands, statements, designations, approvals  
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or other communications (collectively, "Notices") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Overnight Courier, (B) delivered by a nationally recognized overnight courier ("Overnight Courier"), or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other

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place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) the date the telecopy is transmitted, (ii) the date the overnight courier delivery is made or attempted to be made, or (iii) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

600 W. 7th Street Associates, Inc.  
c/o Telecom Real Estate Services, Inc.  
617 South Olive Street, Suite 810  
Los Angeles, CA 90014

With copy to:

Allen, Matkins, Leck, Gamble & Mallory LLP  
333 Bush Street, 17th Floor  
San Francisco, California 94104-2806  
Attention: Todd A. Chapman, Esq.  
Fax: (415) 837-1516  
Phone: (415) 837-1515

29.19 Joint and Several. If there is more than one Tenant, the obligations  
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imposed upon Tenant under this Lease shall be joint and several.

29.20 Authority. If Tenant is a corporation, trust or partnership, each  
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individual executing this Lease on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

29.21 Attorneys' Fees. In the event that either Landlord or Tenant should  
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bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 Governing Law; WAIVER OF TRIAL BY JURY. This Lease shall be  
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construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 Submission of Lease. Submission of this instrument for examination  
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or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 Brokers. Landlord and Tenant hereby warrant to each other that they  
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have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "Brokers"), and that they know of no  
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other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 Independent Covenants. This Lease shall be construed as though the  
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covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 Project or Building Name and Signage. Landlord shall have the right

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at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the

exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 Counterparts. This Lease may be executed in counterparts with the

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same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 Confidentiality. Tenant acknowledges that the content of this Lease

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and any related documents are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, space planning consultants and prospective sublessees, transferees or assignees of Tenant.

29.29 Transportation Management. Tenant shall fully comply with all

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present or future programs intended to manage parking, transportation or traffic in and around the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 Building Renovations. It is specifically understood and agreed that

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Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, the Project or any part thereof and that no representations respecting the condition of the Premises, the Building, the Project or any part thereof have been made by Landlord to Tenant except as specifically set forth herein or in the Tenant Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the "Renovations") the Project, the Building and/or the Premises including without limitation the parking structure, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building common areas and tenant spaces, (ii) modifying the common areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building common areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or the License Areas or of Tenant's personal property or improvements (including the Supplemental Equipment) resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions; provided, however, that Landlord shall use commercially reasonable efforts to minimize any unreasonable interference such construction may have on Tenant's use and occupy of the Premises.

29.31 No Violation. Tenant hereby warrants and represents that neither its

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execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.32 Construction of Project and Other Improvements. Tenant acknowledges

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that portions of the Project may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of

noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction; provided, however, that Landlord shall use commercially reasonable efforts to minimize any unreasonable interference such construction may have on Tenant's use and occupy of the Premises.

[Signatures on following page]

-32-

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"Landlord":

600 SEVENTH STREET ASSOCIATES, INC., a California corporation

By: /s/ [signature illegible]

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Name: \_\_\_\_\_  
Title: \_\_\_\_\_

"Tenant":

EQUINIX, INC., a Delaware corporation

By: /s/ [signature illegible]

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Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

-33-

EXHIBIT A-1

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CARRIER CENTER LOS ANGELES

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OUTLINE OF SUITE 600

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[GRAPHIC OF SUITE 600 FLOOR PLAN]

EXHIBIT A-1 - Page 1

EXHIBIT A-2

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CARRIER CENTER LOS ANGELES

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OUTLINE OF ROOF SPACE AND ROOF SYSTEMS SUPPORT PAD

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[GRAPHIC OF ROOF SPACE AND ROOF SYSTEMS SUPPORT PAD FLOOR PLAN]

EXHIBIT A-2 - Page 1

EXHIBIT A-3

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CARRIER CENTER LOS ANGELES

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OUTLINE OF MUST TAKE SPACE

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[GRAPHIC OF MUST TAKE SPACE FLOOR PLAN]

EXHIBIT A-3 - Page 1

EXHIBIT B

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CARRIER CENTER LOS ANGELES

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TENANT WORK LETTER  
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This Tenant Work Letter ("Work Letter") shall set forth the terms and conditions relating to the construction of improvements for the Premises. All references in this Work Letter to "the Lease" shall mean the relevant portions of the Lease to which this Work Letter is attached as Exhibit B.  
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SECTION 1  
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GENERAL CONSTRUCTION OF THE PREMISES  
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1.1 Base, Shell and Core. Landlord shall deliver the base, shell, and  
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core (i) of the Premises and (ii) of the floor of the Building on which the Premises is located (collectively, the "Base, Shell, and Core") in its current "AS-IS" condition existing as of the date of the Lease, and except as expressly set forth in this Work Letter, Landlord shall have no obligation to construct or pay for any alterations or improvements to, or repairs of equipment in, the Premises, the Building or the Real Property. For purposes hereof, the Base, Shell and Core shall include and Landlord shall construct in the Premises at its cost: (A) concrete floors of the Premises; (B) Building structure and perimeter walls, including windows, and existing window coverings "AS IS"; (C) new building standard restroom facilities servicing the Premises; (D) new building standard electrical panels and closets, with service and distribution power boards and transformers; (E) new building standard telephone closets; (F) drywall on core walls; (G) HVAC to the utilized Common Areas; (H) abatement of all exposed or assessable friable asbestos in the Premises, (I) fire/life-safety and alarm system(s), on an unoccupied basis; (J) passenger and freight elevator lobbies on multi-tenant floors; (K) fire exit stairs; (L) Building standard elevators in their "AS-IS" condition and (M) the demolition of all existing HVAC, lighting, partitions and vinyl flooring in the Premises. Notwithstanding any of the foregoing provisions of this Section 1 to the contrary, in the event that any portions of the Base, Shell and Core are not in compliance with applicable ordinances and codes, including the Americans With Disabilities Act and Title 24, as of the date the Premises are delivered to Tenant (as such compliance shall be determined (1) with respect to any portion of the Building located outside the Premises and the restrooms within the Premises, on an occupied basis assuming the Premises will be occupied for general office use with standard office improvements, and (2) with respect to any portion of the Premises, including the areas above the ceiling, and any portion of the HVAC, electrical, fire/life-safety and mechanical systems and equipment of the Building located within the Premises, on an unoccupied basis and without regard to any Tenant Improvements or Alterations which Tenant proposes to construct pursuant to this Work Letter or the Lease), then Landlord shall be responsible for correcting any such non-compliance (the "Compliance Work"). Such Compliance Work, if any, shall be constructed by Landlord in a reasonable and diligent manner after Landlord's receipt of notice of the need for such Compliance Work. If any such Compliance Work is discovered during Tenant's design and/or construction of the Tenant Improvements, Landlord may elect to have the Contractor selected by Tenant to perform the Tenant Improvements perform such Compliance Work, at Landlord's cost, during the construction of the Tenant Improvements in order to obtain efficiencies and expedite construction of such Compliance Work and the Tenant Improvements. Notwithstanding the foregoing to the contrary, Tenant may elect to construct Item (C) hereinabove, as part of the Tenant Improvements and receive the corresponding amount which Landlord anticipated expending to construct Item (C) of the Base, Shell and Core.

1.2 Substantial Completion. For purposes of the Lease and this Work  
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Letter, Landlord's obligations under this Section 1 shall be satisfied upon (i) the substantial completion of construction of items (A) through (L) listed in Section 1.2 above, with the exception of (x) any minor or decorative punch list  
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items or Compliance Work which do not or will not materially interfere with Tenant's commencement of construction of the Tenant Improvement Work (which punch list and Compliance Work shall be completed by Landlord in a diligent manner), and (y) any Base, Shell and Core items which Tenant has agreed to complete as part of Tenant's construction of the Tenant Improvements.

SECTION 2  
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TENANT IMPROVEMENTS  
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2.1 Improvement Allowances.  
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2.1.1 Tenant Improvement Allowance. Tenant shall be entitled to a  
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one-time tenant improvement allowance (the "Tenant Improvement Allowance") in an amount up to, but not exceeding, the product of (i) \$20.00 and (ii) the number of rentable square feet of the Suite 600 Space as of the Lease Commencement Date, to be used to help Tenant pay for the costs of design and construction of Tenant's

EXHIBIT B - Page 1

improvements set forth in the approved Final Drawings (as defined herein) which are permanently affixed to the Premises (collectively, the "Tenant Improvements") and the other Tenant Improvement Allowance Items (as such term is defined below). In no event shall Landlord be obligated to make disbursements pursuant to this Tenant Work Letter in a total amount which exceeds the Tenant Improvement Allowance. Tenant shall not be entitled to receive any cash payment or credit against Rent or otherwise for any portion of the Tenant Improvement Allowance which is not used to pay for the Tenant Improvement Allowance Items; provided, however, to the extent there remains any unused portion of the Tenant Improvement Allowance and thus Landlord is not providing any Additional Allowance, Tenant may use such excess to help Tenant pay for any Alterations Tenant installs in the Premises pursuant to Article 8 of the Lease after substantial completion of the Tenant Improvements. Such excess amount shall be disbursed by Landlord after Tenant has completed the Alterations and has delivered to Landlord appropriate invoices, paid receipts, lien releases and other information reasonably requested by Landlord.

2.2 Disbursement of the Tenant Improvement Allowance. Except as otherwise

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set forth in this Tenant Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs and in the order provided below (collectively, the "Tenant Improvement Allowance Items"):

2.2.1 the cost of engineering, acquiring, and installing Tenant's Generator Fuel Tank and connecting equipment thereto (to be installed pursuant to Section 22.1.4 of the Lease);

2.2.2 the cost of engineering, acquisition and installation of the Roof Systems Support Pad (as defined in Section 2.4 hereinbelow);  
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2.2.3 any and all seismic or structural support added to the Project by Landlord as a result of the installation of the Roof Systems Support Pad;

2.2.4 payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Work Letter and payment of the  
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out-of-pocket costs and fees paid by Landlord to Landlord's consultants in connection with the preparation and review of the "Construction Drawings", as that term is defined in Section 3.1 of this Work Letter;  
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2.2.5 the payment of plan check, permit and license fees relating to construction of the Tenant Improvements;

2.2.6 the cost of construction of the Tenant Improvements, including, without limitation, cost of labor and materials contractors' fees and general conditions, testing and inspection costs, and costs of trash removal and hoists (but during the construction of the Tenant Improvements and Tenant's initial move-in to the Premises, Tenant shall not be charged for the use of any utilities, or for use of the freight elevators);

2.2.7 the cost of any changes in the Base, Shell and Core required by the Construction Drawings, except to the extent such changes constitute Compliance Work which is Landlord's responsibility to perform pursuant to Section 1 above; such cost to include all direct architectural and/or  
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engineering fees and expenses incurred in connection therewith;

2.2.8 the cost of any changes to the Construction Drawings or Tenant Improvements required by applicable laws and building codes (collectively, "Code");

2.2.9 sales and use taxes and Title 24 fees;

2.2.10 all other costs to be expended by Tenant in connection with the construction of the Tenant Improvements such as, but not limited to demolition of any existing improvements so designated for demolition in the Premises, construction management fees, and voice and data cabling; and

2.2.11 Disbursement of Tenant Improvement Allowance. During the  
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construction of the Tenant Improvements, Landlord shall make disbursements of the Tenant Improvement Allowance once per month (or on a more frequent basis as Landlord may determine) to pay for the Tenant Improvement Allowance Items following Landlord's receipt of: (i) a request for payment of the Contractor, Architect and/or Engineers, as applicable (as such terms are defined below),

approved by Tenant, showing the schedule, by trade, of percentage of completion of the design and/or construction of the Tenant Improvements in the Premises; (ii) invoices for labor rendered and materials delivered to the Premises; and (iii) executed mechanic's lien releases from all of Tenant's Agents (as that term is defined in Section 4.1.2 below) which shall comply with the appropriate

provisions of California Civil Code Section 3262(d). Landlord may make such disbursements of the Tenant Improvement Allowance jointly to Tenant and the Contractor or jointly to the Tenant and the Architect, Engineers or other vendors to whom direct payment is to be made, and may provide for up to a ten percent (10%) retention (so long as such retention is not duplicative of any retention already provided in Tenant's payment request or

EXHIBIT B - Page 2

specified in the applicable contractor's contract) for each such disbursement (but such retention shall not apply to payment of the fees of the Architect and/or Engineers unless expressly provided in the contracts with such entities). Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request. Landlord shall disburse all retentions following the completion of construction of the Premises and Landlord's receipt of properly executed mechanics lien releases in compliance with both California Civil Code Section 3262(d)(2) and either Section 3262(d)(3) or Section 3262(d)(4).

2.3 Tenant Special Requirements. Tenant has established specifications

(the "Specifications") for the Premises standard components to be used in the construction of the Tenant Improvements in the Premises (collectively, the "Tenant's Special Requirements"), a copy of which Specifications is attached hereto as Schedule 2.

2.4 Notwithstanding anything to the contrary continued herein or in the Lease, Tenant shall be required to install as part of the Tenant Improvements, a steel support pad in a designated location on the roof of the Building more particularly shown on Exhibit A-2 attached to the Lease (the "Roof Systems

Support Pad") which Roof Systems Support Pad shall be designed and installed in accordance with design standards and specifications approved by Landlord in its reasonable discretion.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Architect and Construction Drawings. Tenant has retained Western

Carlson Design and Construction (or other Carlson entity reasonably approved by Landlord) as its architect/space planner (the "Architect") to prepare the Construction Drawings (as hereinafter defined in this Section 3.1). Tenant

shall retain engineering consultants as approved by Landlord, which approval shall not be unreasonably withheld or delayed, to prepare plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing, HVAC, life-safety, and sprinkler work in the Premises (the "Specialty Work") or, at Tenant's option, the Specialty Work may be constructed under a "design/build" contract where each respective subcontractor, reasonably approved by Landlord, shall prepare plans and engineering working drawings relating to the Specialty Work. For purposes of this Work Letter, any of the aforementioned parties who shall provide such plans and engineering working drawings shall be referred to herein as the "Engineers". The plans and drawings to be prepared by the Architect and the Engineers hereunder shall be known collectively as the "Construction Drawings". All Construction Drawings shall be subject to Landlord's approval, which shall not be unreasonably withheld or conditioned, and which disapproval shall only be for the following factors (collectively, "Design Problems"): (i) design defects in or incompleteness of the Construction Drawings; (ii) failure of the Construction Drawings to comply with Code; (iii) failure of the Construction Drawings to comply with Section 2.4 above; (iv)

adverse effect of the Tenant Improvements on the exterior appearance of the Building or Common Areas and/or on Building's systems or equipment; (v) changes to the Base, Shell and Core required by or in connection with the Construction Drawings or Tenant Improvements; (vi) failure of the Construction Drawings to substantially comply with the base building plans for the Building previously delivered to Tenant; and/or (vii) any material inconsistencies in the portion of the Construction Drawings then subject to review as compared to any prior version thereof approved by Landlord. Landlord shall advise Tenant within ten (10) days after Landlord's receipt of the applicable portion of the Construction Drawings if they are approved or if there are any Design Problems therewith, as reasonably determined by Landlord. If Tenant is so advised of any Design Problems, Tenant shall promptly (A) revise the portion of the Construction

Drawings to correct the Design Problems in accordance with such disapproval of Landlord, and (B) deliver such revised Construction Drawings to Landlord. The Construction Drawings shall be approved by Landlord prior to commencement of construction of the Tenant Improvements for the Premises. Once the final Construction Drawings have been approved by Landlord, the same shall be referred to hereinafter as the "Final Drawings." Tenant and the Architect shall verify, in the field, the dimensions and conditions as shown on the relevant portions of the base building plans, and Tenant and Architect shall be solely responsible for the same, and Landlord shall have no responsibility in connection therewith (subject, however, to the Landlord Delay provisions of Section 5(v) below).

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Landlord's review and/or approval of the Construction Drawings, as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's

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review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed and approved by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

EXHIBIT B - Page 3

3.2 Permits. After approval by Landlord of the Final Drawings, Tenant

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shall promptly submit the same to the appropriate governmental authorities for all applicable building permits. Tenant hereby agrees that neither Landlord nor Landlord's consultants shall be responsible for obtaining any building permit or certificate of occupancy for the Premises and that the obtaining of the same, as is required by any governmental agencies having jurisdiction over the Building, shall be Tenant's responsibility; provided, however, that Landlord shall, in any event, cooperate with Tenant in executing permit applications and performing other ministerial acts reasonably necessary to enable Tenant to obtain any such permit or certificate of occupancy. No changes, modifications or alterations in any portion of the Construction Drawings as approved by Landlord may be made without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed.

SECTION 4

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CONSTRUCTION OF THE TENANT IMPROVEMENTS  
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4.1 Tenant's Selection of Contractor and Tenant's Agents.

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4.1.1 Contractor. The contractor which will construct the Tenant

Improvements ("Contractor") shall be Carlson Group, Inc. (or other Carlson entity reasonably approved by Landlord).

4.1.2 Tenant's Agents. All subcontractors, laborers, materialmen,

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and suppliers used by Tenant to install or construct items other than Tenant's computers in the Premises, and specifically excluding movers (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents") must be approved in writing by Landlord, which approval shall not be unreasonably withheld or delayed.

4.2 Construction of Tenant Improvements by Tenant's Agents.

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Construction Contract; Cost Budget. Prior to Tenant's execution of

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the construction contract and general conditions with Contractor (the "Contract"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, and after Tenant has accepted all bids for the Tenant Improvements, Tenant shall provide Landlord with a detailed breakdown, by trade, of the final costs to be incurred, or which have been incurred, as set forth more particularly in Sections 2.2.1.1 through

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2.2.1.8 above, in connection with the design and construction of the Tenant

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Improvements to be performed by or at the direction of Tenant or the Contractor (which costs form a basis for the amount of the Contract, if any (the "Final Costs"). Prior to the commencement of construction of the Tenant Improvements, Tenant shall supply Landlord with a completion bond in an amount equal to the Final Costs to ensure Landlord of the completion of the Tenant Improvements.

4.2.2 Tenant's Agents. Tenant's and Tenant's Agents' construction of

the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in accordance with the Final Drawings; (ii) Tenant and Tenant's Agents shall not, in any way, unreasonably interfere with, obstruct, or delay, the work of Landlord's contractor and subcontractors in the Building; and (iii) Tenant shall abide by all reasonable rules made by Landlord's Building contractor or Landlord's Building manager with respect to the use of freight, loading dock and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Work Letter, including, without limitation, the construction of the Tenant Improvements.

4.2.3 Indemnity. Tenant shall indemnify, protect, defend and hold

Landlord harmless from and against any and all losses, claims, damages and expenses arising from the actions or omissions of the Architect, the Engineers and Tenant's Agents on the Premises or in the Building.

4.2.4 Insurance Requirements. All of Tenant's Agents shall carry

worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease. In addition, Tenant shall carry "Builder's All Risk" insurance (excluding earthquake and flood insurance) in an amount reasonably specified by Landlord prior to commencement of construction of the Tenant Improvements, covering the construction of the Tenant Improvements, and such other insurance (excluding earthquake and flood insurance) as Landlord may reasonably require. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord, and in form and with companies as are required to be carried by Tenant as set forth in the Lease. Certificates for all insurance carried pursuant to this Section

4.2.4 shall be delivered to Landlord before the commencement of construction of

the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. All policies carried under this Section 4.2.4 shall insure

Landlord and Tenant, as their

EXHIBIT B - Page 4

interests may appear, as well as Contractor and Tenant's Agents, and shall name as additional insureds Landlord's property manager, and all mortgagees and ground lessors of the Building. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under Section 4.2.3 of this

Work Letter.

4.2.5 Governmental Compliance. Tenant shall cause the Tenant

Improvements to be constructed by Contractor in compliance in all respects with all applicable laws, codes, ordinances and regulations, including, without limitation, the Code and the Americans With Disabilities Act.

4.3 Inspection by Landlord. Landlord shall have the right to inspect the

Tenant Improvements at all times, provided however, that (i) Landlord shall not unreasonably interfere with Tenant's construction of the Tenant Improvements in connection with any such inspection, and (ii) Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord reasonably disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such reasonable disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord.

4.4 Notice of Completion; Copy of "As Built" Plans. Within ten (10) days

after completion of construction of the Tenant Improvements, Tenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the County in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. In addition, within thirty

(30) days after the substantial completion of the Premises, Tenant shall deliver to the Building management office a copy of the "record set" of mylar as-built drawings for the Tenant Improvements.

SECTION 5  
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MISCELLANEOUS  
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5.1 Tenant's Representative. Tenant has designated Art Chinn as its sole  
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representative with respect to the matters set forth in this Tenant Work Letter, who until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

5.2 Landlord's Representative. Landlord has designated Eric Berman as its  
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sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

5.3 Arbitration. Any dispute concerning whether any term of this Work  
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Letter has been breached or properly interpreted or complied with shall be submitted to arbitration as provided in this Section 5.3. The arbitration shall

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be conducted in Los Angeles, California. The party desiring such arbitration shall give written notice thereof to the other specifying the Work Letter dispute to be arbitrated. Within ten (10) business days after the date on which the arbitration procedure is invoked as provided in this Section 5.3, each party

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shall appoint an experienced arbitrator qualified to arbitrate such dispute (e.g., the arbitrator shall be an architect if the dispute involves architectural/design issues, or a contractor if such dispute involves construction/contractor issues) and notify the other party of the arbitrator's name and address. The two arbitrators so appointed shall appoint a third qualified experienced arbitrator.. If the three arbitrators to be so appointed are not appointed within fifteen (15) business days after the date the arbitration procedure is invoked, then the arbitrator or arbitrators, if any, who have been selected shall proceed to carry out the arbitration. The arbitrator or arbitrators so selected shall furnish Landlord and Tenant with a written decision within fifteen (15) business days after the date of selection of the last of the arbitrators to be so selected. Any decision so submitted shall be signed by a majority of the arbitrators if more than two have been selected. If only two arbitrators have been selected and they are unable to agree, then either or both Landlord and Tenant shall be entitled to apply to the presiding Judge of the Superior Court of the County of Los Angeles, California for the selection of a third arbitrator who shall be selected from a list of names of experienced qualified arbitrators submitted by either or both parties, as the case may be. In designating arbitrators and deciding the dispute, the arbitrators shall act in accordance with the Commercial Rules of Arbitration then in force of the American Arbitration Association, subject, however, to such limitations as may be placed upon them by the provisions of this Lease. The decision of the arbitrators shall be final and binding upon the parties, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Neither party

EXHIBIT B - Page 5

shall be in default under this Work Letter with respect to any dispute under any provision hereof during the time period commencing as of the date the arbitration procedure is invoked with regard to said dispute and ending on the date of resolution by the arbitrators; provided, however, that during said period, each party shall continue to make all payments of money required by this Work Letter and the Lease and to otherwise perform all duties and obligations required to be performed by such party under this Work Letter and the Lease and, with respect to the issue under arbitration, shall maintain the status quo.

EXHIBIT B - Page 6

SCHEDULE 1 TO EXHIBIT B  
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BUILDING CONSTRUCTION RULES  
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The following are general rules and regulations governing all work in the Building, including Tenant's Work and any Alterations (collectively, "Tenant's work"). The manager for the Building ("Building Manager") will be Landlord's representative in coordinating and supervising Tenant's work. Nothing contained in these Construction Rules shall (i) create any contractual obligations for Landlord or Building Manager in connection with Tenant's work or (ii) in any way

affect, modify or supersede any of the terms set forth in this Lease. The Construction Rules may be modified and supplemented from time to time as Landlord may reasonably require for the proper monitoring and control of construction at the Building.

1. Neither Building Manager nor Landlord will be responsible for any material, equipment, tools or other property belonging to Tenant's general contractor for Tenant's work, or any subcontractors, employees, agents or others associated in any way with Tenant's work.

2. The Building is equipped with a freight elevator serving all floors. The contractor and all construction personnel must use only the freight elevator for transportation of workers, materials and equipment. No contractor or any construction personnel, nor any materials or equipment, are permitted in, nor shall any of the foregoing be transported in, the passenger elevators. If the contractor or any construction personnel are found in the passenger elevators, the contractor or subcontractor may be removed from the job and the elevators will be immediately inspected for damage. All damage resulting from such use shall be corrected by Building Manager at Tenant's expense.

3. The contractor shall furnish Building Manager with a list of subcontractors prior to commencement of Tenant's work. This list will include phone numbers and contacts for the contractor and each subcontractor, including home and emergency telephone numbers. Any persons not on the approved contractor list will be denied access to the Premises. NO EXCEPTIONS. Access badges, authorizing access to the Premises, will be issued by Building Manager to all personnel designated by the contractor on such list. The contractor and all construction personnel working over the weekend and after the normal hours shall provide Building Manager with a list of workers 24 hours prior to the worker being on site or they will be denied access. The list should also include an estimated time the contractor and all construction personnel will be working, the location of the work to be done, the number of employees and the working supervisor who will be present in the Building during the performance of the work. Any deviation will require Building Manager's approval.

4. Unless Building Manager requires otherwise, all contractors and other construction personnel shall enter and exit through the loading dock or main lobby at all times. Additionally, all contractors and subcontractors shall sign in and sign out at the security desk. Building security personnel have the right to inspect all tool boxes of any and all construction personnel upon departure from the Building. Loading dock and freight elevator procedures and hours will be provided by Building Manager.

5. When working on a tenant-occupied floor, all deliveries are to be accepted, moved and delivered to the contracted suite by 7:30 a.m. All equipment and material deliveries shall be made at the loading dock or service entry between the hours of 6:00 p.m. and 6:00 a.m. Monday through Friday or all day Saturday and Sunday via a freight reservation. If deliveries are to be made at other times, prior approval must be obtained from Building Manager. At no other time will material be transported through the Building lobby or public areas unless specifically authorized in writing. When making deliveries, reinforced, non-staining masonite board acceptable to Building Manager must be installed by the contractor (in a manner approved by Building Manager) to protect all wall and floor finishes, including the freight elevator. The contractor and subcontractors shall consult with Building Manager for complete rules and procedures relating to corridor, elevator and public area protection. All contractors and other construction personnel shall leave the Building lobby and other public areas in a neat and clean condition consistent with other Comparable Buildings (including, without limitation, sweeping and mopping the lobby floors, dusting all furniture in the lobby and otherwise removing all debris and dust) and otherwise in a condition satisfactory to Building Manager and Landlord. Tenant shall be responsible for all costs incurred by Building Manager if this clean-up work is not performed satisfactorily.

6. The contractor must notify Building Manager prior to conducting any of Tenant's work that will require ceiling access, specifying the areas that will be worked on and the length of time needed to complete or perform work in the space.

SCHEDULE 1 TO EXHIBIT B - Page 1

7. No drilling, hammering, loud noise, vibrations or disturbances of any nature will be allowed during the business day (i.e., from 8:00 a.m. to 7:00 p.m., Monday through Friday, and from 9:00 a.m. to 2:00 p.m. on Saturday).

8. The contractor shall keep all spaces affected by Tenant's work clean at all times, including all public areas such as corridors, restrooms, janitor's closets, etc. The contractor shall erect and maintain dust barriers at all exit areas of construction and proper dust covers (including walk-off mats) on the floors at exit areas of construction and at the doors to the freight elevator. The contractor is responsible for taking all extra precautions to safeguard the floors, walls and/or elevators from damage which may be caused by the movement of materials, equipment or debris.

9. Sprinkler shut down and construction procedures:

a. The contractor or the subcontractor requiring the shutdown and draining of the fire sprinkler system on any floor must follow the Building's procedures for this process.

b. All work performed on fire sprinklers and/or fire standpipes must be scheduled with The Building Chief Engineer at least 24 hours in advance.

c. Isolation and draining of the sprinkler system must be done by the Building Engineering Department.

d. Prior to start of work, the contractor must report to Building Manager on the loading dock, and the contractor will be given instructions and assistance. Building supplied shut-off tags are to be placed on all closed valves.

10. Construction personnel shall at all times maintain the highest level of project cleanliness. All construction waste and debris shall be removed via the freight elevator or stairs to the loading dock on a daily basis and shall not be allowed to accumulate or produce a fire hazard. No construction waste or debris may be placed in the Building dumpster/compactor. The contractor and all construction personnel shall provide for removal of waste and debris from the Building at their own expense, and shall dispose of all waste and debris in an environmentally safe manner and in full compliance with all laws and ordinances. If a dumpster is required (space allowing), the location must be approved by Building Manager. If the contractor fails or refuses to keep such spaces free of accumulated waste, debris, dust, etc., Building Manager reserves the right to enter such spaces (including the Premises) and to clean and remove the debris, dust, etc. at Tenant's expense. In addition, all public areas, i.e., corridors, restrooms, janitor's closets, etc. shall be maintained and kept free of construction debris, dust, etc.

11. Removal of combustible objects such as cardboard, empty paint cans, paint rags and other combustible materials shall occur on a daily basis; such objects shall be disposed of in an approved receptacle and in an environmentally safe manner in full compliance with all laws and ordinances. The storage of all flammable liquids (paint, lacquer thinners, paint thinners, etc.) shall be in UL approved fire rated (for flammable liquids) storage cabinets or the liquids are to be removed from the Building daily. If such liquids are to be stored in the proper storage cabinets, Building Manager shall be notified of their existence, location and quantity. Upon completion of Tenant's work, all remaining flammable liquids shall be removed from the Building and disposed of in an environmentally safe manner in full compliance with all laws and ordinances. Any flammable or hazardous materials (i.e. paint) may only be stored on the Premises with permission of Building Manager who shall designate an area for such storage. No gasoline operated devices (e.g., concrete saws, coring machines, welding machines, etc.) shall be permitted within the Building. All work requiring such devices shall be performed by means of electrically operated substitutes. All approved gas and oxygen canisters shall be properly chained and supported to eliminate all potential hazards. At the completion of use, said containers shall be promptly removed from the Building.

12. All electrical and telephone rooms on construction floors are to be kept clean and orderly at all times and must be locked at the end of each workday. These rooms cannot be used as storage for tools or supplies. At the end of each day, all garbage and wire remnants are to be removed and a clear pathway maintained to all panels. Initial access to electrical and telephone equipment rooms must be arranged through Building Manager. Keys will be issued by Building security. Doors to electrical and telephone equipment rooms may not be propped or blocked open in any way. Tenant equipment may not be installed in electrical rooms. All panels are to be replaced and properly labeled upon completion of work. All penetrations through floors, walls and ceilings shall be properly fire rated upon completion.

13. Upon completion and termination of all electrical circuits, and before energizing, the contractor must notify the Building's engineer so that a neutral to ground bonding test can be performed.

SCHEDULE 1 TO EXHIBIT B - Page 2

14. Specific restrooms will be designated for use by construction personnel. The contractor is responsible for maintenance while using such designated restrooms. Upon completion of Tenant's work, the contractor will be responsible for restoring all designated restrooms to their original state. Anyone found using restrooms other than those specified, or anyone using the janitorial closets, will be subject to dismissal. No one is permitted to use the janitorial closets without Building Manager permission. Janitors' slop sinks cannot be used for disposal of flammable material, hazardous waste or drywall.

15. Any use of telephone room chase way must be approved in advance by the Building's engineer.

16. Construction personnel are not permitted to block open stairway doors and electrical room doors. These doors provide the fire protection required by

code. Continued violation of this provision shall be subject to a \$300 fine. Janitorial doors shall be kept closed at all times on occupied tenant floors. During construction of Tenant's work, stairwells and fire doors leading to stairwells may not be blocked with materials, equipment, trash or debris of any kind. Fire doors may not be propped or blocked open in any fashion or in any way. Keys will be issued by Building security. Stairwells may not be used for the storage of any equipment, materials, trash or debris of any kind and are to be kept clear at all times. During construction of Tenant's work, air conditioning smoke dampers may not be propped open.

17. All smoke detectors in the construction areas are to be protected during construction, demolition, sweeping, clean-up or other operations that may cause considerable dust or smoke. At the end of each work day, after the dust has settled, each smoke detector that has been protected during the day is to be uncovered to ensure proper operation.

18. Each contractor and all construction personnel are to take adequate precautions to prevent the accidental tripping of the fire alarm system. False alarms shall be fined at \$400 per offense. All management and other costs connected with resetting false alarms initiated by the contractor or any construction personnel will be charged to the Tenant's account. At completion of every work day, the fire-life-safety system shall be left trouble and alarm free. The contractor must notify the Building's engineer of said status before leaving the job site.

19. The contractor must provide and keep available at least four currently certified 10 pound ABC fire extinguishers on each floor during construction. They are to be placed inside the controlled area, and all workers are to be informed as to their location and proper use. In addition, construction personnel shall be informed by their supervisors of the means of egress from the floor in case of an emergency, location of fire pull stations and locations of wet stand pipes.

20. All "J" boxes and fire-life-safety conduits that are installed during the construction of Tenant's work must be marked with red spray paint. All fire-life-safety wiring must be done strictly in accordance with Building specifications (contact the Building's engineer for such wire specifications). Failure to adhere to the required color code may result in costly, time-consuming rewiring. Only life-safety contractors designated or approved by Building Manager will be allowed to install and/or connect life-safety devices (i.e., speakers, pull stations and smoke detectors).

21. Prior to core drilling, the contractor must inform Building Manager of the locations of the core drill for the review and approval of the Building's engineer. All core drills are to be located from the underside to prevent damage to any of the exposed fire-life- safety conduits on the underside of the decking. If cores are to be wet-drilled, slurry run-off shall be contained and must not be allowed to reach tenant areas below the construction. Any slurry that does migrate to the floor below shall be cleaned by the contractor at its expense. Coring hours will be 8:00 p.m. to 7:00 a.m. Any penetrations made in steel structural beams are to be approved in advance by the Building's engineer and permitted by government authorities, if applicable.

22. Any damage sustained during construction of Tenant's work to electrical rooms, telephone rooms, storage closets, janitor closets, restrooms, or freight lobbies is the responsibility of the Tenant. A list of pre-existing damage to these areas should be submitted to Building Manager, and should be acknowledged by Building Manager, prior to commencement of Tenant's work.

23. The contractor must notify Building Manager at least 24 hours prior to commencing any painting or varnishing. Any spray painting with solvent based paints must be preapproved by the Los Angeles Fire Department. Painting of elevator doors is to be supervised by the elevator maintenance company appropriate to the Building.

SCHEDULE 1 TO EXHIBIT B - Page 3

24. Building Manager shall at all time have access to the areas in which Tenant's work is ongoing regardless of its state, preparation and progress. Building Manager reserves the right to inspect work, stop work and/or have a worker removed from the job at any time during Tenant's work if these Rules and Regulations are not being followed.

25. The Building shall provide electrical service consisting of 120V outlets with 15A/20A capacity. Any power requirements in excess of that listed per the Lease shall be the responsibility of the contractor. The contractor shall provide temporary electrical devices within the Premises for its subcontractors' use. The contractor will not be permitted to run extension cords through public space. The contractor shall use reasonable measures to minimize energy consumption in the construction area when possible. The Building shall pay for normal electrical consumption during the construction process. All lights and equipment must be turned off at the end of the contractor's business day. If the contractor or any construction personnel leave lights or equipment on during off hours, Building Manager reserves the right to receive from Tenant just compensation for excessive electrical

consumption.

26. The contractor and each subcontractor shall implement and maintain an accident prevention program and an employee safety training program. Proof of compliance with CAL-OSHA Rule SB198 must be submitted to Building Manager. All persons on the job, regardless of whose direct payroll they are on, are required to respond to safety instructions from the contractor's supervisor. Persons who do not respond shall be removed from the job.

27. The contractor shall cover all return air transfers when working next to a tenant-occupied space to control the transmission of dust and dirt. Covering must be removed at the completion of daily construction. The contractor shall keep all tenant entrance and exit doors closed to restrict the movement of dust or dirt and shall close-off temporary openings with polyurethane approved by the Los Angeles Fire Department. Due to local fire codes, no openings may be made on a tenant-occupied floor to the corridor unless materials are being delivered. All HVAC filters in fan rooms shall also be delivered in operable condition at time of completion (thus temporary filter should be added to the existing filter). Pre-filters should be installed over all return air openings until finished floors are installed. If Building filters or equipment require replacement or cleaning due to construction dust, the contractor will be charged. The contractor shall verify with the Building's engineer prior to installation of pre-filters.

28. Upon completion of Tenant's work, the contractor shall submit complete sets of marked-up as-built drawings and record documents to the architect (or space planner) for approval. Upon approval, these shall be forwarded to Building Manager. In addition, Building Manager shall be allowed to obtain, at no cost to Tenant or the contractor, copies of manuals for each item of equipment and apparatus furnished in connection with the Tenant's work.

29. At the completion of Tenant's work, the contractor and each subcontractor, along with Building Manager's Building maintenance personnel, shall direct the checkout of utilities, operation systems and equipment for readiness, shall assist in their initial start-up and testing by subcontractors and shall provide general familiarization training for Building Manager personnel during the checkout and startup period.

30. No tobacco smoking or chewing will be permitted in occupied or public areas. Smoking is allowed only in designated areas approved by Building Manager. It is understood that Building Manager, in its sole discretion, may choose not to designate any approved areas in the Building for smoking.

31. No radios or other non-functional sound producing equipment will be permitted on any floor (unless required by code).

32. Respect must be shown to the Building tenants at all times. Rude and obscene behavior, including foul and abusive language, will be not be tolerated. Offenders will be asked to remove themselves from the Premises and shall not be permitted to return.

33. All work performed within the Building's conduits, risers and pathways (including, without limitation, cabling or wiring to the rooftop of the Building), work on the rooftop and work which affects or may reasonably be expected to affect Building systems (such as plumbing, electrical, HVAC, fire-life-safety, emergency power or the like) must be performed by bonded contractors or subcontractors specifically approved in advance by Landlord. Upon request, the Building Manager will provide Tenant with a list of approved contractors or subcontractors for certain types of projects. Access to the rooftop shall be scheduled in advance with the Building Manager. A Building engineer shall accompany all persons performing work or inspecting equipment on the rooftop, including in the case of emergency,

SCHEDULE 1 TO EXHIBIT B - Page 4

except as otherwise agreed in Tenant's Lease. If rooftop access is required during other than Building Hours, Tenant shall pay the cost of the Building's engineer for the time spent accompanying Tenant's contractor or other agent to the rooftop.

34. No one shall be allowed to endanger the Building, its premises or its occupants in any manner whatsoever. If such a situation occurs, the contractor, any subcontractor, supplier, etc., shall immediately take steps to correct and eliminate the hazardous condition. In the event that the contractor's personnel fail to perform in a satisfactory manner, the Building Manager reserves the right to immediately take steps to remedy the hazard at the contractor's expense.

35. All corrective work or work performed in occupied spaces at any time must be scheduled and approved by Building Manager and must be immediately cleaned up by the workmen prior to their leaving the job or at the end of the business day if the project is on-going. The contractor shall be responsible for all costs incurred by Building Manager if this clean-up work is not performed satisfactorily.

36. All traffic control, flagmen, barricades, etc., as may be necessary or required by any agency having jurisdiction shall be the sole responsibility of and at the expense of the contractor.

37. Tenant shall contact the Building Manager to schedule work on the following Building systems: (Any disruption of services will be scheduled at Building Manager's discretion.)

A. Domestic water.

B. Fire alarm or speaker.

C. Electrical tie-ins to Base Building or the addition of equipment to any suite other than the Tenant suite except subpanels located within the Tenant premises.

D. Sprinkler system.

E. Any work that will take place outside the demised Premises.

F. Any tie-ins that may affect other Tenant spaces.

If a Building alarm is turned off for the contractor's work, the contractor must notify Building Manager upon completion so the system can be tuned back on as soon as possible.

38. No graffiti or vandalism will be tolerated. Any individual caught in the act shall be immediately removed from the Premises and will not be allowed to return. In addition, all repairs will be at the contractor's expense.

39. Wet paint signs must be posted in all public areas when appropriate.

40. The contractor/subcontractors may park in designated spaces only. Any vehicles found in unauthorized spaces will be subject to towing.

41. No contractor shall be allowed to start any work in the Building without having a current certificate of insurance on file with Building Manager. The contractor must keep current insurance certificates on all subcontractors. Any contractor or subcontractor performing work found not to have current insurance will be immediately ordered off the Premises. General contractors shall list the following as additionally insured:

600 W. Seventh Street Associates, Inc.

42. The contractor/subcontractors shall obtain and pay for a City of Los Angeles business license.

43. The contractor/subcontractors shall obtain at their expense, all permits and licenses necessary to perform the work and shall obtain at their expense, all permits and licenses necessary to perform the work and shall comply with all laws, ordinances, State and Federal government regulations, and all rules or regulations of any board or commission or other duly qualified body.

SCHEDULE 1 TO EXHIBIT B - Page 5

44. All work shall be performed in accordance with all applicable laws and the rules and regulations of all City, State and Federal agencies having jurisdiction over the work.

45. No work is to be performed, nor materials stored in public areas. No staging of trucks or materials will be allowed in areas which may affect traffic flow to the surrounding properties or ingress and egress to Building entrances, fire lanes, reserved parking areas, etc.

46. Rubber wheels are required on all vehicles transporting materials in the Building.

47. All equipment and material will be designed and attached for seismic loading in accordance with governmental agencies having jurisdiction over the work.

48. Material storage shall be limited to the Premises.

49. The contractor, or its agent, shall provide safety barricades or cables at floor penetrations.

50. Tenant shall take such action as is necessary to confirm that all contractors, subcontractors and other construction personnel are aware of these construction rules, including, if necessary, requiring each to sign a copy hereof.

SCHEDULE 1 TO EXHIBIT B - Page 6

SCHEDULE 2 TO EXHIBIT B

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SPECIAL TENANT REQUIREMENTS

1st Floor  
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1. Landlord to supply access to the Standby Power Riser from the roof to the Premises to accommodate a total of 3-3" conduits and 1-2" conduit for each of the installed Tenant generators.

Mechanical  
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- . Tenant shall have the right to replace the existing windows with louvers subject to the review and approval of Landlord, the city of Los Angeles and historical agencies of the Federal and State governments.

Tenant shall provide such sound and vibration attenuation as may be required by Landlord and public agencies having jurisdiction over the Project and shall at all times comply with Landlord's Project Sound Requirements and Specifications.

1. Tenant shall have access to and provision of the freight elevator to the Premises to transfer Equinix mechanical equipment.
2. Tenant shall have the right to connect to the Fire protection sprinkler system and connection to building fire alarms for the ground floor generator room.
3. Tenant shall be allocated its proportionate share of the total allowable day tank storage in the Building

6th Floor  
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Mechanical  
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1. Landlord allows preaction fire protection sprinkler system in the Premises. Tenant shall be responsible for all costs of removal of the existing wet pipe sprinkler fire protection system.
2. Tenant shall be permitted to install a combined total of eight (8), eight inch (8)" pipes in the Tenant Condenser water risers. Tenant shall also be permitted to run the equivalent of 1-4" conduit to each of the installed Tenant chillers on the roof through a chase designated by Landlord.
3. Landlord shall provide a pathway for exhaust and ventilation shafts and duct to the roof or to an exterior wall louver for battery room ventilation and purge, assuming lead-acid type batteries; two locations at 4000 cfm each. Tenant shall comply with regulations of the City of Los Angeles Fire Department and other public agencies having jurisdiction , with respect to the allowable quantities of batteries in the Premises and the Building.
4. Landlord shall provide a pathway for toilet room exhaust connection to a building exhaust riser.
5. Landlord shall allow general area ventilation air from a vent shaft to the roof or from an outside wall louver subject to the review and approval of city, state and federal historical authorities.
6. Landlord shall allow installation of office area air handling systems including air handler and distribution overhead ductwork to spaces.
7. Landlord shall allow connection to the building domestic water source at this floor for use in connection to room humidification equipment.
8. Landlord shall allow Tenant to install a direct digital control (DDC) facility monitoring system as required to monitor and control the environmental systems within the Premises, monitored within the Premises.
9. Landlord shall permit Tenant to reconfigure the toilet room fixtures on the floor, provided that Tenant shall comply with the drainage stacking for the Building.

7th Floor  
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Electrical  
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1. The administrative offices of Owner located on the 7/th/ floor shall have a preaction fire protection system installed at the cost of Equinix.

SCHEDULE 2 TO EXHIBIT B - Page 2

EXHIBIT C

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CARRIER CENTER LOS ANGELES

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NOTICE OF LEASE TERM DATES

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To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Office Lease dated \_\_\_\_\_, 19\_\_ between 600 SEVENTH STREET ASSOCIATES, INC., a California corporation ("Landlord"), and \_\_\_\_\_, a \_\_\_\_\_ ("Tenant") concerning Suite \_\_\_\_\_ on floor(s) \_\_\_\_\_ of the office building located at [\*], Los Angeles, California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on \_\_\_\_\_ for a term of \_\_\_\_\_ ending on \_\_\_\_\_.
2. Rent commenced to accrue on \_\_\_\_\_, in the amount of \_\_\_\_\_.
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to \_\_\_\_\_ at \_\_\_\_\_.
5. The exact number of rentable square feet within the Premises is \_\_\_\_\_ square feet.
6. Tenant's Share as adjusted based upon the exact number of rentable square feet within the Premises is \_\_\_\_\_%.

"Landlord":

600 SEVENTH STREET ASSOCIATES, INC.,  
a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed to and Accepted  
as of \_\_\_\_\_, 19\_\_.

"Tenant":

By: \_\_\_\_\_  
Its:

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT C - Page 1

EXHIBIT D

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CARRIER CENTER LOS ANGELES

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RULES AND REGULATIONS

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Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or

omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the vicinity of the Building. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever

EXHIBIT D - Page 1

shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Tenant shall not overload the floor of the Premises without Landlord's prior written consent.

10. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

11. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material except for (i) dry or gel cell batteries and (ii) the fuel stored in the Generator Fuel Tanks (defined in Article 22 of the Lease and any reasonable "belly" fuel storage tanks installed on Tenant's Generators. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

12. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

13. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

14. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

15. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

16. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

17. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

18. Tenant shall use reasonable best efforts to participate in recycling programs undertaken by Landlord.

19. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in Los Angeles, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

EXHIBIT D - Page 2

20. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

21. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

22. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreens without the prior written consent of Landlord. Tenant shall be responsible for

any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights.

23. Deleted.

24. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

25. Tenant must comply with the City of Los Angeles "NO-SMOKING" Ordinance No. 159498. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building.

26. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

27. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings, to absorb or prevent any vibration, noise and annoyance.

28. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

29. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

30. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

31. Tenant shall not purchase spring water, towels, janitorial or maintenance or other similar services from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with the security and proper operation of the Building.

32. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT D - Page 3

EXHIBIT E

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CARRIER CENTER LOS ANGELES

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FORM OF TENANT'S ESTOPPEL CERTIFICATE

-----

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of \_\_\_\_\_, 199\_\_ by and between 600 SEVENTH STREET

ASSOCIATES, INC., a California corporation a California limited liability company, and 717 SOUTH GRAND ASSOCIATES, INC., a California corporation, collectively as Landlord, and the undersigned as Tenant, for Premises on the \_\_\_\_\_ floor(s) of the office building located at [\*], Los Angeles, California \_\_\_\_\_, certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease  
-----  
and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises  
-----  
and the project of which the Premises are a part.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on \_\_\_\_\_, and the Lease Term expires on \_\_\_\_\_, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project except as otherwise set forth in the Lease.

3. Base Rent became payable on \_\_\_\_\_.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.  
-----

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in Exhibit A without  
-----  
the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through \_\_\_\_\_. The current monthly installment of Base Rent is \$\_\_\_\_\_.

8. To the actual knowledge of Tenant, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

10. As of the date hereof, there are no existing defenses or offsets, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned or any guarantor of the Lease under the bankruptcy or similar laws of the United States or any state.

13. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

14. To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXHIBIT E - Page 1

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at \_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

"Tenant"

\_\_\_\_\_, a  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT E - Page 1

EXHIBIT F  
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CARRIER CENTER LOS ANGELES

FORM OF NON-DISTURBANCE AGREEMENT  
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[To be Provided by Landlord's Lender]

EXHIBIT F - Page 1

EXHIBIT G

CARRIER CENTER LOS ANGELES

PROJECT SOUND REQUIREMENTS AND SPECIFICATIONS  
-----

Noise and Vibration Control Design Requirements

It is the responsibility of each Design Builder to ensure that all mechanical, electrical, plumbing and elevator equipment and systems comply with the following noise and vibration criteria. The means employed to satisfy the criteria will include: selection of suitably quiet equipment, sound traps, acoustical enclosures, vibration isolators and generator exhaust mufflers.

It is strongly recommended that each Design Builder retains the services of a suitably qualified and experienced Acoustical Consultant to assist in designing suitably quiet and low-vibration systems.

1. Noise Emissions to the Exterior  
-----

Noise emissions to the exterior surroundings shall satisfy all requirements of the Noise Regulations Chapter of the City of Los Angeles Municipal Code. Full account shall be taken of:

The nature of the noise produced by source, including penalties for tonal or impulsive characteristics.

- a) The zone classification of the surrounding properties.
- b) The operating times of the equipment.
- c) The additive effects of multiple noise sources operating simultaneously.

In addition, the total noise produced by mechanical, electrical, plumbing and elevator equipment associated with the base building and each of the tenancies shall be within the following "noise budget" limits when measured at the neighboring properties:

<TABLE>  
<CAPTION>

Noise Budget - Combined Effect of All Equipment			
		Daytime (7am - 10pm)	Nighttime (10pm - 7am)
<S>	Base Building Equipment	<C> 60 dBA	<C> 55 dBA
Equipment Provided by Each Tenant:			
Total Size of Tenancy	Less than 1/2 Floor	49 dBA	44 dBA
	1/2 - 1 Floor	52 dBA	47 dBA
	1 - 1 1/2 Floors	55 dBA	50 dBA

</TABLE>

- i. The noise budget values apply to all normally operating equipment - such as fans, cooling towers, dry coolers, heat pumps, chillers, transformers, pumps etc. - as well as the routine testing of emergency equipment.
- ii. Each Design Builder shall demonstrate - to the satisfaction of the Owner - that the total effect of noise emitted by equipment within their scope of work is within the appropriate noise budget value under both day and night time operating conditions. During design, community noise impact calculations, based on manufacturers' certified noise data, shall be submitted for approval.
- iii. All Design Builders should be aware of the proximity of existing noise-sensitive properties around the project site and the difficulties these adjacencies imply in terms of community noise control.

The existing sensitive neighbors include the Hyatt Regency Hotel and Christian Science Center on South Hope and the residential buildings on South Olive.

EXHIBIT G - Page 1

- iv. The possibility of future development on the vacant space (currently an open parking lot) situated on the block between South Grand, South Olive, 7th and 8th Streets be taken into account in the Design Builders' noise impact analysis.
- v. Certain items of equipment will produce noise that has either a tonal or impulsive characteristic. Also, the combination of multiple similar noise sources can exaggerate tonal noise effects and "beating" (a type of impulsive noise) can occur when several very similar noise sources operate simultaneously. Tonal, impulsive or beating characteristics tend to make noise more annoying and this is recognized by the City Noise Ordinance, which applies a 5dBA penalty to such noise.

The noise budget values given in the above table must therefore be reduced by 5dBA in any cases where either an individual item of equipment or the combination of several items of equipment produces tonal or impulsive noise (including beating).

2. Interior Background Noise Levels  
-----

Background noise levels in the occupied areas of the building shall meet the requirements of Table 2, Chapter 43 of the ASHRAE Handbook, HVAC Applications I-P Edition.

3. Vibration  
-----

Vibration levels in occupied areas, circulation and toilet rooms shall not exceed the criteria recommended in the current version of ANSI S3.29 "Guide to the Evaluation of Human Exposure to Vibration in Buildings."

In technical areas, vibration levels shall be limited to either: the criteria recommended in ANSI S3.29, or vibration sensitivity criteria applicable to the telecommunications industry - whichever are the more stringent.

EXHIBIT G - Page 2

EXHIBIT H  
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CARRIER CENTER LOS ANGELES  
-----

ANTENNA SPACE RIDER  
-----

1. Lease of Antenna Space. Tenant wishes to install on the top roof of  
-----

the Building (a) one GPS antenna as more particularly described below in this section (collectively, the "Antennas "); and (b) one 2-inch conduit per each Antenna connecting such Antenna to the Premises (collectively, the "Antenna Conduits "). The Antennas to be installed by Tenant under this Rider shall be installed in a one hundred square foot pad on the roof of the Building designated by Landlord:

The space to be occupied by the Antennas and their exact location on the top roof of the Building shall be designated by Landlord in its sole, reasonable discretion and is hereby referred to as the "Antenna Space ." The exact location of the Antenna Conduits and their precise route running from the Antenna Space to the Premises shall be designated by Landlord in its sole, reasonable discretion. The space within the Antenna Conduits is hereby referred to as the "Antenna Conduit Space ." Effective as of the date Landlord tenders possession of the Antenna Space and the Antenna Conduit Space to Tenant (the "Antenna Space Effective Date "), the Premises shall be expanded to include the Antenna Space and the Antenna Conduit Space.

2. Use of Antenna Space and Antenna Conduit Space. The Antenna Space

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shall be used by Tenant only for the installation and operation of the Antennas. The Antenna Conduit Space shall be used by Tenant only for installing the Antenna Conduits and running cable or connecting lines through the Antenna Conduits to connect the Antennas to the Premises.

The installation of the Antennas, the Antenna Conduit, and cable and connecting lines through the Antenna Conduits shall be performed by contractors approved by Landlord in advance in writing and in accordance with Article 8 of the Lease. Tenant shall pay all costs for such installation, including the cost of the equipment and materials.

All ongoing operation and maintenance of the Antennas and the Antenna Conduits shall be at the sole cost and expense of Tenant (including, but not limited to, costs of any electrical supply, which, if Landlord so elects, shall be metered separately to Tenant at Tenant's expense). Such ongoing operation and maintenance of the Antennas and the Antenna Conduits shall be conducted by Tenant in accordance with the Lease, all applicable laws (including but not limited to any requirements for obtaining conditional use permits) and all Landlord's building rules in effect from time to time. Without limiting the foregoing, any installation activities by Tenant regarding the Antennas or the Antenna Conduits, and Tenant's ongoing use of the Antennas and the Antenna Conduits, shall require Landlord's prior written approval of (i) the plans and specifications for any installation work; (ii) a description of the areas of the Building to which Tenant will require access both for the initial work and for ongoing maintenance of the improvements or installations; (iii) the names and credentials of all contractors and subcontractors who will perform such work as selected from Landlord's list of contractors and subcontractors currently approved by Landlord for work in the Building; (iv) copies of all liability, casualty and worker's compensation insurance applicable to the construction, maintenance and ongoing operation of the improvements and installations; and (v) copies of all governmental permits (including conditional use permits) required for the work. Landlord's approval shall not be unreasonably withheld or delayed.

Tenant represents and warrants to Landlord that the Antennas will not interfere with the operation, transmissions or reception of any other antennas, satellite dishes or equipment on the roof of the Building. In the event that the Antennas do interfere with such operation, transmissions or reception, then (without limiting any other remedy of Landlord) Tenant shall, promptly after written notice from Landlord, cease operation of and remove the Antennas from the Building at its sole cost and expense, and this Antenna Space Rider to the Lease shall thereupon be deleted from the Lease with respect to the then remaining Lease term.

3. Removal of Antennas, Cable and Connecting Lines. Tenant agrees that,

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upon the expiration or termination of the Lease, Tenant (or, at Landlord's election, the contractor designated by Landlord) shall promptly remove, at Tenant's sole cost and expense, the Antennas and all cable, connecting lines, and other installations installed under this Rider (excepting the Antenna Conduits themselves, which shall remain the property of Landlord), and restore those portions of the Building damaged by such removal to their condition immediately prior to the installation of such items. If Tenant

fails to promptly remove all such items pursuant to this Section 4, or if Landlord elects to have such work performed by Landlord's contractor, Landlord may remove such items installed hereunder, and restore those portions of the Building damaged by such removal to their condition immediately prior to the installation, in which case Tenant agrees promptly to pay Landlord's reasonable costs of removal and restoration, including Landlord's administrative fee.

4. Miscellaneous. This Rider supersedes all prior or contemporaneous

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understandings, negotiations or agreements between the parties, whether written or oral, with respect to its subject matter. This Rider is part of and shall be attached as an addendum to the Lease. All terms of the Lease which have not been expressly altered by this Rider shall remain in full force and effect.

EXHIBIT I

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED  
BY AND WHEN  
RECORDED RETURN TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is entered into as of \_\_\_\_\_, by and between 600 SEVENTH STREET ASSOCIATES, INC., a California corporation, (hereinafter referred to as "Landlord"), and EQUINIX, INC., a Delaware corporation (hereinafter referred to as "Tenant").

1. For valuable consideration, Landlord does hereby lease and demise to Tenant and Tenant hereby leases from Landlord approximately \_\_\_\_\_ square feet in a building ("Building") containing approximately \_\_\_\_\_ square feet to be constructed on the land ("Land") described or depicted on Exhibit A attached to this Memorandum of Lease and made a part hereof by this reference (collectively, the "Premises").

2. The terms and conditions of the leasing of the Premises are set forth in a Lease dated \_\_\_\_\_ ("Lease"), between Landlord and Tenant, which is incorporated herein by this reference as though fully set forth. Without limiting the foregoing, the Lease contains provisions which give effect to the following:

(a) The Term (as defined in the Lease) of the Lease will commence on or about \_\_\_\_\_ (with the exact date of commencement to be determined by the provisions of the Lease) and extend for a period of \_\_\_\_\_ years thereafter; and

(b) Tenant has the right and option to extend the Term of the Lease for \_\_\_\_\_ successive year renewal terms, in accordance with the provisions of the Lease; and

(c) Tenant has the right and option to lease from Landlord from time to time while the Lease remains in effect any portion of the Building which is not subject to the Lease, subject to and in accordance with Section \_\_\_\_\_ of the Lease.

3. The Lease contains other terms and conditions pertinent to the legal relationship among the Landlord, Tenant and mortgagees of Landlord, including, without limitation, terms and conditions relating to the occupancy and use of, and otherwise affecting, the Premises, public notice of the existence of the same being hereby given.

EXHIBIT I

Executed the day and year first above written.

LANDLORD:

600 SEVENTH STREET ASSOCIATES, INC., a California corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

TENANT:  
EQUINIX, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



\*\*\*=Certain information in this Exhibit has been omitted and filed separately with the Securities and Exchange Commission.

LEASE AGREEMENT

between

NEXCOMM ASSET ACQUISITION I, LP,

as Landlord,

and

EQUINIX, INC.,

as Tenant

Infomart  
The Technology Community

[\*]  
Dallas, Texas 75207  
214-800-8000

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

1

INFOMART The Technology Community  
is a registered servicemark of  
IFM Services, LLC, [\*],  
Suite 6038, Dallas, Texas 75207

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

2

LEASE AGREEMENT  
INFOMART  
THE TECHNOLOGY COMMUNITY

THIS LEASE AGREEMENT ("Lease") is made and entered into as of the 21st day of January, 2000, by and between NEXCOMM ASSET ACQUISITION I, LP, a Texas limited partnership ("Landlord"), whose address is 1950 Stemmons Freeway, Dallas, Texas 75207 and EQUINIX, INC., a Delaware corporation ("Tenant"), whose address is 901 Marshall Street, Redwood City, California 94063, Attention: Keith Taylor.

ARTICLE 1

BASIC LEASE INFORMATION AND DEFINED TERMS

Section 1.1. Basic Lease Information.

(a) Base Rent shall mean the following:

-----  
From the Commencement Date until the Rental  
Commencement Date, Base Rent shall be [\*] Dollars  
(\$[\*]),

From the Rental Commencement Date through May 31, 2002,  
Base Rent shall be [\*] Dollars (\$[\*]) per month,

From the June 1, 2002 through May 31, 2004, Base Rent  
shall be [\*] Dollars (\$[\*]) per month,

From the June 1, 2004 through May 31, 2006, Base Rent  
shall be [\*] Dollars (\$[\*]) per month,

From the June 1, 2006 through May 31, 2008, Base Rent  
shall be [\*] Dollars (\$[\*]) per month,

From the June 1, 2008 through May 31, 2010, Base Rent shall be [\*] Dollars (\$[\*]) per month.

(b) Base Year shall mean 2000.  
-----

(c) Building shall mean the office building and information  
-----  
processing center located on the Land.

(d) Building Rules shall mean all rules and regulations  
-----  
adopted or modified by Landlord from time to time for the safety, care,  
cleanliness, and reputation of the Building and for the preservation of good  
order in the Building. The current Building Rules are attached at Exhibit "C."  
-----

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED  
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

3

(e) Commencement Date shall mean the Effective Date. Tenant  
-----  
shall be deemed to commence occupancy of the Premises on the date Tenant takes  
possession of the Premises for the purpose of equipping, furnishing, and  
improving the Premises. "Rental Commencement Date" shall mean the earlier of [\*]  
months after the Effective Date or [\*]. Base Rent shall be adjusted accordingly  
if the Rental Commencement Date is other than [\*].

(f) Common Areas shall mean those areas within the Project  
-----  
devoted to corridors, elevator foyers, restrooms, lobby areas, meeting rooms,  
and other similar facilities provided for the common use or benefit of tenants  
generally.

(g) INFOMART shall mean "INFOMART - The Technology  
-----  
Community" and shall include the Project as it currently exists or as it may  
from time to time hereafter be expanded or modified.

(h) Insurance Costs shall mean all costs incurred by  
-----  
Landlord in obtaining insurance on the Project, including property, liability,  
and casualty insurance on the Building, but excluding all insurance costs which  
Tenant is required to provide under Section 7.3 below.

(i) Land shall mean the tract of real property which is  
-----  
described in Exhibit "A" to this Lease.

(j) Lease Term shall mean a term commencing on the Rental  
-----  
Commencement Date and continuing for one hundred twenty (120) full calendar  
months.

(k) Permitted Use shall mean use for the installation,  
-----  
maintenance and operation of information processing and telecommunications  
products and services, for offices, and for storage and service areas incidental  
and related to such uses, and to include collocation and other  
telecommunications related operations.

(l) Premises shall mean Suite No. 1034 in the Building, as  
-----  
outlined on the floor plan of the Building which is attached as Exhibit "B" to  
-----  
this Lease.

(m) Project shall mean, collectively, the Building, the  
-----  
Land, and all other improvements located on the Land (including parking areas,  
parking garages, plaza areas, and other similar areas relating to the Building).

(n) Rent shall mean, collectively, the Base Rent; Tenant's  
-----  
Proportionate Share of Insurance Costs, Utility Costs and Taxes; and any other  
amounts payable to Landlord by Tenant.

(o) Rentable Square Feet shall mean the Usable Square Feet  
-----

within the Premises, together with an additional amount representing a portion of the Common Areas, Service Areas and other non-tenant space on floors one (1) through six (6) in the Building. For purposes of this Lease, the parties have agreed that the Premises shall be deemed to consist of [\*] Rentable Square Feet and floors one (1) through six (6) of the Building shall be deemed to consist of [\*] Rentable Square Feet. However, both Landlord and Tenant acknowledge that

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

4

neither of these figures was calculated by measuring the Common Areas, Service Areas and other non-tenant spaces in the Building and that neither Landlord nor Tenant shall have a right to demand remeasurement or recalculation of the Rentable Square Feet applicable to the Premises or the Building.

(p) Security Deposit shall mean [\*] Dollars (\$[\*]).  
-----

(q) Service Areas shall mean those areas within the outside  
-----

walls of the Building which are used for mechanical rooms, stairs, elevator shafts, flues, vents, stacks, pipe shafts, risers, raceways, and vertical penetrations (but shall not include any such areas for the exclusive use of a particular tenant).

(r) Taxes shall mean all taxes and assessments and  
-----

governmental charges, whether federal, state, county or municipal, and whether levied or assessed by taxing districts or authorities presently taxing the Premises or the Project or any part of either, or by others, subsequently created or otherwise, and any other taxes and assessments attributable to the Project or its operation together with any costs incurred by Landlord (including attorneys' fees and costs of investigation) relative to any negotiation, contest, or appeal pursued by Landlord to reduce or prevent an increase in any portion of the Taxes, regardless of whether any reduction or limitation is obtained, provided that such costs are allocated only to the periods for which Landlord is trying to have the Taxes revised.

(s) Tenant's Proportionate Share shall mean a fraction, the  
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numerator of which is the number of Rentable Square Feet within the Premises, and the denominator of which is the number of Rentable Square Feet on floors two (2) through six (6) of the Building. Accordingly, the parties acknowledge and agree that Tenant's Proportionate Share under this Lease is [\*] percent.

(t) Trade Fixtures shall mean any and all signs and other  
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equipment, including without limitation, the switch and related equipment to be installed by Tenant or placed by Tenant within the Premises pursuant to the provisions of this Lease and any and all items of property used by Tenant in the Premises, including furniture and equipment and "Tenant Equipment" as defined in Exhibit "D" attached hereto. However, the term Trade Fixtures shall not include any permanent leasehold improvements (including any floor, wall, or ceiling coverings, any interior walls or partitions, , or any property which is a part of or associated with any electrical, plumbing, or mechanical system other than the generator and cooling equipment to be installed by Tenant in accordance with the provisions of Exhibit D attached hereto and those items which are designated as being "Trade Fixtures" on the Plans and Specifications approved by both parties pursuant to the attached Work Letter), notwithstanding that the same may have been installed within the Premises by Tenant.

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

5

(u) Usable Square Feet shall mean the gross number of  
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square feet enclosed by the surface of the exterior glass walls, the midpoint of any walls separating portions of the Premises from those of adjacent tenants, the slab penetration line of all walls separating the Premises from Service Areas, and the corridor side of walls separating the Premises from Common Areas.

(v) Utility Costs shall mean all costs incurred by Landlord  
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in providing electricity, gas, water, and sewage disposal facilities to the Building, (including electricity used for heating, air conditioning, operation of office machines), and other equipment used on or about the Building, and elevator and escalator service and lighting, but excluding all such costs which Tenant may, from time to time, be obligated to pay on a separately metered basis under the provisions of Section 4.3.

Section 1.2. Defined Terms. Each of the terms defined in Section 1.1

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will be used as defined terms in this Lease (including the Exhibits to this Lease). In addition, other terms are defined in various sections of this Lease. All words which are used as defined terms in this Lease are delineated with initial capital letters and, when delineated with initial capital letters, shall have the meaning specified in the applicable provision of this Lease in which such term is defined.

ARTICLE 2

OCCUPANCY AND USE

Section 2.1. Premises and Term. In consideration for the obligation

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of Tenant to pay Rent and subject to and upon the terms and conditions stated in this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises for the Lease Term. Landlord will deliver possession of the Premises to Tenant on the Commencement Date. If Landlord requests, Tenant shall execute a memorandum (in a form approved by Landlord) specifying the date upon which the Commencement Date actually occurred.

Section 2.2. Leasehold Improvements. The Premises shall be delivered

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to Tenant in an "as is" condition, and Tenant shall install the initial leasehold improvements in the Premises in accordance with Section 5.1 below. Tenant has made a complete examination and inspection of the Premises and accepts the same in its current condition, "as is" and without recourse to Landlord. Landlord shall have no obligation to provide any leasehold improvements to the Premises or to repair, decorate, or paint the Premises, unless otherwise expressly set forth in this Lease. Landlord has made no representations or warranties to Tenant with respect to the condition of the Premises, the Building, or the Project. Tenant's occupancy of the Premises shall be deemed an acknowledgment by Tenant that the Premises are suitable for Tenant's intended use, and Landlord expressly disclaims any warranty that the Premises are suitable for Tenant's intended use. Landlord does not make any warranties, express or implied, with respect to the Premises, the Building, or the Project. All implied warranties (including those of habitability, merchantability, or fitness for a particular purpose) are expressly negated and waived.

Section 2.3. Use. The Premises may be used only for the Permitted

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Use specified in Section 1.1(k) and for no other purposes without the prior written consent of

Landlord. Tenant's use of the Premises shall be in compliance with the Building Rules and with all applicable Legal Requirements and Insurance Requirements. Tenant shall not, even if technically within the Permitted Use, use the Premises for any purpose which is dangerous to person or property, which creates a nuisance, which would violate the Building Rules, or which would violate any applicable Legal Requirement or Insurance Requirement. Tenant shall comply with, and shall cause any Tenant Related Parties to comply with, all Building Rules and all Legal Requirements and Insurance Requirements relating to the use, condition, or occupancy of the Premises. "Insurance Requirements" shall mean all terms of any insurance policy obtained by Landlord or Tenant covering or applicable to the Premises or the Project; all requirements for the issuing of each such insurance policy; and all orders, rules, regulations, and other requirements of the National Board of Fire Underwriters (or any other bodies exercising any similar functions) which are applicable to or affect the Premises, the Building, or the Project or any use or condition of the Premises, the Building, or the Project. "Legal Requirements" shall mean all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, and requirements of all governmental authorities, foreseen or unforeseen, which now or at any time hereafter may be applicable to the Premises, the Building, or the Project, including (a) the Americans with Disabilities Act, (b) all federal, state, and local laws, regulations, and ordinances pertaining to air and water quality, hazardous materials, waste disposal, and other environmental matters; and (c) all laws, codes, and regulations pertaining to zoning, land use, health, or safety. "Tenant Related Parties" shall mean Tenant's officers, partners, employees, agents, contractors, licensees, concessionaires, subtenants, customers, and invitees. In addition, the number of persons in the Premises shall not exceed a ratio of three (3) persons per one thousand (1,000) Rentable Square Feet within Premises ("Density Limit"). Notwithstanding the foregoing to the contrary, Tenant shall not be responsible for (a) making any alterations to the Premises, except to the extent such alterations are required due to Tenant's particular use of the Premises or alterations to the Premises made by Tenant, or (b) any remediation of hazardous materials which exist in the Premises prior to the execution date of this Lease. Notwithstanding anything in this Lease to the contrary, Landlord shall have the right to inspect the Density Limit within the Premises upon forty-eight (48) hour prior written notice to Tenant. Tenant shall have the right to accompany Landlord during any such inspection. In the event

Tenant fails to comply with the Density Limit two (2) times within a twelve (12) month period within the Lease Term, such second (2nd) failure may, at Landlord's sole election, constitute an event of default under this Lease; and Landlord shall then have the right to exercise any of the remedies set forth in Section 8.2 of this Lease as a result of that default.

Section 2.4. Atrium Space. Intentionally deleted.  
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Section 2.5. Peaceful Enjoyment. Tenant may peacefully occupy the  
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Premises for the Permitted Use during the Lease Term subject to the terms and provisions of this Lease and provided that Tenant pays the Rent and performs all of Tenant's covenants and agreements contained in this Lease.

7

### ARTICLE 3

#### RENT

Section 3.1. Rental Payments. Tenant shall pay Rent to Landlord for  
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each month during the Lease Term as provided in this Lease. Rent shall be due and payable in advance on the first (1st) day of each month during the Lease Term. If the Commencement Date is a date other than the first (1st) day of a calendar month, the Rent for the portion of the calendar month in which the Commencement Date occurs shall be due and payable on the Commencement Date; and the Rent for such partial month shall be prorated based upon the number of days from the Commencement Date to the end of that calendar month. Rent for any partial month at the end of the Lease Term shall be prorated based upon the number of days from the beginning of that month to the end of the Lease Term. Rent shall be payable at the address for Landlord designated in the first (1st) paragraph of this Lease (or at such other address as may be designated by Landlord from time to time). Tenant shall pay all Rent under this Lease at the times and in the manner provided in this Lease, without abatement, notice, demand, counterclaim, or set-off except as otherwise provided for in this Lease.. Any charges or other sums payable by Tenant to Landlord under the terms of this Lease shall be considered as additional Rent. No payment by Tenant or receipt by Landlord of a lesser amount than the total amount of Rent then due shall be deemed to be other than on account of the earliest past due installment of Rent required to be paid under this Lease. No endorsement or statement on any check or in any letter accompanying any check or payment of Rent shall ever be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent then due or to pursue any other remedy available under this Lease, at law, or in equity.

Section 3.2. Interest/Late Charge. In the event that Tenant fails to  
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pay any monthly Rent installment within five (5) days after the date on which any such Rent installment becomes due and payable, then Tenant shall also be obligated to pay interest on such past due amounts at a rate equal to the lesser of eighteen percent (18%) per annum or the highest rate of interest permitted by applicable law. Should Tenant make a partial payment of past due amounts, the amount of such partial payment shall be applied first to reduce all accrued and unpaid interest and late charges, in inverse order of their maturity, and then to reduce all other past due amounts, in the inverse order of their maturity. Tenant's failure to pay any installment of Rent when due may cause Landlord to incur anticipated costs (including processing and accounting costs), and the exact amount of these costs is extremely difficult to ascertain. Therefore, the late charges permitted under this Section 3.2 shall be liquidated damages for those costs and shall be in addition to and shall be cumulative of any other rights and remedies which Landlord may have under this Lease with regard to the failure of Tenant to make any payment of Rent or any other sum due under this Lease.

Section 3.3. Consecutive Late Payments. If Tenant fails in two (2)  
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consecutive months to make Rent payments within five (5) days after the date when due, Landlord may require that future Rent payments be paid quarterly in advance instead of monthly and/or that all future Rent payments be made on or before the due date by cash, cashier's check, or money order (in which event, the delivery of Tenant's personal or corporate check will no longer constitute a payment of Rent under this Lease). The election by Landlord to exercise either or

8

both of the foregoing remedies shall be made by written notice to Tenant and shall be in addition to any interest and late charges accruing under Section 3.2, as well as any other rights and remedies accruing as a result of such default. Any acceptance of a monthly Rent payment in the form of a personal or corporate check by Landlord thereafter shall not be construed as a subsequent waiver of these rights.

Section 3.4. Security Deposit. The parties have agreed that [\*]  
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Security Deposit will be required of Tenant at the outset of this Lease. However, if Tenant is late in paying monthly rentals in two (2) consecutive months, or if Tenant is late paying monthly rentals three (3) or more times in a twelve (12) month period, then Landlord reserves the right at such time to demand (in writing) that a Security Deposit in the amount of [\*] the average monthly rental payments be deposited with Landlord and retained for the remainder of the Lease Term. Tenant hereby grants to Landlord a security interest in the Security Deposit. Landlord shall have, and Landlord expressly retains and reserves, all rights of setoff, recoupment, and similar remedies available to Landlord under applicable laws or in equity. Landlord may commingle the Security Deposit with its other funds and shall receive and hold the Security Deposit without liability for interest. Upon default by Tenant, Landlord may from time to time, and without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrears of Rent or other sums then due from Tenant to Landlord or to pay the cost of any damage, injury, expense, or liability caused by any default by Tenant under this Lease. After any such application of any portion of the Security Deposit, Tenant shall pay to Landlord, immediately upon demand, the amount so applied so as to restore the Security Deposit to its original amount; and such amount shall then be deemed to be part of the Security Deposit. Tenant's failure to restore the Security Deposit may, at Landlord's sole option, constitute a default under this Lease. If Tenant is not in default under this Lease and after application of the Security Deposit to the repair of any damage or injury to the Project caused by Tenant or by any Tenant Related Party, any remaining balance of the Security Deposit held by Landlord shall be returned by Landlord to Tenant within a reasonable period of time after the expiration or termination of this Lease. The Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages resulting from a default by Tenant.

Section 3.5. Tenant's Proportionate Share of Taxes, Insurance Costs  
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and Utility Costs. In addition to the payment of the Base Rent, Tenant shall pay -  
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to Landlord Tenant's Proportionate Share of Utility Costs, Insurance Costs, and Taxes in accordance with the following provisions:

(a) Tenant shall pay to Landlord, either in the form of a lump sum payment due and payable within twenty (20) days of receipt of invoice by Landlord or on a monthly basis contemporaneously with the payment of Rent, as Landlord may elect, (i) an amount reasonably estimated by Landlord to be Tenant's Proportionate Share of all Utility Costs for each calendar year or portion thereof during the Lease Term, (ii) an amount reasonably estimated by Landlord to be Tenant's Proportionate Share of all Insurance Costs for each calendar year or portion thereof during the Lease Term, and (iii) an amount reasonably estimated by Landlord to be Tenant's Proportionate Share of the amount, if any, by which Taxes for each calendar year or portion thereof during the Lease Term exceeds Taxes for the Base Year.

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

9

(b) If at any time Landlord shall have reasonable grounds to believe that actual Utility Costs, Insurance Costs, or Taxes will vary from such estimates, then Landlord reserves the right to revise such estimates accordingly. Upon any such revision, Landlord may, at Landlord's election, either (i) require Tenant to make a lump sum payment to Landlord reflecting such revised estimate or (ii) require Tenant to make the monthly payments due and payable to Landlord by Tenant under this Section be revised to an amount which will amortize such revised estimate over the remainder of the calendar year in which any such revision is made by Landlord.

(c) Within sixty (60) days after the end of any calendar year during which such payments were made by Tenant, a lump sum payment (or credit against the next succeeding installments of Base Rent, if any, in case of amounts owed by Landlord to Tenant) shall be made by Tenant to Landlord or by Landlord to Tenant, as the case may be, so that Tenant shall have paid to Landlord only Tenant's Proportionate Share of (i) Utility Costs for the previous calendar year, (ii) Insurance Costs for the previous calendar year, and (iii) the amount, if any, by which Taxes for the previous calendar year exceed Taxes for the Base Year, which obligation to make such reconciliation payment to Landlord or Tenant shall survive the termination of the Lease.

(d) Tenant is aware that the provisions of (S) 41.413 the Texas Property Tax Code (that statute or any successor thereto, being the "Protest Provision") provides tenants with the right to protest ad valorem real estate taxes under certain circumstances. Because Tenant recognizes that (a) due to the size of the Project and the number of tenants who are or will be occupying space in the Project during the Lease Term, Tenant's share of any Taxes will be relatively small and (b) the confusion which could result if several tenants file a real estate tax protest with respect to the Project, Tenant waives its

rights under the Protest Provision to the fullest extent allowed by law. In the event that Tenant's rights under the Protest Provision cannot be waived, Tenant will not protest any valuation of the Project unless Tenant notifies Landlord of Tenant's intent to do so and Landlord then fails to protest that valuation within thirty (30) days after Landlord receives Tenant's written notice. If Tenant files a protest under the Protest Provision without giving the required notice to Landlord, such filing shall, at Landlord's sole election, constitute a default under this Lease; and no cure period shall be applicable to such default. In addition, if Tenant exercises the right to protest under this Protest Provision, Tenant shall pay all costs of such protest and, if the Taxes are increased following that tax protest, Tenant shall pay such excess Taxes until the determination of the appraised value of the Project is changed by the appraisal review board, regardless of whether the increased Taxes are incurred during the Lease Term or thereafter.

#### ARTICLE 4

##### BUILDING SERVICES AND UTILITIES

###### Section 4.1. Services to be Furnished by Landlord to Tenant. Landlord

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shall furnish Tenant (subject to the terms and conditions of this Article 4) with the following services ("Building Standard Services") during the Lease Term:

10

(a) Central Heating and air conditioning in season to the enclosed public areas of the Building;

(b) Non-exclusive passenger escalator and/or elevator services and non-exclusive freight elevator service;

(c) Maintenance and repair of the roof, exterior walls, and public areas of the Building and electric lighting for all public areas of the Building;

(d) Janitorial service for the corridors and other public areas of the Building; and;

(e) Common use rest rooms and drinking fountains at locations provided for general use of the tenants in the Building and their guests and invitees.

The Building Standard Services shall be provided (i) during the hours and days which Landlord establishes from time to time as the normal business hours of the Building; (ii) at such locations, in such manner, and to the extent deemed by Landlord to be reasonably adequate for the use and occupancy of the Building, and with due regard for the prudent control of energy; (iii) subject to temporary cessation for ordinary repair, maintenance, and cleaning and during times when life safety systems override normal Building operating systems; and (iv) subject to the other limitations described in this Article 4.

Landlord recognizes that Tenant has the right to operate in the Premises twenty-four (24) hours a day, seven (7) days a week.

###### Section 4.2. Utilities. Landlord has caused the necessary mains,

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conduits, and other facilities necessary to supply normal water, electricity, telephone service, and sewage service to the Building. Landlord shall maintain those facilities within the Building but shall have no responsibility with respect to any of those facilities located outside the boundaries of the Project. To the extent the Building Standard Services require electricity, water, or other specified utilities supplied by public utilities, Landlord's obligations under this Lease shall only require Landlord to use reasonable efforts to cause the applicable public utilities to furnish those utilities; and Landlord shall not be responsible for, and shall have no liability with respect to, the quality, quantity, or condition of any services provided by such public utilities.

###### Section 4.3. Electrical Services. The facilities furnishing electrical

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service to the Building have the capacity for furnishing electricity in the amount of seven (7) watts per Usable Square Foot within the Premises ("Building Standard Capacity") and Tenant's Proportionate Share of Utility costs will be calculated on the basis that Tenant's electrical usage in the Premises is equal to the Building Standard Capacity. Landlord shall allow electrical services to the Premises to be provided from a mutually agreed upon transformer pad which is to be installed by Tenant as a part of the Initial Improvements. Such transformer pad and installed transformers shall serve the Premises with a dedicated access of not less than 56 watts per the Usable Square Feet within the Premises ("Approved Electrical Capacity"); and Tenant's lighting and receptacle/equipment loads in the Premises shall not have an electrical design load greater than the Approved Electrical Capacity. In the event Tenant's actual electrical usage within the Premises exceeds the Approved Electrical Capacity,

affect the capability of such electrical systems to furnish electricity to other tenants of the Building at the Building Standard Capacity. For this reason, Landlord shall have the right to determine the amount of any electrical usage by Tenant from time to time and, if such electrical usage by Tenant exceeds the Building Standard Capacity, may either separately meter Tenant's electrical usage within the Premises or require Tenant to reduce its electrical usage to the Building Standard Capacity. The cost of purchasing, installing, maintaining, and reading a separate meter shall be at Tenant's expense, and Tenant shall pay to Landlord, on demand, the cost of the consumption of electrical services within the Premises in excess of the Building Standard Capacity at rates determined by Landlord in accordance with applicable laws. In addition, Tenant shall pay for all costs of any wiring, risers, raceways, transformers, electrical panels, and other items required by Landlord, in Landlord's discretion, to accommodate Tenant's design loads and capacities that exceed the Standard Building Capacity, including, without limitation, all installation and maintenance costs relative to that equipment. Notwithstanding the foregoing, Landlord may refuse to install, and may withhold consent for Tenant's installation of, any wiring, transformers, electrical panels, or other equipment required to accommodate Tenant's excess electrical usage if, in Landlord's sole judgment, the same are not necessary or would cause damage or injury to the Project or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations or repairs to the Project, or would interfere with or create or constitute a disturbance to other tenants or occupants of the Project. In no event shall Landlord incur any liability for Landlord's refusal to install, or the withholding of consent for Tenant's installation of, any such facilities or equipment; and Landlord shall have no obligation to install any electrical facility or equipment to accommodate Tenant's electrical usage in excess of the Approved Electrical Capacity.

Section 4.4. Adverse HVAC Effect. Intentionally deleted."

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Section 4.5. Interruption of Utilities or Services. In the event that any

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utility services to the Building or the Premises are interrupted, malfunction, or are subject to partial curtailment; any equipment, machinery, or facility within the Building furnished by Landlord breaks down or, for any cause, ceases to function; or an interruption or malfunction occurs with respect to any Building Standard Service, Landlord shall use reasonable efforts to repair (if related to facilities or equipment within the Project) or obtain the restoration of such services as soon as reasonably practicable. No such occurrence, nor Landlord's compliance with any Legal Requirement or with any voluntary governmental or business guidelines related to the conservation of energy, shall ever (a) cause Landlord to be liable or responsible to Tenant for any loss or damage which Tenant may sustain or incur as a result of any such occurrence, (b) be construed as an eviction of Tenant or as a disturbance of Tenant's use or possession of the Premises, (c) constitute a breach by Landlord of any of Landlord's obligations under this Lease, (d) work an abatement or reduction of Rent, (e) entitle Tenant to any right of setoff or recoupment, or (f) relieve Tenant of any of Tenant's obligations under this Lease. Landlord shall, as soon as reasonably practicable, notify Tenant of any interruption anticipated by Landlord in any utility services to the Building or the Premises.

Section 4.6. Telecommunications. In the event that Tenant desires to

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utilize the services of a telephone or telecommunications provider who is not then servicing the Project, such provider shall not be permitted to install its lines or other equipment within the Project without first obtaining the prior approval of Landlord (including Landlord's approval of any

plans or specifications for the installation of lines and/or other telecommunications equipment within the Project). Neither Landlord's approval of any provider nor Landlord's approval of any plans and specifications relative to the installation of any telecommunications equipment will ever constitute an indication, representation, or certification by Landlord as to the suitability, competence, or financial strength of that provider or as to the suitability of any telecommunications equipment provided. The failure of any provider to satisfy the standards and conditions set forth in Landlord's "Telecommunications Provider Requirements" shall constitute reasonable grounds for Landlord's refusal to approve that provider. Landlord reserves the right to (a) impose restrictions on any telecommunications provider that are reasonably necessary to protect the safety, security, appearance, and condition of the Building, and the safety and convenience of Landlord, tenants of the Building, and other persons; (b) impose a reasonable limitation on the time during which any telecommunication provider may have access to the Building to install any of its telecommunications facilities; (c) impose reasonable limitations on the number of telecommunications providers that have access to the Building; (d) require that each telecommunications provider agree to indemnify Landlord for damage caused in connection with the installation, operation, maintenance, repair, or

removal of any of its telecommunications facilities; (e) require Tenant or the telecommunications providers selected by Tenant to bear the entire cost of installing, operating, or removing all of its telecommunications facilities (including wiring and cabling); and (f) require any telecommunications provider to pay reasonable compensation to Landlord relevant to its installation. Landlord shall have no obligation to repair, maintain or replace any telecommunications facilities or equipment provided by a telephone or telecommunications provider selected by Tenant, notwithstanding any provision of this Lease to the contrary.

ARTICLE 5

ALTERATIONS, REPAIRS AND TRADE FIXTURES

Section 5.1. Alterations, Improvements and Additions.  
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(a) Tenant shall, at Tenant's expense, furnish, equip, and improve the Premises, to the extent necessary or appropriate for the proper operation of the Premises for the Permitted Use. Tenant's obligations to provide leasehold improvements within the Premises shall include partitions, lighting fixtures, floor and wall coverings, and other interior decoration and shall be of a design and quality consistent with the standards generally observed by Landlord and other tenants of the Building.

(b) All work to be done to improve, equip, or alter the Premises and any work in any other areas of the Project for which Tenant is responsible shall be subject to the following conditions:

(i) all such work shall be done at Tenant's sole cost, risk, and expense and in accordance with all Legal Requirements, Insurance Requirements, Building Rules, and construction guidelines and standards of Landlord;

13

(ii) all such work shall be performed in a good and workmanlike manner with labor and materials of such quality as Landlord may reasonably approve;

(iii) no such work shall be commenced until approved in writing by Landlord. Notwithstanding the foregoing, Landlord shall not unreasonably withhold its consent with respect to any alteration of the Premises which (A) does not involve work above the ceiling of the Premises, or (B) does not affect, in any way, the mechanical, electrical, plumbing and/or structural components of the Building and Landlord's consent shall not be required for work occurring entirely within the Premises which is necessary with respect to electrical, mechanical, or security services provided by Tenant to its Customers and provided that the requirements of clauses (A) and (B) in this sentence are satisfied;

(iv) all such work shall be performed in strict accordance with the plans and/or specifications previously approved by Landlord;

(v) all such work shall be prosecuted diligently and continuously to completion;

(vi) all such work shall be performed in a manner so as to minimize interference with the normal business operations of other tenants in the Building; the performance of Landlord's obligations under this Lease, any other lease for space in the Building, or any Financing Lien or Ground Lease covering or affecting all or any part of the Project; and any work being done in any other portion of the Project;

(vii) Landlord may impose such conditions with respect to such work as Landlord deems reasonably appropriate, including, without limitation, (A) requiring Tenant to furnish Landlord with security for the payment of all costs to be incurred in connection with such work and (B) requiring Tenant or Tenant's contractor to maintain insurance against liabilities which may arise out of such work;

(viii) such work shall be performed by contractors approved in writing by Landlord and, if requested by Landlord, any such contractor and all work to be performed by such contractor shall be fully bonded (with Landlord named as co-obligee) with companies and in amounts acceptable to Landlord in its reasonable discretion; and

(ix) upon completion of any such work and upon Landlord's request, Tenant shall deliver to Landlord evidence of payment, contractors' affidavits, and full and final waivers of all liens for labor, services, or material.

(c) No alterations, improvements, or additions made to the Premises by or on behalf of either Landlord or Tenant may be removed by Tenant without Landlord's prior written consent. All such alterations, improvements, or additions shall become the property of Landlord upon the termination or expiration of this Lease. Tenant shall have no (and hereby waives all) rights to payment or compensation for any such alteration, improvement, or addition to the Premises. However, Tenant's Trade Fixtures shall remain the property of Tenant as provided in Section 5.3 below.

14

(d) Tenant shall not allow any liens to be filed against the Premises or the Project in connection with the installation of any alterations, improvements, or additions to the Premises. If any such liens shall be filed, Tenant shall cause the same to be released immediately by payment, bonding, or other method acceptable to Landlord. If Tenant shall fail to cancel or remove any lien, then Landlord, at its sole option, may obtain the release of that lien; and Tenant shall pay to Landlord, on demand, the amount incurred by Landlord for the release of each lien, plus an additional charge (as determined by Landlord) to cover Landlord's administrative overhead and expenses.

(e) Tenant hereby indemnifies and holds Landlord harmless from all losses, costs, damages, claims, expenses (including attorneys' fees and costs of suit), liabilities, or causes of action arising out of or relating to any alterations, additions, or improvements that Tenant makes or causes to be made to the Premises or to any repairs made to any portion of the Project, including any occasioned by the filing of any mechanic's, materialman's, construction, or other liens or claims (and all costs or expenses associated with any such lien or claim) asserted, filed, or arising out of such work. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent of or request by Landlord, express or implied, to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for the improvement, alteration, or repair of the Premises or the Project or as giving Tenant any right or authority to contract for or permit the rendering of any labor or the furnishing of any materials that would give rise to a lien against the Premises or the Project.

(f) Tenant shall have the sole responsibility for compliance with all applicable Legal Requirements and Insurance Requirements relative to any such alterations, improvements, or additions. Landlord's approval of any plans or specifications shall never constitute an indication, representation, or certification that such alterations, improvements, or additions will be in compliance with any applicable Legal Requirement or Insurance Requirement or as to the adequacy or sufficiency of the alterations, improvements, or additions to which such consent relates. In instances in which several sets of requirements must be met, the strictest applicable requirements shall control.

(g) Tenant shall not permit any weight exceeding two hundred fifty (250) pounds per square foot of floor area upon the floor of the Premises.

Section 5.2. Maintenance and Repairs. Tenant shall take good care of

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and maintain the Premises (including all plate glass, Trade Fixtures, and improvements, additions, or alterations situated in the Premises) in a first class, clean, and safe condition other than damage caused by the negligence of Landlord. Tenant shall not commit or allow any waste or damage to be committed on any portion of the Premises or the Project. Tenant shall repair or replace any damage to any part of the Project, caused by Tenant or by a Tenant Related Party. However, Landlord may, at its option, make such repairs, improvements, or replacements; and Tenant shall repay Landlord on demand the actual costs incurred by Landlord to make such repairs, improvements, or replacements plus an additional charge (as determined by Landlord) to cover administrative overhead. Landlord shall arrange for the repair and maintenance of the foundation, exterior walls, and roof of the Building; the public areas within the Building; the heating, air conditioning, and ventilation system within the Building; and the facilities providing

15

utility services (other than facilities installed by a telephone or telecommunications provider selected by Tenant) which are located within the Project (collectively, "Landlord's Repair Obligations"). Landlord, however, shall not be required to make any repairs arising as a result of, in whole or in part the act or negligence of Tenant or any Tenant Related Party; and the cost of those repairs shall be the obligation of Tenant. In the event that the Premises become in need of repairs which are within Landlord's Repair Obligations, Tenant shall give immediate notice to Landlord of the nature of such repair needs; and Landlord shall not be responsible in any way for failure to make any repairs until a reasonable time shall have elapsed after receipt by Landlord of such written notice.

Section 5.3. Trade Fixtures. All Trade Fixtures shall be and remain

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the property of Tenant and may be removed by Tenant prior to or upon the expiration or termination of this Lease. Tenant shall repair any damage caused by such removal and restore the Premises to the condition existing prior to the installation of those Trade Fixtures. Any Trade Fixtures which are not removed from the Premises upon the expiration or termination of this Lease shall be deemed to have been abandoned by Tenant and shall, at Landlord's option, become the property of Landlord. In that event, Tenant shall have no (and hereby waives all) rights to payment or compensation for any such item.

Section 5.4. Surrender of Premises. Upon the expiration or  
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termination of this Lease, Tenant shall surrender the Premises to Landlord, broom-clean and in a good state of repair and condition, excepting only ordinary wear and tear. Upon request of Landlord, Tenant shall (a) demolish or remove all or any portion of any Trade Fixtures and other property and all alterations, improvements, or additions to the Premises made by or on behalf of Tenant and (b) restore the Premises to the condition existing prior to the installation of those Trade Fixtures or other property or the making of any such alterations, improvements, or additions. Upon the expiration or termination of this Lease, Tenant will deliver all keys to the Premises to Landlord and inform Landlord of all combinations on locks, safes, and vaults, if any, which remain in the Premises.

ARTICLE 6

RIGHTS RESERVED BY LANDLORD

Section 6.1. Landlord's Access. Landlord (and its agents,  
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representatives, and contractors) shall have the right to enter upon the Premises with forty-eight (48) hours prior written to Tenant (and, in the case of an emergency, at any time) to (a) inspect the Premises; (b) make repairs, alterations, or additions; and (c) within six (6) months prior to the expiration of the Lease Term, show the Premises to prospective tenants, subtenants, mortgagees, and purchasers as Landlord may deem necessary or desirable. Except in case of emergency, Tenant shall have the right to have a representative present during any such entry into the Premises by Landlord. Tenant shall not be entitled to any abatement or reduction of any Rent by reason of any such entry by Landlord, and no such entry shall ever be construed to be an eviction of Tenant, a default by Landlord, or a breach of the covenant of quiet enjoyment. In exercising its rights under this Section 6.1, Landlord shall use reasonable efforts to avoid (to the extent reasonable and practicable under the circumstances) material interference with Tenant's Permitted Use of the Premises.

16

Section 6.2. Assignment, Subletting, or Other Transfers by Tenant.  
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Landlord reserves the right to approve any transfers of any interest of Tenant under this Lease. Tenant shall not, without having obtained Landlord's prior written consent, (a) assign, convey, or otherwise transfer (whether voluntarily, by operation of law, or otherwise) this Lease, the Premises, or any interest of Tenant under this Lease, (b) mortgage, pledge, or otherwise encumber any interest of Tenant under this Lease, (c) grant any concession or license within the Premises, (d) grant or transfer any management privileges or rights with respect to the Premises, (e) allow any lien, security interest, or other encumbrance to be placed upon any interest of Tenant under this Lease, (f) sublet all or any part of the Premises, or (g) permit any other party to occupy or use all or any part of the Premises. Any attempted transfer by Tenant without Landlord's prior written consent shall be of no force or effect and may, at Landlord's option, be a default by Tenant under this Lease. If Tenant is other than a natural person and if Tenant's voting securities are not traded on a national securities exchange, any conveyance, assignment, or transfer of more than a fifty-five percent (55%) interest in Tenant in a single transaction or in a series of transactions shall be deemed an assignment prohibited by this Lease. In the event of a transfer of any interest of Tenant under this Lease (whether with or without Landlord's consent), (h) each transferee shall fully observe all covenants and obligations of Tenant under this Lease; (i) no transferee shall use the Premises for any use except the Permitted Use; (j) such transfer shall be subject to all of the terms, covenants, and conditions of this Lease; (k) any transferee must assume in writing all of the applicable obligations of the Tenant under this Lease; and (l) any expansion, renewal, or like options granted to Tenant under this Lease shall automatically terminate as of the date of such transfer. No such transfer shall ever be construed to constitute a waiver of any of Tenant's covenants contained in this Lease, a release of Tenant from any obligation or liability of Tenant under this Lease, or a waiver of any of Landlord's rights under this Lease. The consent by Landlord to a particular transfer shall not constitute Landlord's consent to any other or subsequent transfer. No transferee of Tenant shall have any right to further sublease or assign, or otherwise transfer, encumber, pledge, or mortgage its interest under this Lease. Neither the voluntary or other surrender of this Lease by Tenant nor a mutual cancellation of this Lease shall ever constitute a merger of estates. Instead, any such early termination of this Lease shall, at the option of

Landlord, either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of Tenant's interest in any or all such subleases or subtenancies.

Notwithstanding any provision of this Lease to the contrary, Tenant shall have the right, without obtaining the prior written consent of Landlord, to assign this Lease or sublet the Premises to (a) any parent corporation of Tenant, (b) any subsidiary corporation of Tenant or of Tenant's parent corporation, (c) any entity in which Tenant, any parent corporation of Tenant or any subsidiary corporation of Tenant or of Tenant's parent corporation holds a majority of the outstanding shares or ownership interests, or (d) any corporation resulting from the merger, consolidation or reorganization of Tenant or Tenant's parent corporation with another corporation (collectively, "Affiliates"), but only if such Affiliate is "Credit Worthy" as of the date of such assignment or subleasing. As used herein, "Credit Worthy" shall mean that such Affiliate's has a net worth equal to not less than \$5,000,000.00. Landlord agrees to release Tenant from all obligations under this Lease in the event the obligations of Tenant under this Lease are assumed under the provisions of the preceding sentence by a corporation whose Landlord acknowledges that Tenant's business to be conducted on the Premises requires the installation on the Premise of certain communications equipment by certain licensees and

17

customers of Tenant (collectively, "Customers") in order for such Customers to interconnect with Tenant's terminal facilities or to permit Tenant to manage or operate such Customers' equipment, or otherwise as may be required pursuant to applicable statutes and regulations. Notwithstanding anything to the contrary in this Lease, Landlord hereby consents in advance to any sublease, license agreement, co-location agreement or similar agreement (collectively, "Customer License") between Tenant and such a Customer for the limited purpose of permitting such arrangements as described above. Any and all of the transactions permitted under this Section 6.2 shall not constitute an assignment, subletting or other transaction requiring the consent of Landlord under the provisions of this Section 6.2 and shall not be subject to any of the other provisions of this Section 6.2.

Notwithstanding the provisions of this Section 6.2, Landlord shall not unreasonably withhold its consent in connection with an assignment of this Lease or a subletting of all or any portion of the Premises to a qualified third party if (i) rent is to be at not less than the then market rate for comparable space within the Building, (ii) Landlord receives evidence satisfactory to Landlord that such proposed third-party is "Creditworthy" (as defined above), (iii) Landlord receives evidence satisfactory to Landlord that the proposed subtenant or assignee will immediately occupy and thereafter use the Premises, or applicable portion thereof, in accordance with the Permitted Use for the remainder of the Lease Term, or for the entire term of any sublease, if such expires prior to the expiration of the Lease Term, and (iv) the occupancy of the Premises, or applicable portion thereof, by the proposed third-party would not increase fire hazards, require substantial alterations to the Premises, or applicable portions thereof, reduce the rental value of rentable space within the Building, or adversely affect the reputation and image of the Building. In no event shall Landlord be deemed to have unreasonably withheld consent to an assignment or sublease to a third party who is owned or controlled by a foreign government, involved in lobbying activities, or reputed to be involved in illegal or illicit activities. Under no circumstances shall Tenant have the right, without first obtaining Landlord's prior consent, to advertise or to engage in any other promotional activities regarding an assignment or subletting of all or any portion of the Premises.

Landlord and Tenant shall divide equally the excess rentals from any approved assignee or sublessee (such excess to be the amount which equals the difference between the rentals or other consideration actually paid by such assignee or sublessee to Landlord less the [i] rentals required to be paid by Tenant hereunder, [ii] the brokerage commissions paid by Tenant in connection with such assignment or sublease, and [iii] attorneys' fees paid by Tenant in connection with such sublease or assignment).

Section 6.3. Assignment by Landlord. Landlord shall have the right  
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at any time to transfer and assign, in whole and by operation of law or otherwise, Landlord's rights, benefits, privileges, duties, and obligations under this Lease, in the Building, or in any portion of the Project. Landlord shall be released from any further obligation under this Lease, and Tenant agrees to look solely to Landlord's successor in interest for the performance of, all obligations of Landlord accruing subsequent to the date of such transfer. All covenants of Landlord under this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its or their respective periods of ownership of Landlord's interest under this Lease.

18

Section 6.4. Alterations and Additions by Landlord. Landlord reserves  
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the right to make alterations or additions to the Project at any time and from time to time. Landlord further reserves the right to construct (or permit others to construct) other buildings or improvements within the Project at any time and from time to time. Such rights set forth in the two preceding sentences include the right to construct additional stories to any building within the Project, the right to build adjoining buildings, the right to construct multi-level, elevated, underground, and other parking facilities within the Project, and the right to erect or build temporary scaffolds or other aids to such construction. Neither the diminution nor the shutting off of any light, air, or view nor any other effect on the Premises as a result of Landlord's exercise of the rights reserved in this Section 6.4 shall affect this Lease, abate or reduce Rent, or otherwise impose any liability on Landlord provided Landlord's exercise of such rights does not materially interfere with Tenant's Permitted Use of or access to the Premises.

Section 6.5. Subordination to Mortgages and Leases. This Lease shall

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be subject and subordinate at all times to (a) all ground or underlying leases now existing or which may be subsequently executed affecting the Project ("Ground Lease"), (b) the lien or liens of all mortgages and deeds of trust now existing or subsequently placed on the Project or Landlord's interest or estate in the Project ("Financing Lien"), and (c) all renewals, modifications, consolidations, replacements, and extensions of any Ground Lease or Financing Lien. The provisions of this Section shall be self-operative without the necessity of the execution of any other document by any party. However, Tenant shall execute and deliver any instruments, releases, or other documents requested by Landlord for the purpose of confirming the provisions of this Section or further subjecting and subordinating this Lease to any Ground Lease or Financing Lien. In the event of the enforcement by the lessor under any Ground Lease or by the holder of any Financing Lien of the remedies provided for by law or by such Ground Lease or Financing Lien, or in the event of the transfer of the Building or Landlord's interest or estate in any part of the Building by deed in lieu of foreclosure, Tenant, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement or deed in lieu of foreclosure, automatically will become the tenant of such successor in interest without change in the terms or provisions of this Lease. However, such successor in interest shall not be bound by any payment of Rent for more than one (1) month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease which have been actually delivered to such successor; liable for the return of any security deposit or other deposit unless such security deposit or other deposit has actually been delivered to such successor; or bound by any amendment or modification of this Lease made after the applicable Ground Lease or Financing Lien is placed against the Project without the written consent of any trustee, mortgagee, beneficiary, or lessor. Contemporaneously with Tenant's execution of this Lease, Tenant shall execute and deliver an instrument ("SNDA"), in the form attached hereto as Exhibit "F", confirming the attornment and other agreements contemplated by this Section. Notwithstanding anything to the contrary set forth in this Lease, the lessor under any Ground Lease or the holder of any Financing Lien may elect at any time to cause their interest in the Project to be subordinate to Tenant's interest under this Lease by filing an instrument in the real property records of Dallas County, Texas, affecting such election; and Tenant shall execute and deliver to Landlord immediately any such instruments or documents requested by the lessor under such Ground Lease or the holder of such Financing Lien for the purpose of confirming that such Ground Lease or Financing Lien is subordinated to Tenant's interest under this Lease. Provided that Tenant executes and delivers the SNDA to Landlord, Landlord shall, upon

19

execution of this Lease by Landlord, execute the SNDA and deliver the SNDA to the current holder of the Financing Lien on the Project, with the request that such current holder of the Financing Lien execute and return a fully executed copy of the SNDA to Landlord. Within ninety (90) days of Landlord's submission of the partially executed SNDA to the current holder of the Financing Lender, Landlord shall obtain, and deliver to Tenant, a fully executed copy of the SNDA. In addition, Landlord will use its reasonable efforts to obtain a non-disturbance agreement from any future holder of a Financing Lien on the Project, which shall be acceptable to Tenant if in form and content, except for the completion of the applicable blanks therein and the identity of the holder of the Financing Lien, reasonably comparable to the SNDA. Landlord's obligation to use reasonable efforts to obtain a non-disturbance agreement from future holders of a Financing Lien shall not, however, require Landlord to forego future financing or refinancing relative to the Project or a prospective sale of the Project; and Landlord shall have the sole and absolute discretion to determine at what point in the negotiation process to withdraw or waive Landlord's request that such lender execute a non-disturbance agreement.]

Section 6.6. Certificates. Within ten (10) days after Landlord's

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written request, Tenant will execute, acknowledge, and deliver to Landlord (and any other persons specified by Landlord) a certificate certifying as to such facts (to the extent true) as Landlord may reasonably request, including (a) that this Lease is in full force and effect, (b) the date and nature of each

modification to this Lease, (c) the date to which Rent and other sums payable under this Lease have been paid, and (d) that Tenant is not aware of any default under this Lease which has not been cured, except such defaults as may be specified in said certificate. Such request may be made by Landlord at any time, and from time to time, during the Lease Term. Any such certificate may be relied upon by Landlord and by such other persons specified by Landlord or to whom such certificate may be delivered. Tenant's failure to deliver any such certificate within the specified time period shall constitute a representation by Tenant that all factual statements made by Landlord relative to those matters are true and correct and may be relied upon by any person. Likewise, within ten (10) days after Tenant's request, Landlord will execute, acknowledge, and deliver to Tenant (and any other person specified by Tenant) a certificate certifying as to (a) the date to which Rent has been paid and (b) that Landlord is not aware of any default under the Lease that has not been cured, except such defaults as may be specified in said certificate. This request may be made by Tenant at any time, and from time to time, during the Lease Term. Any such certificate may be relied upon by Tenant and by such other persons specified by Tenant or to whom such certificate may be delivered.

Section 6.7. Building Rules. Landlord reserves the right to rescind

any of the Building Rules and to make any modifications or additions to the Building Rules as shall be necessary or advisable for the safety, protection, care, and cleanliness of the Building and the Project, the operation of the Project, the preservation of good order in the Project, the protection and comfort of the tenants in the Building (and their agents, employees, and invitees), and the reputation of the Project. All amendments, modifications, and additions to the Building Rules shall be binding upon Tenant from the date on which notice of any such Building Rules is delivered to Tenant. While the Building Rules are intended to be of general applicability to all tenants of the Building, Landlord reserves the right to waive the applicability of any one or more of the Building Rules to a particular situation, but such waiver by Landlord shall not be construed as a waiver of such Building Rules with respect to any other comparable situation and shall not prevent Landlord from thereafter enforcing any of such Building Rules against or any

20

or all of the tenants in the Building. If there is any conflict between any subsequently enacted Building Rules and the terms and provisions of this Lease, the terms and provisions of this Lease shall control.

Section 6.8. Use of the Term "INFOMART". Landlord reserves the right

to approve Tenant's usage of the term "INFOMART", and Tenant shall not use the term "INFOMART" in any of its activities (including advertising and marketing activities) without the prior written consent of Landlord. Copies of all proposed written materials and advertising containing references to the term "INFOMART" shall be furnished to Landlord in advance for its review and approval. Any permitted use of the term "INFOMART" by Tenant shall additionally include the phrase "The Technology Community" immediately after such use. Tenant shall not permit any third party to use the term "INFOMART" in any of its activities and shall report to Landlord any unauthorized uses of such term as it comes to its attention. The breach by Tenant of any provision in this Section 6.8 shall constitute an event of default under this Lease and shall entitle Landlord to exercise any right or remedy available to Landlord under this Lease, at law, or in equity. Tenant shall indemnify and hold Landlord harmless from and against any loss, cost, claim, liability, cause of action, or expense whatsoever (including attorney's fees and other costs and expenses of defending any such claim) arising or alleged to arise from any unauthorized use by Tenant, or any Tenant Related Party, of the term "INFOMART".

ARTICLE 7

CONDEMNATION AND CASUALTY

Section 7.1. Condemnation. In the event of a Total Taking of the

Premises or the Building, then this Lease shall terminate as of the date when physical possession of the Premises or Building, as applicable, is taken by the condemning authority. If a Partial Taking occurs which relates to a material portion of the Building or if Landlord is required to pay any of the proceeds from such Partial Taking to the lessor under a Ground Lease or to the holder of a Financing Lien, then this Lease, at the option of Landlord, exercised by written notice to Tenant within thirty (30) days after the date of such Partial Taking, shall terminate regardless of whether the Premises are affected by such Partial Taking. In this event, Rent shall be apportioned as of the date when physical possession of the applicable portion of the Building is taken by the condemning authority. In the event of a Partial Taking of the Premises which results in the Premises being Untenantable, then Tenant may terminate this Lease as of the date of such Taking by giving Landlord written notice of Tenant's termination election within thirty (30) days after the date of such Taking; and Rent shall be apportioned as of the date of such Taking. If a Taking of the Premises occurs which entitles Tenant to terminate this Lease but Tenant does

not do so in the manner and within the time period specified in the immediately preceding sentence, then Tenant shall be deemed to have irrevocably waived its termination right. If Tenant is deemed to have waived its termination right or if a Partial Taking of the Premises occurs which does not result in the Premises becoming Untenantable, then Landlord shall allow Tenant a fair diminution of Rent as to that portion of the Premises subject to such Taking; and this Lease shall otherwise continue in full force and effect. All proceeds (whether in a lump sum or in separate awards) of any Taking shall be paid to Landlord, and Tenant shall not be entitled to (and expressly waives any claim to) any portion of Landlord's award. However, Tenant shall have the right to assert a separate claim for any loss resulting to Tenant from such Taking if, and only

21

if, that claim does not in any way adversely affect the amount of Landlord's. The term "Taking" means a transfer during the Lease Term of all or any part of the Premises, the Building, or the Project, as applicable, as a result of, or in lieu of or in anticipation of, the exercise of the right of condemnation or eminent domain for any public or quasi-public use under any governmental law, ordinance, or regulation. The term "Partial Taking" means a Taking of less than the whole or substantially the whole of the Building and/or the Premises. The term "Total Taking" means a Taking of the whole or substantially the whole of the Building or the Premises or to a Taking which results in the termination of an applicable Ground Lease. "Untenantable" shall mean that Tenant is unable to conduct its business in the Premises in a manner reasonably comparable to that conducted immediately before the applicable occurrence.

Section 7.2. Casualty Damage. If the Premises shall be destroyed or

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damaged by fire or any other casualty, Tenant shall immediately give written notice of that occurrence to Landlord. In the event that any portion of the Project is damaged by fire or other casualty and if (a) such damage is such that Landlord cannot reasonably be expected to substantially complete the repairs which are within Landlord's Repair Obligations within two hundred forty (240) days after the date of the casualty; (b) if, and only if, such casualty results in material damage to the Project, Landlord, in Landlord's sole judgment, elects not to repair or rebuild such damaged areas; or (c) less than one (1) year remains in the Lease Term at the time of any damage to the Project, then Landlord, at Landlord's sole option, shall have the right to terminate this Lease, regardless of whether the Premises are affected by such casualty. In such event, all Rent owed up to the date of that casualty shall be paid by Tenant to Landlord; and this Lease shall cease and come to an end as of the date of Landlord's written notice to Tenant regarding such termination. In the event that (x) the Premises is rendered Untenantable by fire or any other casualty which is not caused by the fault or neglect of Tenant or any Tenant Related Parties; (y) such damage is such that Landlord cannot reasonably be expected to substantially complete the repairs within the Premises which are within Landlord's Repair Obligations within two hundred forty (240) days after the date of that casualty, as reasonably estimated by Landlord; and (z) Landlord has not terminated this Lease, then Tenant shall have the right to terminate this Lease by delivering written notice to Landlord within thirty (30) days after receipt of written notice of Landlord's estimate of the time to complete Landlord's Repair Obligations relative to the Premises. If Tenant does not provide Landlord with notice of Tenant's termination election in the manner and within the time period specified in the preceding sentence, then Tenant shall be deemed to have irrevocably waived its right to terminate the Lease as a result of such casualty; and Landlord, in reliance upon Tenant's waiver of its termination right, shall proceed to make the repairs which are within Landlord's Repair Obligations. During any period of reconstruction or repair of the Premises, Tenant shall continue the operation of Tenant's business within the Premises to the extent practicable. During the period from the occurrence of a casualty which was not caused, in whole or in part, by Tenant or any Tenant related party, until the completion of the work within Landlord's Repair Obligations which is necessary to render the Premises tenantable, Rent shall be reduced to the extent that the Premises are unfit for the conduct of Tenant's Permitted Use of the Premises. If, however, the Premises or any portion of the Project is damaged by fire or other casualty resulting from the fault or negligence of Tenant or any Tenant Related Party, the Rent shall not be reduced during the repair of such damage. If neither Landlord nor Tenant elects, or has the right to elect, to terminate this Lease as the result of such casualty, then Landlord shall commence and proceed with reasonable diligence to restore the Premises to the extent of Landlord's Repair Obligations. When the repairs described in the preceding sentence have been

22

completed by Landlord, Tenant shall then complete the restoration of all leasehold improvements in excess of Landlord's Repair Obligations which are necessary to permit Tenant to re-occupy the Premises for the Permitted Use. Tenant's restoration work shall be conducted in accordance with the provisions of Section 5.1 above. In no event shall Landlord have the obligation to expend for the restoration or repair of the Project an amount in excess of the insurance proceeds actually received by Landlord as a result of such casualty;

and except for those repairs which are within Landlord's Repair Obligations, all costs and expenses of restoring the Premises shall be borne by Tenant. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from any casualty or the repair or restoration work made necessary by the occurrence of any casualty.

Section 7.3. Insurance.

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(a) Landlord shall not be obligated to insure any of Tenant's goods, Trade Fixtures, leasehold improvements, or any other property placed in or incorporated in the Premises by or on behalf of Tenant. Landlord shall maintain fire and extended coverage insurance on the Building (excluding leasehold improvements and tenants' personal property) in amounts desired by Landlord and at the expense of Landlord. All payments for losses thereunder shall be made solely to Landlord.

(b) Tenant shall procure and maintain, at its sole cost and expense during and throughout the Lease Term, a policy or policies of (i) commercial general liability insurance in an amount of not less than \$5,000,000.00 (which can be complied with by Commercial General Liability Limits or by combination with additional Excess or Umbrella [commercial catastrophe] Liability limits), (ii) fire and extended coverage insurance with respect to Tenant's Trade Fixtures, inventory, and leasehold improvements located in the Premises written on an "All Risk" basis for the full replacement cost, (iii) worker's compensation and employer's liability insurance, and (iv) such other insurance as Landlord may, from time to time, reasonably require with the exception of business interruption insurance which Tenant chooses not to carry coverage. In addition, Tenant shall obtain a fire legal liability endorsement or other coverage satisfactory to Landlord which removes the "owned, rented, or occupied" property exclusion from Tenant's liability policy. All such insurance shall be maintained with companies authorized to transact business in the State of Texas and of good financial standing on forms and in amounts acceptable to Landlord. In addition, each such policy, other than the workers compensation/employers liability policies and policies insuring only Tenant's Trade Fixtures, shall name Landlord and the Landlord Related Parties as "additional insureds" thereunder and shall contain a standard "other insurance" clause, unmodified in any way that would make the coverage provided by the policy excess over or contributory with any additional insured's own insurance coverage.

(c) All policies of insurance required to be maintained by Tenant shall provide that Landlord shall be given at least thirty (30) days' prior written notice of any cancellation or non-renewal of any such policy. A duly executed certificate of insurance with respect to each such policy shall be deposited with Landlord by Tenant on or before the Commencement Date, and a duly executed certificate of insurance with respect to each subsequent policy shall be deposited with Landlord at least fifteen (15) days prior to the expiration of the policy then in effect.

23

(d) Tenant shall not do or permit anything to be done in or about the Premises, nor bring nor keep nor permit anything to be brought to or kept in the Premises, which will in any way increase the existing rate of or affect any fire insurance or other insurance which Landlord carries on the Project or any of its contents, cause a cancellation or invalidation of any such insurance or otherwise violate any Insurance Requirement. If the annual premiums to be paid by Landlord with respect to any insurance obtained by Landlord covering the Project or any of its contents shall be increased because either the nature of Tenant's operations or the nature of Tenant's Trade Fixtures, inventory, or leasehold improvements in the Premises may result in a hazardous exposure, Tenant shall pay such increase upon demand by Landlord.

(e) All fire and extended coverage insurance policies carried by either Landlord or Tenant shall provide for a waiver of rights of subrogation against Landlord and Tenant on the part of the applicable insurance carrier unless either (i) such waiver is then prohibited by applicable Texas law or (ii) such waiver would invalidate, nullify, or provide a defense to coverage under any such insurance policy. As long as the waivers contemplated by this Subsection are in effect, Landlord and Tenant each hereby waives any and all rights of recovery, claims, actions, or causes of action against the other (and their respective employees, agents, officers, or partners) for any loss or damage which may occur to the Premises or the Project which is covered by valid and collectible insurance policies and to the extent that such loss is actually recovered under any such insurance policy. The failure of Tenant to take out or maintain any insurance policy required under this Section 7.3 shall be a defense to any claim asserted by Tenant against Landlord by reason of any loss sustained by Tenant which would have been covered by any such required policy. The waivers set forth in this Subsection shall be in addition to, but shall not be in substitution for, any other waivers, indemnities, or limitation of liabilities set forth in this Lease.

Section 7.4. Indemnity. Tenant shall not be liable to Landlord or to

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the Landlord Related Parties for any injury to person or damage to property caused by the gross negligence or willful misconduct of Landlord or the Landlord Related Parties. Subject to the provisions of Section 9.14 below, Landlord shall indemnify and hold Tenant and the Tenant Related Parties harmless from any liability, loss, cost, claim, or expense (including attorneys' fees and expenses, court costs, and costs of investigation) arising out of, or alleged to have arisen out of, the gross negligence or willful misconduct of Landlord or the Landlord Related Parties. Landlord and the other Protected Parties shall not be liable to Tenant or to the Tenant Related Parties for any injury to person or damage to property caused by the negligence or misconduct of Tenant or the Tenant Related Parties, or arising out of any use of, or the conduct of any business in the Premises or other portions of the Project, by Tenant or the Tenant Related Parties. Tenant shall indemnify and hold Landlord and the other Protected Parties harmless from any liability, loss, cost, claim, or expense (including attorneys' fees and expenses, court costs, and costs of investigation) to the extent arising out of, or alleged to have arisen out of, the negligence or misconduct of Tenant or the Tenant Related Parties or out of any use of, or conduct of any business in, the Premises or any other portion of the Project by Tenant or the Tenant Related Parties. The indemnifications granted by both Landlord and Tenant in this Section 7.4 are subject to any express limitations to the contrary in this Lease. "Landlord Related Parties" means Landlord's officers, partners, employees, agents, and contractors. "Protected Parties" means the Landlord Related Parties and, to the extent applicable, the holder of any Financing

24

Lien, the lessor under any Ground Lease, and the management company for the Building (and their respective directors, partners, officers, employees, and agents).

Section 7.5. Damages from Certain Causes. Except to the extent caused

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by that Protected Party, none of the Protected Parties shall ever be liable or responsible to Tenant, or any person claiming through Tenant, for any loss, injury to person, or damage to property in, upon, or about the Premises or any other portion of the Project resulting from (a) theft, fire, casualty, vandalism, acts of God, public enemy, injunction, riot, strike, inability to procure materials, insurrection, war, court order, requisition, or order of any governmental body or authority; (b) the acts or omissions of other tenants of the Project; (c) any other causes beyond Landlord's control; or (d) any damage or inconvenience which may arise through repair or alteration of the Project. All goods, property, or personal effects stored or placed by Tenant in or about the Project shall be at the sole risk of Tenant.

#### ARTICLE 8

##### DEFAULT AND REMEDIES

Section 8.1. Default by Tenant. The occurrence of any of the

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following events and the expiration of any grace periods hereafter described shall constitute a default by Tenant under this Lease:

(a) The failure of Tenant to pay any Rent within ten (10) days after Tenant's receipt of Landlord's written notice of such failure to pay; provided Landlord shall be required to give such notice only twice in any twelve (12) month period and thereafter Tenant shall be in default if any such payment is not received when due and without notice;

(b) Tenant assigns its interest in this Lease or sublets any portion of the Premises except as permitted in this Lease or Tenant otherwise breaches the provisions of Section 6.2 of this Lease;

(c) Tenant uses the Premises for any purpose other than the Permitted Use or otherwise breaches Tenant's operational covenants under Sections 2.3, or 6.8 of this Lease after five (5) days Landlord's written notice of such breach;

(d) Tenant breaches or fails to comply with any term, provision, covenant, or condition of this Lease (other than as described in Subsections [a], [b], or [c] above), or with any of the Building Rules now or subsequently established, and such breach or failure continues for thirty (30) calendar days after written notice by Landlord to Tenant or, if such condition cannot reasonably be cured within such thirty (30) day period, Tenant shall fail to commence such cure within such thirty (30) day period, or having commenced such cure within such period shall thereafter diligently and continuously fail to prosecute such cure to completion within sixty (60) days from the date of Landlord's notice of such default;

(e) If the interest of Tenant under this Lease is levied on under execution or other legal process, or if any petition in bankruptcy or other insolvency proceedings is filed by or against Tenant, or any petition is filed or other action taken to declare Tenant as bankrupt or to delay, reduces

Tenant's capital structure or indebtedness or to appoint a trustee, receiver or liquidator of Tenant or of any property of Tenant, or any proceedings or other action is commenced or taken by a governmental authority for the dissolution or liquidation of Tenant (provided that no such levy, execution, legal process; or petition filed against Tenant shall constitute a breach of this Lease if Tenant shall vigorously contest the same by appropriate proceedings and shall remove or vacate the same within thirty (30) calendar days from the date of its creation, service, or filing);

(f) Tenant becomes insolvent, makes an assignment for the benefit of creditors, or makes a transfer in fraud of creditors; or a receiver or trustee is appointed for Tenant or any of its properties;

(g) Tenant abandons the Premises during the Lease Term; or

(h) If Tenant is an individual person, the death or legal incapacity of Tenant; if Tenant is a corporation, Tenant ceases to exist as a corporation in good standing in the state of its incorporation and/or ceases to be duly authorized to transact business within the State of Texas; or if Tenant is a partnership or other entity, Tenant is dissolved or otherwise liquidated.

Section 8.2. Landlord's Remedies. Upon the occurrence of any default  
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by Tenant under this Lease, Landlord, at Landlord's sole option, may exercise any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

(a) Landlord may at any time thereafter (without being under any obligation to do so) re-enter the Premises and correct or repair any condition which shall constitute a failure on the part of Tenant to observe, perform, or satisfy any term, condition, covenant, agreement, or obligation of Tenant under this Lease; and Tenant shall fully reimburse and compensate Landlord on demand for the costs incurred by Landlord in doing so, plus profit and overhead in any amount equal to fifteen percent (15%) of such cost. No action taken by Landlord under this subsection shall relieve Tenant from any of Tenant's obligations under this Lease or from any consequences or liabilities arising from the failure of Tenant to perform such obligations.

(b) Landlord may terminate this Lease and repossess the Premises. In the event that Landlord elects to terminate this Lease, Landlord shall be entitled to recover damages equal to the total of (i) the cost of recovering the Premises (including attorneys' fees and costs); (ii) the cost of removing and storing Tenant's or any other occupant's property; (iii) the unpaid Rent owed at the time of termination, plus interest thereon from the date when due at the maximum rate of interest then allowed by law; (iv) the cost of reletting the Premises (as reasonably estimated by Landlord and including alterations or repairs to the Premises and brokerage commissions); (v) the costs of collecting any sum due to Landlord (including without limitation, attorneys' fees and costs); and (vi) any other sum of money or damages owed by Tenant to Landlord as a result of the default by Tenant, whether under this Lease, at law, or in equity.

(c) Landlord may terminate Tenant's right of possession of the Premises without terminating this Lease and repossess the Premises. In the event that Landlord

elects to take possession of the Premises without terminating this Lease, Tenant shall remain liable for, and shall pay to Landlord, from time to time on demand, (i) all costs and damages described in Subsection (ii) of this Section 8.2 and (b) any deficiency between the total Rent due under this Lease for the remainder of the Lease Term and rents, if any, which Landlord is able to collect from another tenant for the Premises during the remainder of the Lease Term ("Rental Deficiency"). Landlord may file suit to recover any sums falling due under the terms of this Lease from time to time, and no delivery to or recovery by Landlord of any portion of the sums owed to Landlord by Tenant under this Lease shall be a defense in any action to recover any amount not previously reduced to judgment in favor of Landlord. Landlord may use reasonable efforts to relet the Premises on such terms and conditions and to such parties as Landlord, in Landlord's sole discretion, may determine (including a term different from the Lease Term, rental concessions, and alterations and improvements to the Premises); but Landlord shall never be obligated to relet the Premises before leasing other rentable areas within the Project, it being the intent of the parties that Tenant shall not be placed in a preferential position by reason of Tenant's own default. Any sums received by Landlord through reletting shall reduce the sums owing by Tenant to Landlord, but Tenant shall not be entitled to any excess of any sums obtained by reletting over and above the Rent provided in this Lease under any circumstances. For the purpose of such reletting, Landlord

is authorized to decorate or to make any repairs, changes, alterations, or additions in and to the Premises that Landlord may deem necessary or advisable. No reletting shall be construed as an election on the part of Landlord to terminate this Lease unless a written notice of such intention is given to Tenant by Landlord. Notwithstanding any such reletting without termination, Landlord may, at any time thereafter, elect to terminate this Lease for such previous default. In the alternative (but only in the event that Tenant's default constitutes a material breach), Landlord may elect to terminate Tenant's right to possession of the Premises and to immediately recover as damages, in lieu of the Rental Deficiency, a sum equal to the difference between (a) the total Rent due under this Lease for the remainder of the Lease Term and (b) the then fair market rental value of the Premises during such period, discounted to present value using a discount rate of eight percent (8%) per annum ("Discounted Future Rent"). In such event, Landlord shall have no obligation to relet the Premises or to apply any rentals received by Landlord as a result of any reletting to Tenant's obligations under this Lease; and the aggregate amount of all damages due to Landlord, including the Discounted Future Rent, shall be immediately due and payable to Landlord upon demand.

(d) In the event that Landlord elects to re-enter or take possession of the Premises after Tenant's default, Tenant hereby waives notice of such re-entry or re-possession and of Landlord's intent to re-enter or retake possession. Landlord may, without prejudice to any other remedy which Landlord may have for possession or arrearages in or future Rent, expel or remove Tenant or any other person who may be occupying the Premises. Landlord may also change or alter the locks or other security devices on the doors to the Premises and/or, if applicable, remove Tenant's access media from the security system; and Tenant waives, to the fullest extent allowed by law, any requirement that notice be posted on the Premises as to the location of a key to such new locks and any rights to obtain such a key.

(e) If Tenant abandons the Premises, Landlord may remove and store any property of Tenant that remains within the Project at Tenant's expense. In addition to Landlord's other rights and remedies, Landlord may dispose of the stored property if Tenant does not claim that property within ten (10) days after the date on which that property is first

27

stored by Landlord. Landlord shall deliver by certified mail to Tenant, at Tenant's last known address, a notice stating that Landlord will dispose of Tenant's property if Tenant does not claim such property within ten (10) days after the date the property was first seized and stored by Landlord. In addition, Tenant shall be liable to Landlord for all costs and expenses incurred by Landlord in moving, storing, and disposing of the abandoned property and shall indemnify and hold harmless Landlord from and against any and all loss, damage, costs, expenses, and liability related to or in connection with such removal, storage, and disposal of Tenant's property after abandonment.

(f) In the event that Rent is to be increased at various intervals during the Lease Term, then Landlord may, at Landlord's sole election, calculate the amount of unpaid Rents owed at the time of termination of this Lease or calculate the amount of any Rental Deficiency or Discounted Future Rent based upon the difference between the average rate of Rent payable by Tenant over the entire Lease Term instead of on the amount of Rent payable by Tenant during the applicable period. If Landlord agreed to allow Tenant to pay a lower rate of rent during the earlier portions of the Lease Term and to then increase the Rent at various stages during the Lease Term, Tenant acknowledges and agrees that (i) such agreement was made as an accommodation to Tenant and in reliance upon Tenant performing all of Tenant's obligations and paying Rent throughout the entire Lease Term and (ii) such method of calculation is intended to provide Landlord with the benefit of Landlord's bargain in this Lease.

(g) No termination of this Lease shall ever be deemed to have occurred unless Landlord specifically notifies Tenant in writing that Landlord has elected to terminate this Lease. No election of Landlord to re-enter the Premises or to retake possession of the Premises shall ever be deemed or construed to be a termination of this Lease.

(h) The provisions of this Section 8.2 shall override and control over any conflicting provisions of Section 93.002 of the Texas Property Code (as amended), and Tenant expressly waives any and all rights Tenant may have under Section 93.002.

(i) Tenant hereby expressly waives notice of any default for which notice is not specifically required under Section 8.1.

(j) All rights and remedies of Landlord under this Lease shall be non-exclusive and shall be in addition to an cumulative of all other rights or remedies available to Landlord under this Lease or by law or in equity.

Section 8.3. Landlord's Lien. Intentionally deleted.  
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Section 8.4. Attorney's Fees and Other Expenses of Enforcement. In

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the event Tenant defaults in the performance or observance of any of the terms, covenants, agreements, or conditions contained in this Lease, Tenant, to the extent permitted by applicable law, shall pay to Landlord (a) all reasonable expenses incurred by Landlord in collecting any sums due under, or enforcing any of the terms of, this Lease; and (b) if Landlord places the enforcement of all or any part of this Lease in the hands of an attorney, all attorneys' fees and other costs of collection and enforcement incurred by Landlord.

28

Section 8.5. Default by Landlord. Landlord shall be in default under

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this Lease in the event Landlord has not begun and pursued with reasonable diligence the cure of any failure of Landlord to meet its obligations under this Lease within thirty (30) days of the receipt by Landlord of written notice from Tenant of Landlord's alleged failure to perform. In no event shall Tenant have the right to terminate or rescind this Lease as a result of Landlord's default. Tenant waives such remedies of termination and rescission and agrees that Tenant's remedies for default under this Lease and for breach of any promise or inducement are limited to a suit for damages and/or injunction. In addition, Tenant shall, prior to the exercise of any such remedies, provide each holder of a Financing Lien and each lessor under a Ground Lease with written notice and a reasonable time to cure any default by Landlord.

ARTICLE 9

MISCELLANEOUS PROVISIONS

Section 9.1. Amendments. This Lease may not be altered, changed, or

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amended except by an instrument in writing signed by both Landlord and Tenant.

Section 9.2. Non-Waiver. No course of dealing between Landlord and

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Tenant or any other person, nor any delay on the part of Landlord in exercising any rights under this Lease, nor any failure to enforce any provision of this Lease, nor the acceptance of any Rent by Landlord shall operate as a waiver or a modification of the terms of this Lease or of any right which Landlord has to demand strict compliance by Tenant with the terms of this Lease. If Landlord or Tenant waives any agreement, condition, or provision of this Lease, such waiver must be expressly set forth in a writing signed by either party and shall not be deemed a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Lease.

Section 9.3. Holding Over. In the event Tenant remains in possession

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of the Premises after the expiration or termination of this Lease without the consent of Landlord, Tenant shall be deemed to be occupying the Premises as a tenant at will and shall pay Rent for each month (or partial month) during the first thirty (30) days any such holdover period at a rate equal to 125% of the Rent which Tenant was obligated to pay for the month immediately preceding the end of the Lease Term and 200% of the amount of such Rent thereafter. No holding over by Tenant after the expiration or termination of this Lease shall be construed to extend the Lease Term or in any other manner be construed as permission by Landlord to holdover. Additionally, in the event of any unauthorized holding over by Tenant, Tenant shall indemnify Landlord against all claims for any damages by any other person or entity to whom Landlord may have leased all or any part of the Premises and for any other loss, cost, damage, or expense (including attorneys' fees and costs of suit) incurred by Landlord as a result of such holding over.

Section 9.4. Notices. Any notice, demand, consent, approval, request,

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or other communication required or permitted to be given pursuant to this Lease (including any Exhibit to this Lease) or by applicable law shall be in writing and shall be delivered by registered or certified mail, postage prepaid, return receipt requested, telegram, facsimile, or expedited delivery service with proof of delivery, addressed to Landlord or Tenant, as applicable, at the

address for each specified in the first paragraph of this Lease. Any such communication transmitted by telegram, facsimile, or personal delivery shall be deemed to have been delivered as of the date actually received by the addressee. Any such communication transmitted by registered or certified mail shall be deemed to have been given or served on the third (3rd) business day following the date on which such notice was deposited in a receptacle maintained by the United States Postal Service for such purpose. Any notice of default from Tenant to Landlord shall also be delivered to any holder of a Financing Lien or any lessor under a Ground Lease who has notified Tenant of its interest and the address to which notices are to be sent; and such notice shall not be effective until delivered to such parties. Either Landlord or Tenant may, by ten (10) days' prior notice to the other in accordance with this Section 9.4, designate a different address or different addresses to which communications intended for

the party are to be sent.

Section 9.5. Independent Obligations. The obligations of Tenant under  
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this Lease are independent of Landlord's obligations, and Tenant shall not, for any reason, withhold or reduce Tenant's required payments of Rent or fail to fully perform Tenant's obligations under this Lease. In the event that Landlord commences any proceedings against Tenant as a result of Tenant's default under this Lease, Tenant will not interpose any counterclaim or other claim against Landlord of whatever nature or description in any such proceedings. In the event that Tenant attempts to interpose any such counterclaim or other claim against Landlord in such proceedings, Landlord and Tenant stipulate and agree that such counterclaim or other claim asserted by Tenant shall, upon motion by Landlord, be severed out of the proceedings instituted by Landlord and that those proceedings may proceed to final judgment separately and apart from, and without consolidation with or reference to the status of, such counterclaim or other claim asserted by Tenant.

Section 9.6. Survival. Neither the expiration or termination of the  
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Lease Term pursuant to the provisions of this Lease, by operation of law, or otherwise, nor any repossession of the Premises pursuant to any remedy granted to Landlord under this Lease or otherwise shall ever relieve Tenant of Tenant's liabilities and obligations under this Lease, all of which shall survive such expiration, termination, or repossession.

Section 9.7. Other Tenants of Building. Neither this Lease nor  
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Tenant's continued occupancy of the Premises is conditioned upon either (a) the opening of any showroom or business in the Building or in any portion of the Project by any other person or entity or (b) the continued operations of any such showroom or business.

Section 9.8. Name of Building and Project. Tenant shall not utilize  
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the name of the Building or the Project for any purpose whatsoever, except to identify the location of the Premises in Tenant's address. Landlord shall have the right to change the name of the Building and/or the Project whenever Landlord, in its sole discretion, deems it appropriate without any liability to Tenant and without any consent of Tenant being necessary.

Section 9.9. Consent by Landlord. In each circumstance under this  
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Lease in which the prior consent or permission of Landlord is required before Tenant is authorized to take any particular type of action, the decision of whether to grant or deny such consent or permission shall be within the sole and exclusive judgment and discretion of Landlord unless otherwise

specifically provided in this Lease with respect to that specific matter. Unless (a) Landlord has specifically agreed otherwise in this Lease that Landlord will not unreasonably withhold its consent with respect to that specific matter and (b) Landlord then unreasonably withholds its consent with respect to that specific matter, Tenant shall not have any claim for breach by Landlord or any defense to performance of any covenant, duty, or obligation of Tenant under this Lease on the basis that Landlord delayed or withheld the granting of such consent or permission. Landlord's consent or approval to any particular act by Tenant which requires such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

Section 9.10. Legal Interpretation. This Lease, and the rights and  
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obligations of Landlord and Tenant under this Lease, shall be interpreted, construed, and enforced in accordance with the laws of the State of Texas. All obligations of the parties shall be performable in, and all legal actions to enforce or construe this Lease shall be instituted in, the courts of, Dallas County, Texas. All defined terms and other words used in this Lease shall include the singular and plural, as applicable. References to the Premises, the Building, the Land, or the Project shall also include any portion of each. References to the Project shall include the Building and the Premises, and references to the Building shall include the Premises. Words which are not used as defined terms in this Lease shall be construed in accordance with the meanings commonly ascribed to those words, relative to the context in which each is used. The word "including" shall be construed as if followed, in each instance, by the phrase "but not limited to." All article, section, and subsection headings used in this Lease are for reference and identification purposes only and are not intended to, and shall not under any circumstances, alter, amend, amplify, vary, or limit the express provisions in this Lease. All rights, powers, and remedies provided in this Lease may be exercised only to the extent that their exercise does not violate any applicable law and are intended to be limited to the extent necessary so that such provision will not render this Lease invalid or unenforceable under applicable law. In the event that any provision in this Lease, or the application of such provision to any person or circumstance, shall be invalid or unenforceable to any extent, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable,

shall not be affected thereby. Landlord and Tenant hereby respectively acknowledge that each such party has substantial experience in negotiation commercial real estate leases, that this Lease is the product of extensive negotiations between the parties, and that, therefore, neither Landlord nor Tenant shall be charged with having promulgated this Lease and that no rule of strict construction with respect to the provisions of this Lease shall be applicable.

Section 9.11. Entire Agreement. Tenant agrees that (a) this Lease

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supersedes and cancels any and all previous statements, negotiations, arrangements, brochures, agreements, and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect of the subject matter of this Lease, the Premises, the Building, or the Project and (b) there are no representations, agreements or warranties (express or implied, oral or written) between Landlord and Tenant with respect to the subject matter of this Lease, the Premises, the Building, or the Project other than as set forth in this Lease.

Section 9.12. Authority. Tenant represents and warrants that (a)

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Tenant has the full right, power, and authority to enter into, and to perform its obligations under, this Lease, and

(b) upon execution of this Lease by Tenant, this Lease shall constitute a valid and legally binding obligation of Tenant. If Tenant signs as a corporation, each of the persons executing this Lease on behalf of Tenant covenant and warrant that Tenant is a duly and validly existing corporation, that the execution of this Lease by such persons on behalf of Tenant has been duly authorized by all necessary corporate action, and that Tenant is qualified to do business in the State of Texas. Likewise, Landlord represents and warrants that Landlord has the full right, power, and authority to enter into, and to perform its obligations under, this Lease, and that, upon execution of this Lease by Landlord, this Lease shall constitute a valid and legally binding obligation of Landlord.

Section 9.13. Taxes on Tenant's Property. Tenant shall be liable for

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all taxes levied against Tenant's Trade Fixtures, inventory, leasehold improvements, and any other property of Tenant in the Premises or the Project. If any such taxes are ever assessed against Landlord or Landlord's property and Landlord elects to pay the same or if the assessed value of Landlord's property is increased by the inclusion of Tenant's property, Tenant shall pay to Landlord, within fifteen (15) days of demand, that part of such taxes attributable to Tenant's property as additional Rent. Landlord shall be responsible for paying all real property taxes levied against the Project. However, if any alteration, addition, or improvement shall be made by Tenant which causes an increase in the real property taxes, assessments, or other governmental charges levied against the Building, Tenant shall pay to Landlord, within fifteen (15) days of demand, the amount of any such increase as additional Rent.

Section 9.14. Landlord's Liability. Notwithstanding anything to the

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contrary set forth in this Lease, Tenant agrees that no personal, partnership, or corporate liability of any kind or character whatsoever shall attach to Landlord or its partners or venturers for payment of any amounts payable under this Lease or for the performance of any obligation under this Lease. The exclusive remedies of Tenant for the failure of Landlord to perform any of Landlord's obligations under this Lease shall be to proceed against the interest of Landlord in and to the Project. Landlord shall not be responsible in any way to Tenant or any Tenant Related Party for any loss of property from the Premises or public areas of the Building or for any damages to any property from any cause whatever. Nor shall Landlord be responsible for lost or stolen personal property, money, or jewelry from the Premises, regardless of whether such loss occurs when the Premises are locked. Landlord shall never be liable for consequential or special damages.

Section 9.15. Time of the Essence. In all instances in which Tenant

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or Landlord is required to pay any sum or do any act at a particular time or within a particular period, it is understood that time is of the essence.

Section 9.16. Instruments and Evidence Required to be Submitted to

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Landlord. Each written instrument and all evidence of the existence or non-  
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existence of any circumstances or conditions which is required by this Lease to be furnished to Landlord shall in all respects be in form and substance satisfactory to Landlord, and the duty to furnish such written instrument or evidence shall not be considered satisfied until Landlord shall have acknowledged that Landlord is satisfied with the form and content of each.

Section 9.17. Counterparts. This Lease may be executed in any number

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of counterparts, each of which, when executed and delivered, shall be an

original; but such counterparts shall together constitute one and the same instrument.

Section 9.18. Recordation. Tenant shall not record (a) this Lease,

(b) any instrument to which this Lease may now or hereafter be attached, or (c) any memorandum of this Lease.

Section 9.19. Effective Date. The submission of this Lease to Tenant

for examination does not constitute a reservation of or offer or option for the Premises, and this Lease shall become effective only upon execution by both Landlord and Tenant. The term "Effective Date" shall mean the date on which this Lease is first fully executed by both Landlord and Tenant.

Section 9.20. Successors and Assigns. From and after the Effective

Date, this Lease shall be binding upon, inure to the benefit of, and be enforceable by the parties to this Lease and their respective successors and assigns (subject to the provisions of this Lease). As used in this Lease, the phrase "successors and assigns" is used in its broadest possible context and includes, without limitation and as applicable, the respective heirs, personal representatives, successors, and assigns of each of the parties to this Lease and any person, partnership, corporation, or other entity succeeding to any interest in this Lease, the Premises, the Building, or the Project. Nothing contained in this Section 9.20 nor in the definition of Tenant Related Parties shall serve to alter or vary the provisions of Section 6.2 prohibiting the types of transfers by Tenant described in that Section.

Section 9.21. Joint and Several Liability. If there is more than one

party executing this Lease as Tenant, or if Tenant is a partnership, Tenant's obligations under this Lease shall be the joint and several obligations of all such parties executing as Tenant or all such partners constituting Tenant (as applicable).

Section 9.22. Exhibits. The following Exhibits (and, if applicable,

addenda, riders, or other attachments to this Lease) are attached, to and incorporated in, this Lease for all purposes.

- Exhibit "A" Property Description
- Exhibit "B" Floor Plan
- Exhibit "C" Rules and Regulations
- Exhibit "D" Tenant Equipment License
- Exhibit "E" Renewal Options
- Exhibit "F" Subordination, Attornment and Non-Disturbance Agreement
- Exhibit "G" Parking
- Exhibit "H" Work Letter

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the Effective Date.

LANDLORD:

NEXCOMM ASSET ACQUISITION I, LP  
a Texas limited partnership

By: NEXCOM GP I, Inc., a Texas  
corporation and general partner

By: /s/ Phillip J. Wise

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Name: Phillip J. Wise  
Title: President

TENANT:

EQUINIX, INC., a Delaware corporation

By: /s/ [signature illegible]

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Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT "A"

To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord,  
and EQUINIX, INC., as Tenant

PROPERTY DESCRIPTION

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BEING a [\*] acre tract of land situated in the City of Dallas, Dallas County,

Texas and out of the James A. Sylvester Survey, Abstract No. [\*] and being a part of City of Dallas Block No. [\*], also being the same tract of land conveyed to Dallas Market Center Company by a Special Warranty Deed recorded in Volume [\*], Page [\*] of the Deed Records of Dallas County, Texas, said [\*] acre tract of land being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod found for the point of intersection of the southwesterly right-of-way line of the [\*] with the northwesterly right-of-way line of [\*];

THENCE with the northwesterly right-of-way line of [\*] the following:

South 31 31'40" West a distance of 366.74 feet to an "X" chiseled in concrete found for corner in a curve to the right, the radius point of said curve bearing North 50 08'58" West a distance of 241.00 feet from said "X";

Southwesterly with said curve to the right through a central angle of 03 09'20" an arc distance of 13.27 feet to an "X" chiseled in concrete set for the point of reverse curvature of a curve to the left having a radius of 259.00 feet;

Southwesterly with said curve to the left through a central angle of 11 28'43" an arc distance of 51.89 feet to a 1/2 inch iron rod found for the point of reverse curvature of a curve to the right having radius of 129.00 feet;

Southwesterly with said curve to the right through a central angle of 24 06'22" an arc distance of 138.22 feet to a 1/2 inch iron rod set for the point of compound curvature of a curve to the right having a radius of 50.00 feet;

Northwesterly with said curve to the right through a central angle of 24 06'22" an arc distance of 21.04 feet to a 1/2 inch iron rod found in the northeasterly right-of-way line of [\*] for the point of compound curvature of a curve to the right having a radius of 1130.92 feet;

THENCE with the northeasterly right-of-way line of [\*] the following:

Northwesterly with said curve to the right through a central angle of 07 24'40" an arc distance of 146.28 feet to a 1/2 inch iron rod found for the point of tangency of said curve;

North 55 33'45" West a distance of 816.18 feet to a 1/2 inch iron rod found for point of curvature of a curve to the left having a radius of 3289.04 feet;

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

E-1

Northwesterly with said curve to the left through a central angle of 01 23'21" an arc distance of 79.74 feet to a bolt in concrete found for the most southerly corner of a tract of land leased to [\*] from [\*] as recorded in Volume [\*], Page [\*] of the Deed Records of Dallas County, Texas;

THENCE departing the northerly right-of-way line of [\*] with the easterly line of the [\*] tract, North 09 21'30" East a distance of 1064.46 feet to a 1/2 inch iron rod found for corner in the curving southwesterly right-of-way line of the [\*], the radius point of said curve being situated South 33 11'48" West a distance of 1599.88 feet;

THENCE with the southerly right-of-way line of the [\*] the following:

Southeasterly with said curve to the right through a central angle of 02 41'48" an arc distance of 75.30 feet to a 1/2 inch iron rod found for corner;

North 52 07'00" East a distance of 30.11 feet to a 1/2 inch iron rod found for corner in a curve to the right, the radius point of said curve being situated South 32 19'18" West a distance of 1553.95 feet;

Northwesterly with said curve to the right through a central angle of 21 26'39" an arc distance of 581.59 feet to a 1/2 inch iron rod set for corner;

North 45 16'10" East a distance of 53.07 feet to 1/2 inch iron rod set for corner;

South 31 48'40" East a distance of 976.20 feet to the POINT OF BEGINNING;

CONTAINING an area of 25.454 acres of land.

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INITIALS

Landlord \_\_\_\_\_

Tenant \_\_\_\_\_  
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\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

E-2

EXHIBIT "B"  
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To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord, and EQUINIX, INC., as Tenant

FLOOR PLAN  
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(For Illustrative purposes only)

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INITIALS

Landlord \_\_\_\_\_

Tenant \_\_\_\_\_  
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E-3

EXHIBIT "C"  
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To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord, and EQUINIX, INC., as Tenant

RULES AND REGULATIONS  
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1. No additional locks shall be placed on the doors of the Leased Premises by Tenant, nor shall any existing locks be changed unless Landlord is immediately furnished with two keys thereto. Landlord will without charge furnish Tenant with two keys for each lock existing upon the entrance doors when Tenant assumes possession with the understanding that at the termination of the lease these keys shall be returned or paid for at five dollars (\$5.00) each. A deposit of one dollar (\$1.00) each shall be required for additional keys.
2. Tenant shall not at any time display a "For Rent" sign upon the Building or the Leased Premises, or advertise the Leased Premises for rent.
3. Safes and other unusually heavy objects shall be placed by Tenant only in such places as may be approved by Landlord. Any damage caused by overloading the floor or by taking in or removing any object from the Leased Premises or the Building shall be paid by Tenant.
4. Windows facing on corridors shall at all times be wholly clear and uncovered (except for such signs as Landlord may approve) so that a full unobstructed view of the interior of the Leased Premises may be had from the corridors, unless otherwise approved in writing by Landlord.
5. No vehicles or animals shall be brought into the Building, other than as required by handicapped persons.
6. Tenant shall not make any changes in the pipes, ducts, or wiring serving the Leased Premises or add any additional pipes, ducts, or wiring without the prior written consent of Landlord, and any such changes or additions shall be made in such manner as Landlord may direct.
7. No sign, tag, label, picture, advertisement, or notice (other than price tags of customary size used in marking samples) shall be displayed, distributed, inscribed, painted or affixed by Tenant on any part of the outside of the Building or of the Leased Premises without the prior written consent of the Landlord.
8. In the event Landlord should advance upon the request, or for the account of the Tenant, any amount for labor, material, packing, shipping, postage, freight or express upon articles delivered to the Leased Premises or for the safety, care, and cleanliness of the Leased Premises, the amount so

paid shall be regarded as additional rent and shall be due and payable forthwith to the Landlord from the Tenant.

E-4

9. The corridors and hallways of the Building shall not be used by Tenant for any purpose other than ingress to or egress from the Leased Premises.
10. Tenant shall not do or permit to be done within the Leased Premises anything which would unreasonably annoy or interfere with the rights of other tenants in the Building, or which might constitute a potential hazard to other tenants or visitors.
11. During the thirty (30) days prior to the expiration of this Lease, Landlord may show the Leased Premises to prospective tenants.
12. Tenant shall not put or operate any steam engine, boiler, industrial machinery or stove in the Building or upon the Leased Premises or do any cooking thereon or use or allow to be kept in the Building or upon the Leased Premises any explosives or any kerosene, camphene, bottled gas, oil or other highly flammable materials, except gas supplied through metal pipes for heating purposes and normal and customary cleaning and janitorial supplies to the extent permitted under applicable laws.
13. Landlord reserves the right to prescribe reasonable qualifications for admission into the Building.
14. Models, salespersons or other employees or representatives of Tenant, shall not model, demonstrate display, or show in any manner any merchandise outside of the Leased Premises in the Building or on the Property without Landlord's prior written consent.
15. As a courtesy, but not as an obligation, Landlord may, at Landlord's option, upon request by Tenant, receive and store articles or merchandise delivered to Tenant at the Building; provided, however that such articles of merchandise are properly addressed and identified and all postage, handling and delivery charges are prepaid by Tenant. Landlord assumes no responsibility whatsoever for the loss, damage or destruction of such articles of merchandise received at the Building by Landlord on behalf of Tenant, and Tenant hereby waives all claims against Landlord for any damage or loss arising at any time from the loss, damage or destruction of such articles of merchandise. Tenant agrees to pay to Landlord as additional rent the amount of all storage, delivery, handling and other expenses incurred by Landlord as a result of the receipt and storage of such articles of merchandise.
16. Canvassing, peddling, soliciting and distribution of handbills or any other written material in the Building or in the Building's parking areas are prohibited, and each tenant shall cooperate to prevent the same.
17. If the Leased Premises front on the atrium within the Building, Tenant shall cause the Leased Premises to be kept open for business and occupied by Tenant's personnel during all normal business hours of the Building.
18. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of space in the Building.

E-5

19. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, and for the preservation of good order therein.
20. Smoking is permitted within the Building only in areas so designated by Landlord. Smoking within the Leased Premises is at the discretion of Tenant, provided, however, that such smoke does not migrate into the Building's common areas, hallways, etc. or into another tenant's premises. Tenant hereby indemnifies Landlord from any and all claims resulting from Tenant's permitting of smoking within the Leased Premises. Landlord reserves the right to change areas where smoking is permitted and change these Regulations, including designating the Building as non-smoking.
21. A visitor information directory system will be provided by Landlord to assist visitors in locating tenants.
22. To the extent that meeting rooms are offered, a tenant's meeting room use will be coordinated on a reservation basis and all tenants will be eligible. Standard fees will be applied and Landlord will control the rental of these areas and the use of the areas will be coordinated by the buyer/tenant services department of Landlord. Reservations for meeting room space within the Building will be on a first-come first-served basis.
23. If, and only if, the Tenant's permitted use allows the operation of a

showroom, warehousing and onsite delivery to customers is prohibited in permanent showrooms and in exhibit space when used in conjunction with showrooms, payment for products or services that of a retail sales nature are prohibited (provided, however, payment or partial payment for orders taken at the Building for future delivery to a buyer will be allowed if it is within the applicable tenant's normal business practices and is not of a retail sales nature, it being the intention of this provision to permit payments or partial payments intended to bind an order for future delivery without in any way qualifying or circumventing the prohibition within the Building against retail sales).

24. Landlord may amend these Rules and Regulations from time to time and such changes shall be binding upon Tenant.

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INITIALS  
Landlord \_\_\_\_\_ Tenant  
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E-6

EXHIBIT "D"  
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To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord and EQUINIX, INC., as Tenant

TENANT EQUIPMENT LICENSE  
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This Exhibit "D" describes the licenses to install and operate certain specified "Tenant Equipment" in the Building which is being granted by Landlord to Tenant upon the following terms and conditions:

1. DEFINED TERMS. For purposes of this Exhibit, all terms defined in this Lease (including other exhibits to this Lease) will be used in this Exhibit without further definition. In addition, when delineated with initial capital letters, the following terms will have the following respective meanings:

- a) "Antenna Equipment" means the satellite antenna, together with related wiring and equipment, or Tenant's Customer's equipment which are approved by Landlord pursuant to this Exhibit.
- b) "Antenna Fee" means Zero Dollars (\$0.00) per month.
- c) "Building Grade" means the type, brand and/or quality of materials which Landlord designates from time to time to be the minimum quality to be used in the Building or the exclusive type, grade, or quality of material to be used in the Building.
- d) "Cable" means only (i) optical fibers encased in an aluminum sleeve, (ii) EMT conduit, (iii) copper cable, or (iv) other materials approved by Landlord. The Cable (or Conduit) shall not exceed four inches in diameter.
- e) "Conduit" means a plastic or metal sleeve, no more than four (4) inches in aggregate diameter, unless a larger size is expressly approved by Landlord in writing, in which Cable is encased and/or through which Cable passes.
- f) "Cooling Equipment" means dry cooling units, together with related wiring, piping, vents, and equipment, which are approved by Landlord pursuant to this Exhibit.
- g) "Cooling Equipment Fee" means Zero Dollars (\$0.00) per month.
- h) "Generator" means generators with automatic transfer switches, 80db (max) sound/weather enclosure and load bank equipment.
- i) "Generator Fee" for the initial Generator pad shall be waived. Additional pads may not be added without the prior approval of Landlord (which may be granted, denied, or conditioned in Landlord's sole discretion); and the size and location of each additional pad will be at Landlord's sole option. The Generator Fee applicable to any additional pad will be at the then current Landlord's charge for each such additional pad.
- j) "License Fees" means, collectively, the Antenna Fee, the Pathway Fee, the Cooling Equipment Fee, the Generator Fee, and any other sums of money becoming due and payable to Landlord hereunder.

E-7

- k) "License Term" means a term commencing on the Commencement Date and shall expire upon the expiration or earlier termination of the Lease Term, unless sooner terminated pursuant to the provisions of this Exhibit.
- l) "Normal Business Hours" for the Building means 8:30 a.m. to 5:00 p.m. Mondays through Fridays, exclusive of normal business holidays.
- m) "Pathway" means a riser, raceway, or other vertical and/or horizontal space or pathway within the Building of no more than four inches in

diameter (unless a greater size is approved in writing by Landlord) used for routing telecommunications cables and ancillary equipment from Tenant's point of presence in the Building which has been designated by Landlord. The precise location of the Pathways applicable to this Telecommunications License will be designated by Landlord and the Telecommunications Equipment (as defined herein) will be installed only as designated by Landlord.

- n) "Pathway Fee" means the sum calculated for all installed Cable or Conduit from Tenant's point of presence to other locations or customers in the Building at the rates identified in Schedule 1 per month.
- o) "Service Fee" means the sum calculated for all installed services from the Licensee's point of presence to other locations or customers in the Building at the rates identified in Schedule 2 per month during each month of the License Term.
- p) "Tank" means the \_\_\_\_\_ gallon fossil fuel tank and associated transfer pumps, to be installed by Tenant at the location designated by Landlord. The Tank must have self-contained spill control features, be installed in a secure and safe location above ground, and must conform to all Legal Requirements (defined in Paragraph 15 below) concerning tank tightness, spill control and monitoring features.
- q) "Telecommunications Equipment" means the Cable, Conduit, junction boxes, hangers, pull boxes, grounding wiring, and related equipment used in the normal course of Tenant's business, which will be installed by Tenant, after approval by Landlord, into the designated Service Areas and Pathways to be used by Tenant, pursuant to the terms of this License.
- r) "Tenant Equipment" means, individually, or collectively, as applicable, the Antenna Equipment, the Cooling Equipment, the Generator, the Telecommunications Equipment, and the Tank.
- s) "Tenant Equipment Areas" means, individually or collectively, as applicable, the Pathways, Service Areas, and sites for the location of the Antenna Equipment, the Generator, the Cooling Equipment, and the Telecommunications Equipment designated by Landlord under this Exhibit. The designated Service Areas and Pathways may also be used by Landlord and others, and Landlord's designation of these areas does not confer an exclusive right for Tenant to use those areas.

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2. GRANT OF LICENSE. Subject to and upon the terms set forth in this

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Exhibit, Landlord grants the following licenses to Tenant:

a) TELECOMMUNICATIONS LICENSE. A license to use the Pathways,

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designated by Landlord and to install Cable in those designated Pathways which connects to various tenants of the Building on a non-exclusive basis ("Telecommunications License"). Landlord specifically reserves the right to contract with competitors of Tenant

E-8

for the same or similar services in the Building and acknowledges that Landlord has entered into other such contracts prior to the date of this Telecommunications License. Landlord shall have no obligation to assist Tenant in marketing its equipment and/or services in the Building or to any other property owned by Landlord. In addition, Tenant shall have the right to install and use four (4) four-inch (4") conduits at no charge in the Pathways, in a location determined by Landlord and reasonably acceptable to Tenant, for the exclusive use of Tenant's telecommunication cabling to connect from a minimum point of entry into the Building to the Premises.

b) ANTENNA LICENSE. A license to install, operate, maintain, and

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repair the Antenna Equipment located at a location designated by Landlord. The size of the pad shall not exceed 36' X 36', and the location, and manner of installation of the Antenna Equipment shall be determined at Landlord's sole discretion, which discretion will take into consideration (a) the functional requirements of the Antenna Equipment and any other satellite antenna dishes located on the roof of the Building; (b) standards of architectural integrity with respect to the Building (and, in that regard, the Antenna Equipment shall be located so as to not be visible except from above the Building, shall match the Building colors, and shall have no visible marking or logo). Tenant shall be permitted to install and test the equipment from and after the Commencement Date and prior to the Rent Commencement Date, subject to the terms hereof except that the obligation to pay the Antenna License Fee will not commence until the Rent Commencement Date. With respect to the installation of the Antenna Equipment, the Antenna Equipment shall not be affixed by nail, bolt, screw or other device which penetrates the roof of the Building; and all wiring penetrations shall be subject to Landlord's prior approval and shall be made by Landlord's roofing contractor at Tenant's sole cost and expense. Notwithstanding anything to the contrary in this Paragraph, Landlord shall reserve, for the use of Tenant, space for two (2) four-inch (4") conduits

or cabling from the Leased Premises to the roof of the Building at no charge to Tenant.

c) GENERATOR LICENSE. A license to install, operate, maintain, and

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repair the Generators and the tanks at such location on the Property as is approved in writing by Landlord ("Generator License"). The Generator License includes the right for Tenant (i) to use such locations on the Property as are approved in writing by Landlord in order for Tenant to install the Generators cabling to, and core drilling of, the Building core structural wall (it being acknowledged that Landlord has made no representation to Tenant that Tenant will be able to utilize any existing utility easements in this regard), and (ii) to use such Pathways as are approved in writing by Landlord in order for Tenant to install its Generators cabling from the points of entry at the Building core structural wall to the Leased Premises.

d) COOLING EQUIPMENT LICENSE. A license to install, operate,

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maintain, repair, and replace the Cooling Equipment in an area outside the Building as outlined on the site plan attached hereto as Schedule 5. The

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size, location, and manner of installation of the Cooling Equipment shall be approved by Landlord as a part of the approval of the Plans and Specifications pursuant to the Work Letter attached as Exhibit H to this Lease, which approval will take into consideration the functional requirements of the Cooling Equipment and of any other equipment located in the vicinity of the Cooling Equipment and shall be subject to standards of structural and architectural integrity with respect to the Building. In that regard, the Cooling Equipment shall be

E-9

located so as not to be visible from any public approach to the Building. The area to be covered by the Cooling Equipment, including necessary walkways and required air space, shall not exceed \_\_\_\_\_ square feet. Because of existing rights granted to other tenants and the location of the Service Areas within the Building, Tenant acknowledges that the most efficient, direct, or cost effective route for such Cooling Equipment may not be available.

For purposes hereof, the Telecommunications License, the Antenna License, the Generator License and the Cooling Equipment License will sometimes be collectively referred to as the "License" in this Exhibit.

3. LICENSE TERM. This License shall be in effect during the License

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Term. However, Tenant shall have the right to use and occupy the Tenant Equipment Areas as provided hereunder from and after the Commencement Date for the purpose of installing the Tenant Equipment. If any Tenant Equipment Areas are not available due to the omission, delay or default of Tenant, or anyone acting under or for Tenant, the obligations of Tenant under this Exhibit, including, without limitation, the obligation to pay License Fees shall nonetheless commence as of the Commencement Date. Prior to the expiration or earlier termination of this License, unless Landlord otherwise agrees in writing at the time of Landlord's giving of its approval for Tenant's installation or thereafter during the Term, Tenant shall remove all of Tenant's Equipment that can be removed without causing any material damage to the Building and shall surrender and deliver the Tenant Equipment Areas to Landlord in the same condition in which they existed at the Commencement Date, excepting only ordinary wear and tear and damage arising from any cause not required to be repaired by Tenant. In the event that Tenant fails to comply with the terms of this Paragraph 3, (i) all such Tenant's Equipment remaining within the Property may, at Landlord's option, become the sole property of Landlord or (ii) Landlord may, if it so elects, perform any act which Tenant is required to perform and/or remove the Tenant's Equipment and other property at Tenant's cost, and Tenant shall pay Landlord promptly all costs incurred in removing said property within ten (10) Working Days of demand.

4. USE. The Tenant Equipment Areas shall be used solely for the

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installation, operation and maintenance of the Tenant Equipment and for no other purpose whatsoever. Any use of the Tenant Equipment Areas for any other purpose or any attempt by Tenant to allow the use or occupation of the Tenant Equipment Areas by anyone other than Tenant shall, unless otherwise agreed to by Landlord in writing shall be a default; and Landlord shall have the right to immediately terminate this License unless such default is not cured within five (5) Working Days after notice thereof. Tenant shall not use or permit the use of the Tenant Equipment Areas for any purpose which is illegal, dangerous to life, limb or property, or which, in Landlord's reasonable opinion, creates a nuisance or which would increase the cost of insurance coverage with respect to the Building. In particular, no semiconductors or other electronic equipment containing polychlorinated biphenyls (PCB's) or other environmentally hazardous materials will either be used or stored in or around the Tenant Equipment Areas except as otherwise specifically provided in this Paragraph; and no such

materials will be used in any of the Tenant Equipment installed by Tenant in the Tenant Equipment Areas. Notwithstanding the foregoing, Tenant may use and store fossil fuels for its Generators and batteries for its emergency electrical backup systems in its Premises, so long as Tenant does so in compliance with all applicable Legal Requirements. Tenant will not permit unauthorized persons or persons with insufficient

E-10

expertise or experience to enter Service Areas to maintain or operate the Tenant Equipment. Tenant understands that the mechanical rooms within these Service Areas must be kept locked and secure at all times must not be available or open to the public. Landlord may, at Landlord's discretion, authorize other licensees and tenants of the Building to use portions of the designated Pathways or Service Areas, or to use portions of other Pathway or Service Areas in the Building, whether for the installation of telecommunications equipment or otherwise, so long as such uses would not require Tenant to remove its previously installed Cable from the designated Pathways or Telecommunications Equipment from the designated Service Area. Tenant acknowledges that interruptions in utility services are not uncommon in facilities such as the Building and that any sensitive electronic equipment which may be used in the Building should be protected by Tenant from utility service interruptions by the use of backup power supplies, surge protectors, and other appropriate safety systems.

5. INSTALLATION. The point of presence and network interface will be in

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accordance with the rules and regulations established by the Public Utility Commission or other governmental authority with jurisdiction over such matters in the State of Texas. The installation of the Tenant Equipment in the Tenant Equipment Area) shall be at the sole cost and expense of Tenant. All Tenant Equipment will be installed in a good and workmanlike manner, and the installation must be approved by Landlord's technical representative prior to the commencement of use of any Tenant Equipment by Tenant.

6. LICENSE FEE PAYMENT.

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a) The License Fees for each calendar month or portion thereof during the License Term shall be due and payable in advance on the first day of each month during the License Term without any setoff or deduction whatsoever; and Tenant shall pay the License Fees monthly, in advance, on or before the first day of each calendar month, and without demand. All installments of the License Fees which are not paid within five (5) Working Days of the date when due will bear interest, and if not paid within five (5) Working Days' notice thereof shall be subject to a late charge of five percent (5%) of the amount then due, and be subject to the provisions of Section 8.1 of the Lease.

b) In addition to the License Fees, Tenant shall pay Landlord if, and when due, any sales, use or other taxes or assessments which are assessed or due by reason of this License hereunder.

c) Upon each anniversary date of the Commencement Date, including any renewal term, the License Fees payable by Tenant shall increase as follows and using the following definitions:

i) "Consumer Price Index" - The monthly indexes of the National Consumer Price Index for All Urban Consumers (CPI-U) - All Items, issued by the Bureau of Labor Statistics.

ii) "Base Price Index Number" - The Consumer Price Index as of December of the year in which the Commencement Date occurs.

E-11

iii) "Current Index Number" - The Consumer Price Index as of December of the year in which the calculations are being done.

iv) If the Current Index Number is greater than the Base Price Index Number, then the "Percentage of Increase" shall be calculated as follows:

$$\frac{(\text{Current Index Number} - \text{Base Price Index Number})}{\text{Base Price Index}} = \text{Percentage of Increase}$$

This Percentage of Increase shall be multiplied by the License Fees defined above to obtain the new rate to go into effect on each anniversary of the Commencement Date of this License. This Percentage of Increase applies to License Fees only and does not apply to any charges in the Base Rent.

d) Tenant shall keep an accurate set of books and records of all installed service from and business conducted by Tenant in the Building, and all supporting records such as book orders, and other

records which are necessary to verify and substantiate the amount of Tenant's Pathway Fee and Service Fee, at Tenant's business office located in the Premises. All such books and records shall be retained and preserved for at least twenty-four (24) months after the end of the calendar year to which they relate and shall be subject to inspection and audit by Landlord and its agents at all reasonable times. The acceptance by Landlord of any payment of any License Fees shall be without prejudice to Landlord's right to examination of Tenant's books and records in order to verify the computation of the Service Fee or the Pathway Fee provided by Tenant. In the event Landlord is not satisfied with any monthly statement or annual statement submitted by Tenant, Landlord shall have the right to have its auditors make a special audit of all books and records, where-ever located, pertaining to sales made in or from the Building during the period in question. If such statements are found to be incorrect to an extent of more than two percent (2%) over the figure submitted by Tenant, Tenant shall pay for such audit. Tenant shall promptly pay to Landlord any deficiency or Landlord shall promptly credit to Tenant any overpayment, as the case may be, which is established by such audit.

7. CONDITION OF THE TENANT EQUIPMENT AREA. Tenant accepts the Tenant

Equipment Area "as is" without benefit of any improvements to be constructed or made by Landlord.

8. MAINTENANCE AND REPAIR BY LANDLORD. Landlord shall maintain and

repair the Pathways, the exterior and load-bearing walls of the Building, floors of the mechanical rooms (but not floor coverings), and the roof of the Building, which may be required from time to time, but only after such required repairs have been requested by Tenant in writing. In no event shall Landlord be responsible for the maintenance or repair of improvements which are not composed of Building Grade materials.

9. SERVICE AREA AND ROOF ACCESS. Except in the case of an emergency,

Tenant shall not enter or attempt access to any of the Service Areas (including air, electrical, mechanical or telecommunications risers, ducts, closets, conduits, duct work, rooms or other

E-12

horizontal or vertical spaces in the Building) or attempt to obtain access to the roof of the Building without notifying Landlord in writing at least two (2) days in advance. In the case of an emergency, Tenant may enter or seek access to the roof of the Building or to the Pathways through the Service Areas provided Tenant gives Landlord at least two (2) hours prior notice and provided that a Building security guard must unlock such Service Area or access door to the roof. If Landlord is also experiencing an emergency situation in the Building at the same time that Tenant has notified Landlord of an emergency, Landlord shall have no obligation to first address or respond to Tenant's emergency and shall only be obligated to accommodate Tenant's concerns promptly as time permits thereafter. Tenant also agrees to furnish Landlord, within two (2) Working Days thereafter, a written report explaining all repairs and procedures which were conducted during any such emergency operations, in sufficient detail to permit Landlord's engineers to evaluate same. Any access to the Service Areas or to the roof shall require Tenant to sign in at the security department console, and Tenant shall permit the Landlord's security guard or a representative of Landlord to accompany Tenant during any such work within a Service Area or on the roof, if Landlord so desires. Except in the case of an emergency, no installation, alterations or repairs shall be initiated without first delivering to Landlord's engineers plans and specifications of the proposed changes, in substance and form acceptable to Landlord. As soon as reasonably practicable after the occurrence of an emergency, plans and specification shall be submitted to Landlord for approval with respect to those repairs or replacements. No oral approval of these plans and specifications shall be effective. No electrical grounding shall be permitted to other equipment in the mechanical rooms without Landlord's specific written approval of the method and location of such grounding. No monitoring or inspection of Tenant's work by Landlord's representatives shall be deemed supervision of Tenant's employees or shall be deemed to be a representation or warranty of any particular level of telecommunications expertise attained by Landlord's representative. Tenant shall monitor and supervise its own employees and shall assume responsibility for the expertise and quality of its work and shall not rely upon Landlord for same.

10. NO ACCESS TO OTHER TENANTS' PREMISES. Tenant acknowledges that

nothing in this License entitles it to enter and connect the Tenant Equipment to any tenant's premises in the Building without the prior written consent of Landlord. Tenant also acknowledges that it has been informed that telecommunications connections to individual tenant's premises in the Building will normally require removal of ceiling panels, at each tenant's expense, with such removal operations only being performable by Landlord's agents or employees.

11. LICENSES AND PERMITS. Prior to commencing any work in the Tenant

Equipment Area, Tenant shall obtain all necessary licenses, permits and consents related to such installation activities and to the operation and use of the Tenant Equipment and provide copies of same to Landlord. Landlord shall have the right to monitor all such work, at its own expense.

12. COSTS. Tenant shall be responsible for any and all cost, damage or

expense arising from the installation, maintenance, repair or operation of the Tenant Equipment, including, without limitation, any and all cost, damage or expense to the Building or the property of Landlord or other licensees or tenants of the Building arising from such installation, maintenance, repair, or operations. Tenant will make any and all repairs necessary in a timely manner. If Tenant does not make required repairs to Landlord's satisfaction within twenty-four

E-13

(24) hours of notification from Landlord that said repairs are necessary within a tenant's space or within ten (10) days of notification from Landlord that said repairs are necessary pursuant to Paragraph 13 of this Exhibit then Landlord will have the right but not the obligation to perform any such repairs at Tenant's sole cost and expense. Tenant shall on demand pay to Landlord as additional License Fees (i) the cost of such work plus fifteen percent (15%) thereof as administrative costs; plus (ii) interest thereon at the rate of 12% per annum from the date of demand.

13. MAINTENANCE, REPAIRS, AND ALTERATIONS BY TENANT. Tenant shall not

commit any waste or allow any waste to be committed within or on any portion of the Tenant Equipment Areas or in any Service Area and will maintain Tenant's installations in the Tenant Equipment Areas in a clean, attractive condition and in good repair. Tenant will remove all excess cable, tools, and equipment and will keep all areas neat and clean at all times. Provided Tenant fails to do so after ten (10) Working Days notice given by Landlord to Tenant, Landlord shall have the right, at its option, but at Tenant's cost and expense, to repair or replace any damage done to the Building, or any part thereof, caused by Tenant (or by any contractor, agent, or employee of Tenant); and Tenant shall pay the reasonable cost thereof (net of any applicable insurance proceeds) to Landlord within ten (10) Working Days of demand as additional License Fees. Tenant shall not make or allow any alterations to such Tenant Equipment Areas materially affecting mechanical, electrical, plumbing, or other basic systems within the Building, its structure, or its operations without the prior written consent of Landlord. Tenant shall not place signs on any of the doors or corridors leading to the Tenant Equipment Areas, without first obtaining the prior written consent of Landlord in each such instance, which consent may be given or arbitrarily withheld on such conditions as Landlord may elect. Landlord shall have the right, at its option, at Tenant's own cost and expense, to remove any signs placed by Tenant without Landlord's prior written consent, and to repair any damage caused by the such signs. Except as provided in Section 5.4 of this Lease with respect to Tenant's Trade Fixtures, any and all alterations to the Tenant Equipment Areas shall become the property of Landlord upon termination of this License.

14. USE OF ELECTRICAL SERVICES BY TENANT. All electrical usage associated

with the Tenant Equipment will be governed by the provisions of Section 2.5 of the Lease.

15. LAWS, REGULATIONS, AND INTERFERENCE. Tenant, at Tenant's sole cost,

shall (a) comply with all Legal Requirements and Insurance Requirements applicable to Tenant's use and occupancy of the Building (including, without limitation, the installation, maintenance, repair, or operation of Tenant Equipment), and (b) take all measures necessary to assure that the Tenant Equipment strictly complies with all applicable Legal Requirements and Insurance Requirements. Tenant shall also pay promptly when due all royalties or other fees due in connection with the operation of the Tenant Equipment. In the event compliance with this paragraph shall require modifications or alterations of the Tenant Equipment or the Tenant Equipment Areas, no modification or alteration shall be made without Landlord's prior written consent, which consent may be withheld in Landlord's sole judgment or granted on such terms and conditions as Landlord may determine in its sole judgment. Tenant shall take all measures necessary to assure that the Tenant Equipment does not interfere with or disturb the operation of any other equipment or business of Landlord or of any other licensee, tenant, or occupant of the

E-14

Building. Tenant shall modify the Tenant Equipment or relocate the Tenant Equipment to another area approved by Landlord in the event that the Tenant Equipment, in Landlord's sole judgment, causes any interference with or disturbs the operation of any other equipment or business of Landlord or of any other

occupants or licensees of the Building or creates or results in any unreasonable noise, odor, or nuisance to any other occupants of the Building, or areas adjacent to the Building. Tenant must immediately shut off the relevant Tenant Equipment upon notification of interference with other installations or activities and may restart, modify, or relocate that Tenant Equipment to test for interference only with Landlord's permission. "Insurance Requirements" means all terms and any insurance policy obtained by Landlord or Tenant covering or applicable to the Property, the Leased Premises, or the Tenant Equipment Area, all requirements for the issuing of each such insurance policy; and all orders, rules, regulations, and other requirements of the National Board of Fire Underwriters (or any other bodies exercising any similar functions) which are applicable to the Building, the Property or any use or condition of the Building or the Property. "Legal Requirements" shall mean all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, and requirements of all governmental authorities foreseen or unforeseen which now or at any time hereafter may be applicable to the Building or the Property, including, without limitation, the Americans with Disabilities Act, all federal, state, and local laws regulations and ordinances pertaining to air and water quality, hazardous materials, waste disposal, and other environmental matters, and all laws, codes, and regulations pertaining to zoning, land use, health, or safety.

16. SITE TECHNICAL STANDARDS. Tenant will strictly comply with the Site  
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Technical Standards (Schedule 4) as adopted and altered by Landlord from time to  
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time and will cause all of the Tenant Related Parties to do so. All changes to such standards will be sent by Landlord to Tenant in writing. "Tenant Related Party" means Tenant's officers, partners, employees, agents, contractors, licensees, concessionaires, customers, and invitees.

17. ENTRY BY LANDLORD. Landlord and the Landlord-Related Parties shall  
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have access to the Tenant Equipment Areas at all times to inspect the same, clean the same, or make repairs, alterations or additions thereto and Tenant shall not be entitled to any abatement or reduction of License Fee by reason of any such entry. [However, Landlord will use reasonable efforts to protect the Tenant Equipment from damage or injury during any such entry.]

18. INDEMNIFICATION. Intentionally deleted.  
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19. DAMAGE. Landlord shall not be liable to Tenant for any loss or damage  
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to all or any part of the Tenant Equipment occasioned by theft, fire, act of God, public enemy, injunction, riot, vandalism, malicious mischief, earthquake, flood, strike, insurrection, war, court order, requisition, or order of governmental body or authority, or by any other cause beyond the control of the Landlord whatsoever. Nor shall Landlord be liable for any damage or inconvenience which may arise through the repair or alteration of any part of the Building.

20. INSURANCE. In addition to the insurance obligations of Tenant under  
-----  
the Lease, Tenant shall maintain a policy or policies of fire and extended coverage insurance on the Tenant Equipment, in such amounts as Tenant may deem appropriate;

E-15

21. TRANSFERS BY TENANT. Except in connection with the transfer of the  
-----  
Lease to an Affiliate as provided in Section 5.4 of the Lease, Tenant shall not assign, convey, mortgage, pledge, hypothecate, encumber, or otherwise transfer any license or grant any license, concession, or other right with respect to the License without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion; and the License shall, at Landlord's sole option, terminate upon the occurrence of any attempted transfer of the License or the Lease or upon a subletting of the Premises except in connection with a transfer of the Lease to an Affiliate as provided for in the Lease.

22. DEFAULT BY TENANT. In addition to provisions of Article 8 of the  
-----  
Lease, Tenant shall be deemed to be in default with respect to the License in the event that (a) Tenant shall fail to pay the License Fees within ten (10) days after Tenant's receipt of Landlord's written notice of such failure to pay; provided Landlord shall be required to give such notice only twice in any twelve (12) month period and thereafter Tenant shall be in default if any such payment is not received when due and without notice, or (b) Tenant shall fail to maintain the Tenant Equipment in good order and repair and in a safe condition as provided in this Exhibit and shall fail to remedy that condition within [(i)] twenty-four (24) hours after notice from Landlord [if such failure has an adverse effect on Landlord or other tenants of the Building or creates a possibility of immediate harm to person or property or (ii) thirty (30) days

after notice from Landlord in all other circumstances], or (c) Tenant shall fail to maintain all necessary licenses and permits with respect to the operation of the Tenant Equipment. Upon a default by Tenant with respect to the License, Landlord may, at Landlord's sole election, pursue the remedies granted to Landlord for default under the Lease or, in the alternative, terminate any License granted hereunder without terminating the Lease or terminating Tenant's right to possession of the Leased Premises under the Lease.

23. SURVIVAL. Certain provisions of this Exhibit relate to the rights and  
-----

obligations of Landlord and Tenant subsequent to the termination or expiration of the Lease Term. Such provisions include, without limitation, the restoration obligations of Tenant under Paragraph 13 hereof and the indemnification obligations of Tenant under Paragraph 19 hereof. Such provisions shall survive the expiration or other termination of the Lease Term and the License granted to Tenant hereunder.

E-16

SCHEDULE "1"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

PRICING SCHEDULE  
-----

Any conduits allowed by Landlord in addition to Paragraph 2.a. shall be at a  
rate of \$250.00 per diameter inch per month.

S-1

SCHEDULE "2"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

SERVICE FEES  
-----

The Service Fee is intentionally deleted

S-2

SCHEDULE "3"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

LIST OF TENANTS TO WHOM LICENSEE MAY PROVIDE SERVICES  
=====

AS MAY BE AMENDED FROM TIME TO TIME

MFS Intelenet of Texas (Worldcom)  
Allegiance Telecom  
IXC  
Splitrock Communications  
RSL  
Communications  
ENRON Communications  
Time Warner Communications  
MetroFiber Networks  
Prism Communications  
Logix  
Focal Communications  
Telegent  
Wynstar  
Verio, Inc.  
Kintetsu Global  
The Planet  
Leasenet  
Nextlink One  
Nextlink Texas  
American Telesource  
Unicomp  
Level 3

S-3

SCHEDULE "4"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

TELECOMMUNICATIONS EQUIPMENT SYSTEMS DIAGRAM  
=====

This schematic describes the telecommunications equipment systems to be  
installed for the limited purpose of the license described herein.

S-4

SCHEDULE "5"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

LOCATION OF COOLING EQUIPMENT  
=====

S-5

SCHEDULE "6"  
-----

To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

SITE TECHNICAL STANDARDS  
=====

1. The fiber transmission cables and all copper telephone cables must be Teflon (or of City approved fire retardant material) jacketed type cable, and secured by either stainless steel clamps or approved equal when not run in EMT type conduit. Excess transmission line must be removed.
2. Each fiber or copper telephone line or conduit shall be identified with stainless steel tags that identifies the user/Licensee: (1) at the equipment cabinet; (2) at each side of horizontal/vertical penetration (3) as the line traverses the Building at a minimum of 72' intervals, coincident with column lines, and (4) at the termination point(s).
3. The location and installation of all equipment and conduit will be designated by the site coordinator. These locations will be shown on the License. Changes must be approved in writing by the site coordinator. Any conduit or cable failing to meet the above standards will be immediately removed from the Building at Licensee's expense. In the event Licensee fails to promptly remove any such conduit or cable, Licenser may do so at Licensee's expense.
4. On a 24-hour notice, the Site Equipment will be made available for inspection by the site coordinator to assure compliance with the above standards.
5. The following information is essential for site coordination and must be provided. Any and all changes must have prior approval and be reported to the site coordinator.
  - a) Manufacturer and model number of all end equipment.
  - b) Type and length of all cable and lines.
  - c) The name, address and telephone number of the person or group directly responsible for the day-to-day maintenance.
  - d) The name, address and telephone number of the person or group directly responsible for the License Agreement.

S-6

SCHEDULE "7"  
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To Exhibit D to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP,  
as Landlord and EQUINIX, INC., as Tenant

LOCATION OF GENERATOR AND TANK  
=====

S-7

EXHIBIT "E"  
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RENEWAL OPTIONS  
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This Exhibit "E" describes the renewal option described below, which is being granted upon the following terms and conditions:

1. DEFINED TERMS. For purposes of this Exhibit "E", all terms defined in this  
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Lease (including other exhibits to this Lease) will be used in this Exhibit without further definition. In addition, when delineated with initial capital letters, the following terms shall have the following respective meanings:

- (a) "Renewal Date" shall mean the first day next following the expiration date of the Lease Term.
- (b) "Renewal Term" shall mean a period commencing on the Renewal Date and continuing for sixty (60) full calendar months.
- (c) "Prevailing Market Rate" shall mean the rate of base rental rate being charged by Landlord to new tenants having a financial condition comparable to that of Tenant for comparable space within the Building for a comparable term as of the date of Tenant's exercise of the Option. For purposes of this Exhibit, the phrase "new tenants" shall mean (i) tenants who executed comparable leases within six (6) months prior to Tenant's exercise of the applicable Option or (ii) if no comparable lease exists within that six (6) month period, tenants who have executed comparable leases within twelve (12) months prior to Tenant's exercise of that Option. Landlord shall notify Tenant of the then prevailing market rate ("Rate Notice") promptly after Tenant's exercise of the Option; and if such rate is not acceptable to Tenant, then Tenant has the right to rescind its exercise of the Option by providing a written revocation notice to Landlord within ten (10) days of Tenant's receipt of Landlord's Rate Notice. In such case Tenant will have no further right to renew this Lease under Exhibit "E".

2. GRANT OF OPTION. Tenant shall have the following options ("Options") to  
-----

renew this Lease:

- (a) Tenant may, by notifying Landlord of its election in writing at least six (6) full calendar months prior to the end of the Lease Term, renew this Lease for the first (1/st/) Renewal Term. Such renewal shall be on all of the terms and conditions of this Lease which are not inconsistent with the terms of this Exhibit.
- (b) The Base Rental payable beginning on the first (1/st/) Renewal Date and continuing for sixty (60) months thereafter shall be at the prevailing market rate.

S-8

- (c) If Tenant exercises its option to renew this Lease for the first (1/st/) Renewal Term, then Tenant may, by notifying Landlord of its election in writing at least six (6) full calendar months prior to the end of the first (1/st/) Renewal Term, renew this Lease for the second (2/nd/) Renewal Term. Such renewal shall be on all of the terms and conditions of this Lease which are not inconsistent with the terms of this Exhibit, except that no renewal option shall exist during the second (2/nd/) Renewal Term.

- (d) The Base Rental payable beginning on the second (2/nd/) Renewal Date and continuing for sixty (60) months thereafter shall be at the prevailing market rate.

3. GENERAL PROVISIONS. Tenant's failure to notify Landlord of Tenant's  
-----

election to exercise the Option in the manner and within the specified time limit, shall constitute an irrevocable waiver of such Option. Tenant's failure to provide Landlord with a revocation notice in the manner and within the specified time limit shall be an irrevocable waiver of Tenant's revocation option. Notwithstanding the foregoing, the Option shall not be applicable at any time when there is an uncured event of default under the Lease. In addition, the Option shall automatically terminate upon the termination of the Lease Term, whether by Landlord upon the occurrence of an event of default or otherwise or, at the option of Landlord, in its sole discretion, upon the assignment, subletting, or other transfer by Tenant, whether or not with the approval of Landlord, to any person or entity other than to an Affiliate allowed by the provisions of this Lease.

-----  
INITIALS

EXHIBIT "F"  
-----

To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord  
and EQUINIX, INC., as Tenant

SUBORDINATION, ATTORNMENT AND  
NON-DISTURBANCE AGREEMENT

This SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT (this  
"Agreement"), is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999, between GERMAN  
-----  
AMERICAN CAPITAL CORPORATION and its successors and assigns ("Beneficiary"),  
-----  
[LANDLORD] ("Landlord") and [TENANT] ("Tenant").  
-----

WHEREAS, Beneficiary has agreed to make a loan to Landlord to be  
secured by a Deed of Trust, Security Agreement, Financing Statement, Fixture  
Filing and Assignment of Leases, Rents and Security Deposits (together with any  
UCC-1 Financing Statements in connection therewith, the "Mortgage"), as well as  
-----  
by a separate Assignment of Leases, Rents and Security Deposits (the  
"Assignment"; the Assignment and the Mortgage, as the same may hereafter be  
-----  
amended, modified, extended, consolidated, severed, spread, increased, replaced  
or supplemented, are collectively referred to as the "Security Documents")  
-----  
covering Landlord's interest in certain real and personal property located in  
Dallas, Texas and more particularly described in Exhibit A hereto (the  
"Property"); and  
-----

WHEREAS, Tenant has entered into a certain lease, as the same may have  
been amended, modified or supplemented (the "Lease") dated \_\_\_\_\_,  
-----  
19\_\_, with Landlord (or its predecessor), covering a certain portion of the  
Property (the "Premises"); and  
-----

WHEREAS, Beneficiary, Landlord and Tenant desire to confirm their  
understanding, with respect to the Lease, the Mortgage and the Assignment;

NOW, THEREFORE, in consideration of the promises set forth herein, and  
other good and valuable consideration, the receipt and sufficiency of which are  
hereby acknowledged, the parties hereby agree as follows:

1. Subordination. Subject to the provisions hereof, Tenant agrees  
-----

that the Lease, as it may hereafter be amended from time to time, shall in all  
respects be, and is hereby expressly made, subject and subordinate at all times  
to the lien of the Security Documents and to all of the terms, conditions and  
provisions thereof and to all advances and/or payments made or to be made  
thereunder, as the same may hereafter be amended from time to time. Nothing  
contained in this Agreement shall in any way impair or affect the lien created  
by the Security Documents.

2. Attornment.  
-----

(a) In the event that Beneficiary acquires or succeeds to the  
interests of Landlord under the Lease by reason of a foreclosure, deed-in-lieu  
of foreclosure or otherwise (collectively, a "Foreclosure"), Tenant shall be  
-----  
bound to Beneficiary under all of the terms, covenants and conditions of the  
Lease, except as provided in this Agreement, for the balance of

the term thereof remaining, with the same force and effect as if Beneficiary  
were Landlord. Tenant hereby agrees in such event to (i) attorn to Beneficiary  
as its landlord on such terms, (ii) affirm its obligations under the Lease, and  
(iii) make payments of all sums thereafter becoming due under the Lease to  
Beneficiary. Said attornment, affirmation and agreement is to be effective and  
self-operative without the execution of any further instruments upon Beneficiary  
succeeding to the interests of Landlord under the Lease.

(b) Tenant agrees to execute and deliver at any time and from  
time to time, upon the request of Landlord or Beneficiary, any instrument or

certificate deemed to be necessary or appropriate to evidence such attornment.

(c) If any act or omission of Landlord would give Tenant the right, immediately or after the lapse of a period of time, to cancel or terminate the Lease or abate the rent payable thereunder or to claim a partial or total eviction, Tenant shall not exercise such right until (i) it has given written notice of such act or omission to Landlord and Beneficiary, (ii) Landlord fails to remedy such act or omission within the applicable time period stated in the Lease for effecting such remedy and (iii) a reasonable period for remedying such act or omission shall have elapsed following the failure of Landlord to effect such remedy and following the time when Beneficiary shall have become entitled under the Mortgage to remedy the same (which reasonable period shall in no event be less than the period to which Landlord is entitled under the Lease or otherwise, after similar notice, to effect such remedy, plus two additional weeks). In the case of an act or omission which Beneficiary undertakes to remedy but which cannot practicably be remedied by Beneficiary without taking possession of the Premises [and provided that Beneficiary notifies Tenant in writing that Beneficiary will in fact cure that default as soon as reasonably practicable after Beneficiary has taken possession, then] (i) such reasonable period shall not commence until Beneficiary has possession of the Premises and (ii) Beneficiary shall proceed with reasonable diligence to obtain possession of the Premises, and upon obtaining such possession shall with reasonable diligence remedy such act or omission.

(d) From and after such attornment, Beneficiary shall be bound to Tenant under all the terms, covenants and conditions of the Lease; provided, however, Beneficiary shall not be:

(1) obligated to cure any defaults under the Lease of any prior landlord (including Landlord) which occurred prior to the date Beneficiary obtained title to or possession of the Property;

(2) liable for any act or omission of any prior landlord (including Landlord) which occurred prior to the date Beneficiary obtained title or possession of the Property;

(3) obligated to fund any security deposit unless actually received by Beneficiary;

(4) bound by any amendment, modification or termination of the Lease unless such amendment, modification or termination was consented to in writing by Beneficiary;

S-11

(5) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord); or

(6) bound by any base rental or additional rental or advance payment of rent which Tenant paid for more than the current month to any prior landlord (including Landlord).

(e) Anything herein or in the Lease to the contrary notwithstanding, in the event that Beneficiary shall acquire title to the Premises by reason of a Foreclosure, Beneficiary shall have no obligation, nor incur any liability, beyond Beneficiary's then interest, if any, in the Property (including any title and casualty insurance proceeds and condemnation awards actually paid to Beneficiary), and Tenant shall look exclusively to such interest of Beneficiary in the Property for the payment and discharge of any obligations which may be imposed upon Beneficiary hereunder or under the Lease.

3. Non-Disturbance. Provided Tenant is not in default under the terms of the Lease and complies with this Agreement, Beneficiary agrees that in the event Beneficiary acquires title to the Property by reason of a Foreclosure, Tenant's possession and occupancy of the Premises and Tenant's rights and privileges under the Lease during the term thereof (including any renewal term) shall not be disturbed, subject to limitations or conditions set forth in this Agreement and Beneficiary shall recognize the Lease and Tenant's rights hereunder. Subject to the limitations and conditions contained herein, Beneficiary upon Foreclosure shall be deemed to be Landlord and shall assume the obligations of Landlord under the Lease thereafter arising or accruing.

4. Notices.  
-----

(a) All notices, demands and requests (collectively the "Notices") required or permitted to be given under this Agreement must be in writing and shall be deemed to have been given if personally delivered or delivered by reliable overnight courier or mailed by certified mail, return receipt requested, postage prepaid and shall be deemed delivered as of the date of such Notice if (i) delivered to the party intended; (ii) delivered to the then current address of the party intended, or (iii) rejected at the then current address of the party intended, provided such Notice was sent prepaid. The addresses of the parties are:

If to Beneficiary: German American Capital Corporation  
31 West 52nd Street  
New York, New York 10019 [ ]  
Attention: General Counsel

If to Tenant: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
S-12

If to Landlord: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Upon at least ten (10) days prior written Notice, each party shall have the right to change its address to any other address within the United States of America.

5. Miscellaneous. This Agreement (i) contains the entire agreement with respect to the subject matter hereof; (ii) may not be modified or terminated, nor may any provision hereof be waived, orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors, administrators and assigns; and (iii) shall inure to the benefit of, and be binding upon, the parties hereto, and their successors and assigns (including, without limitation, (a) Tenant's permitted assignees and (b) any purchaser of the Property pursuant to a Foreclosure).

6. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

IN WITNESS WHEREOF, Beneficiary, Landlord and Tenant have executed this Agreement effective as of the day and year first above written.

GERMAN AMERICAN CAPITAL CORPORATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_

[TENANT]

By: \_\_\_\_\_  
Its: \_\_\_\_\_

[LANDLORD]

By: \_\_\_\_\_  
Its: \_\_\_\_\_

S-13

EXHIBIT "G"

To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord and EQUINIX, INC., as Tenant

PARKING

This Exhibit "F" describes and specifies Tenant's non-exclusive option, but not the obligation to use non-reserved parking spaces ("Garage Spaces") located inside the Building's exterior card access parking garage ("Parking Garage"), and reserved parking spaces ("Lower Level Spaces") on the lower level of the Building's interior card access parking garage ("Lower Level Garage"). For convenience, the Garage Spaces and the Lower Level Spaces will sometimes be collectively referred to as the "Spaces" in this Exhibit. Landlord reserves the right at Landlord's sole discretion to relocate any of the Spaces. Additionally, spaces in the surface parking lots associated with the Building and located on the Property ("Surface Parking") are provided for the non-exclusive and common use of Landlord, all tenants of the Building, and their respective guests and invitees. Utilization of the Surface Parking is subject to availability (and Landlord shall have no obligation to provide available Surface Parking) and to such rules and regulations as may be promulgated by Landlord from time to time. Use of the Parking Garage, Lower Level Garage and the Surface Parking is subject to the terms and conditions set forth below.

1. DEFINITIONS. Terms which are defined in the Lease will be used without further definition in this Exhibit.

2. GRANT AND RENTAL FEE. Provided no event of default has occurred and is -----  
continuing under the Lease, Tenant shall be permitted non-exclusive use of Spaces in the Parking Garage during the Lease Term for the parking of fifty-three (53) vehicles at such monthly rates and subject to such terms, conditions, and regulations as are, from time to time, promulgated by Landlord and charged or applicable to patrons of said parking Garage for spaces similarly situated within said Parking Garage. The parking rate for each of the Spaces as of the date hereof is \$45.00. Provided no event of default has occurred and is continuing under the Lease, Tenant shall be permitted exclusive use of eighteen (18) reserved Lower Level Spaces in the Lower Level Garage upon availability during the Lease Term at such monthly rates and subject to such terms, conditions, and regulations as are, from time to time, promulgated by Landlord and charged or applicable to patrons of said Lower Level Garage. The parking rate for each of the Lower Level Spaces as of the date hereof is \$60.00 for spaces designated on the attached Schedule 1 "Lower Level Garage Pricing Schedule" as "circle" parking and \$90.00 for spaces designated as "diamond" parking. Tenant shall also have the right to use the Surface Parking, free of charge, during the Lease Term.

3. RISK. All motor vehicles (including all contents thereof) shall be parked ----  
in the Garage Spaces, Lower Level Spaces or in the Surface Parking, as applicable, at the sole risk of Tenant, its employees, agents, invitees and licensees, it being expressly agreed and understood that Landlord has no duty to insure any of said motor vehicles (including the contents thereof), and that Landlord is not responsible for the protection and security of such vehicles. Landlord shall have no liability whatsoever for any property damage

S-14

and/or personal injury which might occur as a result of or in connection with the parking of said motor vehicles in any of the Garage Spaces, Lower Level Spaces or in the Surface Parking, as applicable, and Tenant hereby agrees to indemnify and hold Landlord harmless from and against any and all costs, claims, expenses, and/or causes of action which Landlord may incur in connection with or arising out of Tenant's use of the Garage Spaces, Lower Level Spaces or the Surface Parking pursuant to this Agreement.

4. RULES AND REGULATIONS. In its use of the Garage Spaces, Lower Level Spaces -----  
and the Surface Parking, Tenant shall follow all of the Rules and Regulations of the Building (attached to the Lease as Exhibit "B") applicable thereto, as the same may be amended from time to time. Upon the occurrence of any breach of such rules or default by Tenant under the Lease, Landlord shall be entitled to terminate this Exhibit, in which event Tenant's right to utilize the Garage Spaces, Lower Level Spaces and/or the Surface Parking shall thereupon automatically cease.

5. SECURITY. Landlord shall be entitled to utilize whatever access device -----  
Landlord deems necessary (including but not limited to the issuance of parking stickers or access cards), to insure that only tenants authorized to use spaces in the Parking Garage and Lower Level Garage are using such spaces. In the event Tenant, its agents or employees wrongfully park in any of the Parking Garage's or Lower Level Parking Garage's spaces, Landlord shall be entitled and is hereby authorized to have any such vehicle towed away, at Tenant's sole risk and expense, and Landlord is further authorized to impose upon Tenant a penalty of \$25.00 for each such occurrence. Tenant hereby agrees to pay all amounts falling due hereunder upon demand therefor, and the failure to pay any such amount shall additionally be deemed an event of default under the Lease, entitling Landlord to all of its rights and remedies thereunder.

6. ADDITIONAL SPACES. In the event that Tenant expands the Leased Premises, -----  
Tenant shall be entitled to additional Garage Spaces within the Parking Garage based upon a ratio of one (1) additional Space per additional 1,000 Usable Square Feet incorporated into the Leased Premises and additional Lower Level Spaces within the Lower Level Garage based upon a ratio of one (1) reserved parking space per 3,000 Rentable Square Feet incorporated into the Lease Premises upon availability. Such additional Garage Spaces and Lower Level Spaces shall be subject to such monthly rates, terms, conditions, and regulations as are, from time to time, promulgated by Landlord and charged or applicable to patrons of said Parking Garage or Lower Level Garage for spaces similarly situated within said Parking Garage or Lower Level Garage.

Schedule 1- Lower Level Garage Price Schedule

-----  
INITIALS

Landlord\_\_\_\_\_

Tenant\_\_\_\_\_

SCHEDULE "1"  
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To Exhibit E to Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP.,  
as Landlord and [TENANT NAME], as Tenant

Lower Level Garage Price Schedule  
(For illustrative purposes only)

EXHIBIT "H"  
-----

To Lease Agreement By and Between NEXCOMM ASSET ACQUISITION I, LP, as Landlord  
and EQUINIX, INC., as Tenant

WORK LETTER  
-----

This Work Letter ("Work Letter") describes and specifies the right and obligations of Landlord and Tenant with respect to certain allowances granted to Tenant hereunder and rights and responsibilities of Landlord and Tenant with respect to the design, construction and payment for the completion of Tenant's installation of the Tenant Equipment defined in Exhibit D (the "Improvements") within the Leased Premises, in the Building or on the Property.

1. DEFINITIONS. Terms which are defined in the Lease shall have the  
-----

same meaning in this Work Letter. Additionally, as used in this Work Letter, the following terms (when delineated with initial capital letters) shall have the respective meaning indicated for each as follows:

(a) "Allowance" is intentionally omitted.  
-----

(b) "Basic Construction of the Building" shall mean the  
-----  
structure of the Building as built on the date of this Work Letter.

(c) "Landlord's Architect" shall mean the architect designated  
-----  
by Landlord as its architect, from time to time, to perform the functions of Landlord's Architect hereunder.

(d) "Plans and Specifications" shall mean collectively, the  
-----  
plans, specifications and other information prepared or to be prepared by Tenant's Architect and, where necessary, by Landlord's electrical, mechanical and structural engineers, all at Tenant's expense, which shall detail the Work required by Tenant in the Leased Premises and which shall be approved in writing by both Tenant and Landlord prior to the commencement of such Work.

(e) "Tenant's Architect" shall mean an architect, selected by  
-----  
Tenant, and approved by Landlord in an exercise of reasonable discretion who is an architect licensed to practice in the State of Texas.

(f) "Work" shall mean all materials and labor to be added to the  
-----  
Basic Construction of the Building in order to complete the installation of the Improvements within the Leased Premises, in the Building or on the Property for Tenant in accordance with the Plans and Specifications, including, without limitation any modifications to the Building, any electrical or plumbing work required to meet Tenant's electrical and plumbing requirements, and any special air conditioning work required to be performed in the Leased Premises, in the Building or on the Property.

(g) "Cost of the Work" shall mean the cost of all materials and  
-----  
labor to be added to the Basic Construction of the Building in order to complete the installation of the

Improvements within the Leased Premises, in the Building or on the Property in accordance with the Plans and Specifications.

(h) "Tenant's Costs" shall mean that portion of the Cost of the  
-----  
Work in excess of Allowance.

(i) "Change Costs" shall mean all costs or expenses attributable  
-----  
to any change in the Plans and Specifications which, when added to other costs and expenses incurred in completing the Work, exceed Allowance, including, without limitation, (i) any cost caused by direction of Tenant to omit any item of Work contained in the Plans and Specifications, (ii) any additional architectural or engineering services, (iii) any changes to materials in the process of fabrication, (iv) the cancellation or modification of supply or fabricating contracts, (v) the removal or alteration of any Work or any plans completed or in process, or (vi) delays affecting the schedule of the Work.

(j) "Working Days" shall mean all days of the week other than  
-----  
Saturday, Sunday, and legal holidays.

(k) "Contractor" shall mean the contractor or contractors  
-----  
engaged by Tenant to perform the Work in accordance with the provisions of Section 4.2(b) of the Lease.

2. PROCEDURE AND SCHEDULES FOR THE COMPLETION OF PLANS AND  
-----  
SPECIFICATIONS. The Plans and Specifications shall be completed in accordance  
-----  
with the following procedure and time schedules:v

(a) Design Drawings. Within ninety (90) Working Days from execution  
-----  
of the Lease, Tenant shall submit to Landlord four (4) sets of prints of design drawings, specifying the intended design, character and finishing of the Improvements within the Leased Premises, in the Building or on the Property. Such package shall include separate drawings for signs in accordance with Landlord's sign criteria. The design drawings shall set forth the requirements of Tenant with respect to the installation of the Improvements within the Leased Premises, in the Building or on the Property, and such drawings shall include, without limiting their scope, a Tenant approved space plan, architectural design of the space, including office front, plans, elevations, sections, and renderings indicating materials, color selections and finishes.

(i) After receipt of design drawings, Landlord shall return to Tenant one set of Prints of design drawings with Landlord's suggested modifications and/or approval. If, upon receipt of approved design drawings bearing Landlord's comments, Tenant wishes to take exception thereto, Tenant may do so in writing, by certified mail addressed to Landlord, within five (5) Working Days from the date of receipt of Landlord's comments on the design drawings. Unless such action is taken, Tenant will be deemed to have accepted and approved all of Landlord's comments on the design drawings.

(ii) If design drawings are returned to Tenant with comments, but not bearing approval of Landlord, the design drawings shall be immediately revised by Tenant and resubmitted to Landlord for approval within ten (10) Working Days of their receipt by Tenant.

S-18

(b) Completion of Plans and Specifications. All Plans and  
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Specifications shall be prepared in strict compliance with applicable Building standards and requirements, this Work Letter and otherwise, and shall also adhere to the design drawings approved by Landlord. In order to assure the compatibility of Tenant's electrical and mechanical systems and the compatibility of Tenant's structural requirements with the existing Building and in order to expedite the preparation of Tenant's electrical, mechanical and structural drawings, Tenant or Tenant's Architect shall deliver to Landlord's Architect, not later than thirty (30) Working Days from the date of Landlord's approval of design drawings, a detailed plan setting forth any and all electrical, mechanical and structural requirements, and Landlord's Architect shall retain, at Tenant's expense, Landlord's electrical, mechanical and structural engineers to prepare all necessary electrical, mechanical and structural construction drawings which shall be included as a part of the Plans and Specifications. All construction documents and calculations prepared by Tenant's Architect shall be submitted by Tenant, in the form of four (4) sets of blue-line prints, to Landlord for approval within ten (10) Working Days after the date of receipt by Tenant of Landlord's approval of design drawings. If the Plans and Specifications are returned to Tenant with comments, but not bearing approval of Landlord, the Plans and Specifications shall be immediately revised by Tenant and resubmitted to Landlord for approval within fifteen (15) Working Days of their receipt by Tenant.

(i) The fees for Tenant's Architect and any consultants or engineers retained by or on behalf of Tenant or Tenant's Architect (including, but not limited to, the electrical, mechanical and structural engineers required to be retained under this paragraph) shall be paid by Tenant. Tenant shall also pay for any preliminary drawings by Landlord's Architect for review of the design drawings, the Plans and Specifications, and any revisions to such documents, and the fees and expenses of Landlord's Architect for inspection of the Work, as required by Landlord. Tenant may use funds from the Allowance to make such payments.

(ii) Tenant shall have the sole responsibility for compliance of the Plans and Specifications with all applicable statutes, codes, ordinances and other regulations, and the approval of the Plans and Specifications or calculations included therein by Landlord shall not constitute an indication, representation or certification by Landlord that such Plans and Specifications or calculations are in compliance with said statutes, codes, ordinances and other regulations. In instances where several sets of requirements must be met, the requirements of Landlord's insurance underwriter or the strictest applicable requirements shall apply where not prohibited by applicable codes.

3. TERMINATION RIGHT. If for any reason (other than default by -----  
Tenant) Landlord and Tenant have not agreed in writing upon final Plans and Specifications on or before the date which is ninety (90) Working Days from the date hereof, then Landlord or Tenant shall have the right to terminate the Lease by providing the other party with written notice of the electing parties' decision to terminate this Lease within thirty (30) days from the expiration of such ninety (90) day period. The failure of either party to exercise such termination right in the manner and within the time period specified above shall be deemed to be an irrevocable waiver of such right.

4. PAYMENT. In the event Landlord acts as the general contractor for -----  
the Improvements in the Leased Premises, in the Building or on the Property, the Allowance will be

S-19

applied to offset the amounts due Landlord as reflected in the monthly invoices therefor submitted by Landlord to Tenant. In the event Landlord does not act as the general contractor for the Improvements in the Leased Premises, in the Building or on the Property, Landlord shall pay the Allowance to Tenant within forty-five (45) days of Landlord's receipt of general contractor's waiver of lien submitted by Tenant to Landlord.

5. PERFORMANCE OF WORK AND DELAYS. Tenant shall cause the Contractor -----  
to perform the Work in strict accordance with the Plans and Specifications. If a delay shall occur in the completion of the Work by Tenant as the probable result of (i) any failure to furnish when due Tenant's design drawings, Tenant's electrical, mechanical and/or structural requirements, Tenant's Plans and Specifications or any revision to any such documents, (ii) any change by Tenant in any of the Plans and Specifications, (iii) any state of facts which gives rise to a change referred to in the definition of Change Costs or any changes resulting in a Change Cost, (iv) any other act or omission of Tenant, its agents or employees, including any violation of the provisions of the Lease or any delay in giving authorizations or approvals pursuant to this Work Letter, or (v) any other cause except (a) as specified in Section 8.1 of the Lease or (b) arising from a default by Landlord, then any such delay shall not justify any ---  
extension of the Commencement Date of the Lease.

6. CHANGE ORDERS. All changes and modifications in the Work from -----  
that contemplated in the Plans and Specifications, whether or not such change or modification gives rise to a Change Cost, must be evidenced by a written Change Order executed by both Landlord and Tenant. In that regard, Tenant shall submit to Landlord such information as Landlord shall require with respect to any Change Order requested by Tenant. After receipt of requested Change Order, together with such information as Landlord shall require with respect thereto, Landlord shall return to Tenant either the executed Change Order, which will evidence Landlord's approval thereof, or the Plans and Specifications with respect thereto with Landlord's suggested modification.

7. WHOLE AGREEMENT; NO ORAL MODIFICATION. This Work Letter embodies -----  
all representations, warranties and agreements of Landlord and Tenant with respect to the matter described herein, and this Work Letter may not be altered or modified except by an agreement in writing signed by the parties.

8. PARAGRAPH HEADINGS. The paragraph headings contained in this Work -----  
Letter are for convenient reference only and shall not in any way affect the meaning or interpretation of such paragraphs.

9. NOTICES. All notices required or contemplated hereunder shall be  
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given to the parties in the manner specified for giving notices under the Lease.

10. BINDING EFFECT. This Work Letter shall be construed under the  
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laws of the State of Texas and shall be binding upon and shall inure to the  
benefit of the parties hereto and their respective permitted successors and  
assigns.

11. CONFLICT. In the event of conflict between this Work Letter and  
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any other exhibits or addenda to this Lease, this Work Letter shall prevail.

S-20

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INITIALS

Landlord \_\_\_\_\_

Tenant \_\_\_\_\_  
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S-21

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S-22

## OFFICE SUBLEASE - GROSS

## 1. Basic Lease Provisions ("Basic Lease Provisions")

1.1 Parties: This Lease, dated, for reference purposes only, November 1, 1998, is made by and between INSWEB CORPORATION, a Delaware corporation (herein called "Lessor") and EQUINIX, INC., a Delaware corporation (herein called "Lessee").

1.2 Premises: The entire second floors, consisting of approximately 15,180 rentable feet, more or less, as defined in paragraph 2 and as shown on Exhibit "A" hereto (the "Premises").

1.3 Building: Commonly described as being located at 901 Marshall Street in the City of Redwood City, County of San Mateo, State of California, as more particularly described in Exhibit A hereto, and as defined in paragraph 2.

1.4 Use: General office purposes, including the provision of Internet service on a 24-hour a day basis, subject to paragraph 6.

1.5 Term: Nineteen (19) months commencing November 15, 1998 ("Commencement Date") and ending June 14, 2000 ("Expiration Date"), as defined in paragraph 3.

1.6 Base Rent: Base Rent shall be \$3.15 per sq. ft. per month, payable on the 1st day of each month, per paragraph 4.1 subject to the following: No rent shall be payable for the period of November 15, 1998 through December 14, 1998 ("Free Rent Period").

1.7 Base Rent Increase: On December 15, 1999 the monthly Base Rent payable under paragraph 1.6 above shall be adjusted to \$3.25 per square foot per month.

1.8 Rent Paid Upon Execution: \$47,817 representing Rent for the first month after December 15, 1998 ("Rent Commencement Date").

1.9 Security Deposit: \$47,817 shall be paid upon execution of the Sublease.

1.10 Lessee's Share of Operating Expense Increase: 0% as defined in paragraph 4.2. Base Rent is to be on gross full service basis, except as otherwise stated herein.

## 2. Premises, Parking and Common Areas.

2.1 Premises: The Premises are a portion of a building, herein sometimes referred to as the "Building" identified in paragraph 1.3 of the Basic Lease

1

Provisions. "Building" shall include adjacent parking structures used in connection therewith. The Premises, the Building, the Common Areas, the land upon which the same are located, along with all other buildings and improvements thereon or thereunder, are herein collectively referred to as the "Office Building Project." Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, the real property referred to in the Basic Lease Provisions, paragraph 1.2, as the "Premises," including rights to the Common Areas as hereinafter specified.

2.2 Vehicle Parking: So long as Lessee is not in default, and subject to the rules and regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to 53 parking spaces in the Office Building Project on a non-exclusive basis at no cost to Lessee.

2.2.1 If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.2.2 The monthly parking rate per parking space will be \$0.00 pr month at the commencement of the term of this Lease.

2.3 Common Areas--Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Office Building Project that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and of other lessees of the Office Building Project and their respective employees, suppliers, shippers, customers and invitees, including but not

limited to common entrances, lobbies, corridors, stairways and stairwells, public restrooms, elevators, escalators, parking areas to the extent not otherwise prohibited by this Lease, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, ramps, driveways, landscaped areas and decorative walls.

2.4 Common Areas--Rules and Regulations. Lessee agrees to abide by and conform to the rules and regulations attached hereto as Exhibit B with respect to the Office Building Project and Common Areas, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees, their agents, employees and invitees of the Office Building Project.

3. Term. SEE ADDENDUM

3.1 Term. The term and Commencement Date of this Lease shall be as specified in paragraph 1.5 of the Basic Lease Provisions.

3.2 Delay in Possession. Notwithstanding said Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date and

2

subject to paragraph 3.2.2, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof; but, in such case, Lessee shall not be obligated to pay rent or perform any other obligations of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Lessee, as hereinafter defined; provided, however, that if Lessor shall not have delivered possession of the Premises within thirty (30) days following said Commencement Date, as the same may be extended under the terms of a Work Letter executed by Lessor and Lessee, Lessee may, at Lessee's option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that, as to Lessee's obligations, Lessee first reimburses Lessor for all costs incurred for Non-Standard Improvements and, as to Lessor's obligations, Lessor shall return any money previously deposited by Lessee (less any offsets due Lessor for Non-Standard Improvements); and provided further, that if such written notice by Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.2.1 Possession Tendered-Defined. Possession of the Premises shall be deemed tendered to Lessee ("Tender of Possession") when (1) the improvements to be provided by Lessor under this Lease are substantially completed, (2) the Building utilities are ready for use in the Premises, (3) Lessee has reasonable access to the Premises, and (4) ten (10) days shall have expired following advance written notice to Lessee of the occurrence of the matters described in (1), (2) and (3), above of this paragraph 3.2.1

3.2.2 Delays Caused by Lessee. There shall be no abatement of rent, and the sixty (60) day period following the Commencement Date before which Lessee's right to cancel this Lease accrues under paragraph 3.2, shall be deemed extended to the extent of any delays caused by acts or omissions of Lessee, Lessee's agents, employees and contractors. SEE ADDENDUM.

3.3 Early Possession. If Lessee occupies the Premises prior to said Commencement Date, such occupancy shall be subject to all provisions of this Lease, such occupancy shall not change the termination date, and Lessee shall pay rent for such occupancy.

3.4 Uncertain Commencement. In the event commencement of the Lease term is defined as the completion of the improvements, Lessee and Lessor shall execute an amendment to this Lease establishing the date of Tender of Possession (as defined in paragraph 3.2.1) or the actual taking of possession by Lessee, whichever first occurs, as the Commencement Date.

4. Rent.

4.1 Base Rent. Subject to adjustment as hereinafter provided in paragraph 4.3, and except as may be otherwise expressly provided in this Lease, Lessee shall pay to Lessor the Base Rent for the Premises set forth in paragraph 1.6 of the Basic Lease Provisions, without offset or deduction. Lessee shall pay Lessor upon execution hereof the advance Base Rent described in paragraph 1.8 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of

3

days of the calendar month involved. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the security deposit set forth in paragraph 1.9 of the Basic Lease Provisions as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof, and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.

6. Use.

6.1 Use. The Premises shall be used and occupied only for the purpose set forth in paragraph 1.4 of the Basic Lease Provisions or any other use which is reasonably comparable to that use and for no other purpose.

6.2 Compliance with Law. SEE ADDENDUM.

(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Master Lease term commences, but without regard to alterations or improvements made by Lessee or the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Master Lease term Commencement Date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation.

(b) Except as provided in paragraph 6.2(a) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations orders, covenants and restrictions of record, and requirements of any fire insurance underwriters or rating bureaus, now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing, during the term or any part of the term hereof, relating in any manner to the Premises and the occupation and use by Lessee of the Premises. Lessee shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Office Building Project.

4

6.3 Condition at Premises. SEE ADDENDUM.

(a) Lessor shall deliver the Premises to Lessee in a clean condition on the Lease Commencement Date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, air conditioning, and heating system in the Premises shall be in good operating condition. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises and the Office Building Project in their condition existing as of the Lease Commencement Date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agents has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, or Office Building Project for the conduct of Lessee's business.

7. Maintenance, Repairs, Alterations and Common Area Services. SEE ADDENDUM.

7.1 Lessors Obligations. Lessor shall keep the Office Building Project, including the Premises, interior and exterior walls, roof, and common areas, and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards. Except as provided in paragraph 9.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project or any part thereof. Lessee expressly waives the benefits of any stature now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor s failure to keep the Premises in good order, condition and repair.

#### 7.2 Lessee's Obligations.

(a) Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof Lessor as additional rent for that portion or the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. Lessee shall be responsible or the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building

5

standards. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

(b) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear it the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the Installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Except as otherwise staled in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings. wall coverings, carpets, wall paneling, ceilings and plumbing on the Premises and in good operating condition.

#### 7.3 Alterations and Additions. SEE ADDENDUM.

(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, Utility Installations or repairs in, on or about the Premises or the Office Building Project. As used in this paragraph 7.3 the term Utility Installation shall mean carpeting, window and wall coverings, power panels, electrical distribution systems lighting fixtures, air conditioning, plumbing and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility Installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense if Lessor reserved the right to require removal upon installation. Should Lessor permit Lessee to make its own alterations, improvements, additions or Utility Installations, Lessee shall use only such contractor as has been expressly approved by Lessor, and Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost or such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval of Lessor, or use a contractor not expressly approved by Lessor, Lessor may, at any time during the term or this Lease, require that Lessee remove any part or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility Installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the commencement of the work, and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which

6

claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Office Building Project, or any interest therein.

(d) Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building or the Office Building Project, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Office Building Project free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys' fees and costs in participating in such action if Lessor shall decide it is to Lessor's best interest so to do.

(e) All alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made to the Premises by Lessee, including but not limited to, floor coverings, panelings, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(a). Provided Lessee is not in default, notwithstanding the provisions of this paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the Building, and other than Utility Installations, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of paragraph 7.2.

(f) Lessee shall provide Lessor with as-built plans and specifications for any alterations, improvements, additions or Utility Installations.

7.4 Utility Additions. Lessor reserves the right to install new or additional facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

## 8. Insurance; Indemnity. SEE ADDENDUM.

8.1 Liability Insurance--Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability Insurance utilizing an Insurance Services Office standard form with Broad Form General Liability Endorsement (GL0404), or equivalent, in an amount of not less than

7

\$1,000,000 per occurrence of bodily injury and property damage combined or in a greater amount as reasonably determined by Lessor and shall insure Lessee with Lessor as an additional insured against liability arising out of the use, occupancy or maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Lessee hereunder.

8.2 Liability Insurance--Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Lessor deems advisable from time to time, insuring Lessor, but not Lessee against liability arising out of the ownership, use, occupancy or maintenance of the Office Building Project in an amount not less than \$3,000,000 per occurrence.

8.3 Property Insurance--Lessee. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease for the benefit of Lessee, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler leakage endorsements, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Lessee's personal property, fixtures, equipment and tenant improvements.

8.4 Property Insurance--Lessor. Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Office Building Project Improvements, but not Lessee's personal property, fixtures, equipment or tenant improvements in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent, providing

protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Lessor deems advisable or may be required by a lender having a lien on the Office Building Project. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all Operating Expenses for said period. Lessee will not be named in any such policies carried by Lessor and shall have no right to any proceeds therefrom. The policies required by these paragraphs 8.2 and 8.4 shall contain such deductibles as Lessor or the aforesaid lender may determine. In the event that the Premises shall suffer an insured loss as defined in paragraph 9.1(f) hereof, the deductible amounts under the applicable insurance policies shall be deemed an Operating Expense. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies carried by Lessor. Lessee shall pay the entirety of any increase in the property insurance premium for the Office Building Project over what it was immediately prior to the commencement of the term of this Lease if the increase is specified by Lessor's insurance carrier as being caused by the nature of Lessee's occupancy or any act or omission of Lessee.

8.5 Insurance Policies. Lessee shall deliver to Lessor copies of liability insurance policies required under paragraph 8.1 or certificates evidencing the existence and amounts of such insurance within seven (7) days after the Commencement Date of this Lease. No such policy shall be cancelable or subject to reduction of coverage or other

8

modification except after thirty (30) days prior written notice to Lessor. Lessee shall at least thirty (30) days prior to the expiration of such policies furnish Lessor with renewals thereof.

8.6 Waiver of Subrogation. Lessee and Lessor each hereby release and relieve the other and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. If necessary all property insurance policies required under this Lease shall be endorsed to so provide. SEE ADDENDUM.

8.7 Indemnity. Lessee shall indemnify and hold harmless Lessor and its agents Lessor's master or ground lessor, partners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Office Building Project, or from the conduct of Lessee's business or from any activity work or things done permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims costs and expenses arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease or arising from any act or omission of Lessee or any of Lessee's agent, contractor, employees, or invitees, and from and against all costs, attorney's fees, expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein; and in case any action or proceeding be brought against Lessor by reason of any such matter, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified. Lessee, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Office Building Project arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor.

8.8 Exemption of Lessor from Liability. SEE ADDENDUM. Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee. Lessee's employees, invitees, customers, or any other person in or about the Premises or the Office Building Project, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agent or contractors, whether such damage or injury is caused by or results from theft, fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliance, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury result from conditions arising upon the Premises or upon other portions of the Office Building Project, or from other sources or places, or from new construction or the repair, alteration or improvement of any part of the Office Building Project, or of the equipment, fixtures or appurtenances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible, Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, occupant or user of the Office Building Project, not from the failure of Lessor to enforce the provisions of any other lease of any other lessee of the Office Building Project.

8.9 No Representation of Adequate Coverage. Lessor makes no representation that the limits or forms of coverage of insurance specified in this paragraph 8 are adequate to cover Lessee's property or obligations under this Lease.

9. Damage or Destruction.

9.1 Definitions. SEE ADDENDUM.

(a) "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent.

(b) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the building.

(c) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) or more of the then Replacement Cost of the Building.

(d) "Office Building Project Buildings" shall mean all of the buildings on the Office Building Project site.

(e) "Office Building Project Buildings Total Destruction" shall mean if the Office Building Project Buildings are damaged or destroyed to the extent that the cost of repair is fifty percent (50%) or more of the then Replacement Cost of the Office Building Project Buildings.

(f) "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8. The fact that an insured Loss has a deductible amount shall not make the loss an uninsured loss.

(g) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by lessees, other than those installed by Lessor at Lessee's expense.

9.2 Premises Damage; Premises Building Partial Damage.

(a) Insured Loss: Subject to the provisions of paragraph 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent the required materials and labor are readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessee's fixtures, equipment or tenant improvements originally paid for by Lessee) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

10

(b) Uninsured Loss: Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), which damage prevents Lessee from making any substantial use of the Premises, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event this Lease shall terminate as of the date of the occurrence of such damage.

9.3 Premises Building Total Destruction; Office Building Project Total Destruction. Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, which falls into the classifications of either (i) Premises Building Total Destruction, or (ii) Office Building Project Total Destruction, then Lessor may at Lessor's option either (i) repair such damage or destruction as soon as reasonably possible at Lessor's expense (to the extent the required materials are readily available through usual commercial channels) to its condition existing at the time of the damage, but not Lessee's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

#### 9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last twelve (12) months of the term of this Lease there is substantial damage to the Premises, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

#### 9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Building or Premises pursuant to the provisions of this paragraph 9, and any part of the Premises are not usable (including loss of use due to loss of access or essential services), the rent payable hereunder (including Lessee's Share of Operating Expense Increase) for the period during which such damage, repair or restoration continues shall be abated, provided (1) the damage was not the result of the negligence of Lessee, and (2) such abatement shall only be to the extent the operation and profitability of Lessee's business as operated from the Premises is adversely affected. Except for said abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) Upon the occurrence of damage to 25% or more of the Premises, if Lessor or Master Landlord shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or

11

restoration within thirty (30) days after such occurrence, or if Lessor or Master Landlord shall not complete the restoration and repair within ninety (90) days after such occurrence, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement or completion, respectively, of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

(c) Lessee agrees to cooperate with Lessor in connection with any such restoration and repair, including but not limited to the approval and/or execution of plans and specifications required.

9.6 Termination--Advance Payments. Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

9.7 Waiver. Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

#### 10. Real Property Taxes.

##### 10.1 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

#### 11. Utilities. SEE ADDENDUM.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, and janitorial service as reasonably required, reasonable amount of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures.

11.2 Hours of Service. Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.3 Excess Usage by Lessee. Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that

causes extra burden upon the utilities or services, including but not limited to security services, over standard office usage for the Office Building Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.4 Interruptions. There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions. SEE ADDENDUM.

12. Assignment and Subletting. SEE ADDENDUM.

12.1 Lessor's Consent Required. Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease, without the need for notice to Lessee under paragraph 13.1. "Transfer" within the meaning of this paragraph 12 shall include the transfer or transfers aggregating: (a) if Lessee is a corporation, more than fifty percent (50%) of the voting stock of such corporation, or (b) if Lessee is a partnership, more than fifty percent (50%) of the profit and loss participation in such partnership.

12.2 Lessee Affiliate. Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, are controlled by or is under common control with Lessee, or to any corporation resulting from the merger of consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate"; provided that before such assignment shall be effective, (a) said assignee shall assume, in full, the obligations of Lessee under this Lease and (b) Lessor shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment of subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

12.3 Terms and Conditions Applicable to Assignment and Subletting. SEE ADDENDUM.

(a) Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the rent and other sums due Lessor hereunder including Lessee's Share of Operating Expense Increase, and to perform all other obligations to be performed by Lessee hereunder.

(b) Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment.

(c) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 of this Lease.

(d) If Lessee's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(e) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease; however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Lessee or sublessee under this Lease or such sublease.

(f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or any one else responsible

for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor or Lessee.

(g) Lessor's written consent to any assignment or subletting of the Premises by Lessee shall not constitute an acknowledgement that no default then exists under this Lease of the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise stated by Lessor at the time.

(h) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting was materially false shall, at Lessor's election, render Lessor's said consent null and void.

12.4 Additional Terms and Conditions Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated herein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of this or any other assignment

14

of such sublease to Lessor nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under the sublease. Lessee agrees that such sublessee shall have the right to rely upon any such statement and request from Lessor, and that such sublessee shall pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessor.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease, Lessee shall use only such form of sublessee as is satisfactory to Lessor, and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublease shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Lessor has expressly consented in writing.

(c) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor at its option and without any obligation to do so, may require any sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee. Such sublessee shall have the right to cure a default of Lessee within three (3) days after service of said notice of default upon such sublessee, and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such defaults cured by the sublessee.

12.5 Lessor's Expenses. In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable costs and expenses incurred in connection therewith, including attorneys', architects', engineers' or other consultants' fees.

12.6 Conditions to Consent. Lessor reserves the right to condition any approval to assign or sublet upon Lessor's determination that (a) the proposed assignee or sublessee shall conduct a business on the Premises of a

Lessee and consistent with the general character of the other occupants of the Office Building Project and not in violation of any exclusives or rights then held by other tenants, and (b) the proposed assignee or sublessee be at least as financially responsible as Lessee was expected to be at the time of the execution of this Lease or of such assignment or subletting, whichever is greater.

13. Defaults; Remedies.

13.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacation or abandonment of the Premises by Lessee. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of 30 days or more. SEE ADDENDUM.

(b) The breach by Lessee of any of the covenants, conditions or provisions of paragraphs 7.3(a), (b) or (d) (alterations), 12.1 (assignment or subletting), 13.1(a) (vacation or abandonment), 13.1(e) (insolvency), 13.1(f) (false statement), 16(a) (estoppel certificate), 30(b) (subordination), 33 (auctions), or 41.1 (easements), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Lessor to Lessee thereof.

(c) The failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Lessor to Lessee. In the event that Lessor serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

(d) The failure by Lessee to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Lessee other than those referenced in subparagraphs (b) and (c), above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Detainer statutes.

(e) (i) The making by Lessee of any general arrangement or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in 11 U.S.C.(S)101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged

within thirty (30) days. In the event that any provision of this paragraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect.

(f) The discovery by Lessor that any financial statement given to Lessor by Lessee, or its successor in interest or by any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any material default or breach of this Lease by Lessee, Lessor may at any time thereafter, with or without notice of demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid, the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing

commission paid by Lessor pursuant to paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or to Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

13.3 Default by Lessor. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently pursues the same to completion.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of Base Rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain.

17

Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Office Building Project. Accordingly, if any installment of Base Rent, or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 5% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof or the Office Building Project are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises or the Office Building Project are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Premises, Lessee shall have the option, to be exercised only in writing within thirty (30) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice written thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent and Lessee's Share of Operating Expense increase shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof, Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Premises or the Office Building Project. Any award for the taking of all or any part of the Premises or the Office Building Project under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any separate award for loss of or damage to Lessee's trade fixtures, removable personal property and unamortized tenant improvements that have been paid for by Lessee. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any options. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

## 15. Broker's Fee.

(a) The brokers involved in this transaction are BT Commercial Real Estate representing Lessor as "listing broker" and Cornish & Carey Commercial representing Lessee as "cooperating broker," licensed real estate broker(s). A "cooperating broker" is defined as any broker other than the listing broker entitled to a share of any commission arising under this Lease. Upon execution of this Lease by both parties, Lessor shall pay to said brokers jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate agreement between Lessor and said broker(s) for brokerage services rendered by said broker(s) to Lessor in this transaction.

(b) Lessee and Lessor each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder (other than the person(s), if any, whose names are set forth in paragraph 15(a), above) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction and Lessee and Lessor do each hereby indemnify and hold the other harmless from and against any costs, expenses, attorneys' fees or liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party.

## 16. Estoppel Certificate.

(a) Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Office Building Project or of the business of Lessee.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) there are no uncured defaults in the requesting party's performance, and (iii) if Lessor is the requesting party, not more than one month's rent has been paid in advance.

(c) If Lessor or Master Lease (as defined in the Addendum) desires to finance, refinance, or sell the Office Building Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such

financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lessee's interest in a ground lease of the Office Building Project, and except as expressly provided in paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as foreshadowed, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

18. Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

19. Interest on Past-due Obligations. Except as expressly herein provided, any amount due to Lessor not paid when due shall bear interest at the maximum rate then allowable by law or judgements from the date due. Payment of such interest shall not excuse or cure any default by Lessee under this Lease; provided, however, that interest shall not be payable on late charges incurred

by Lessee nor on any amounts upon which late charges are paid by Lessee.

20. Time of Essence. Time is of the essence with respect to the obligations to be performed under this Lease.

21. Additional Rent. All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to Lessee's Share of Operating Expense increase and any other expenses payable by Lessee hereunder shall be deemed to be rent.

22. Incorporation of Prior Agreements; Amendment. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the real estate broker listed in paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employee or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of the Premises or the Office Building Project and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease.

23. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified or registered mail, and shall be

20

deemed sufficiently given if delivered or addressed to Lessee or to Lessor at the address noted below or adjacent to the signature of the respective parties, as the case may be. Mailed notices shall be deemed given upon actual receipt at the address required, or forty-eight hours following deposit in the mail, postage prepaid, whichever first occurs. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

24. Waivers. No waiver by Lessor of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to or approval of any subsequent act by Lessee. The acceptance of rent hereunder by Lessor shall not be a waiver of any preceding breach by Lessee of any provision hereof, other than the failure of Lessee to pay the particular rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

25. Holding Over. If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, except that the rent payable shall be one hundred fifty percent (150%) of the rent payable immediately preceding the termination date of this Lease, and all Options, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

26. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

27. Covenants and Conditions. Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

28. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Office Building Project is located and any litigation concerning this Lease between the parties hereto shall be initiated in the county in which the Office Building Project is located.

29. Subordination.

(a) This Lease, and any Option or right of first refusal granted hereby, at Lessor's option, shall be subordinate to the Master Lease (as defined in the Addendum), any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Office Building Project and to any and all advances made on

the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms or the Master Lease is terminated by its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such mortgaging deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an attornment, a subordination, or to make this Lease or any Option granted herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessee or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

### 30. Attorneys' Fees.

30.1 If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon, shall be entitled to his reasonable attorneys' fees to be paid by the losing party as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

30.2 The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith.

30.3 Lessor shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notice of default and consultations in connection therewith, whether or not a legal transaction is subsequently commenced in connection with such default.

### 31. Lessor's Access.

31.1 Lessor and Lessor's agents and Master Landlord and its agents shall have the right to enter the Premises at reasonable times after 24 hours notice except in an emergency for the purpose of inspecting the same, performing any services required of Lessor, showing the same to prospective purchasers, lenders, or lessees, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Office Building Project as Lessor may

reasonably deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. Lessor may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs.

31.2 All activities of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

31.3 Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and safes, and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's property or business in connection therewith.

32. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard or reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Common Areas

in violation of this paragraph shall constitute a material default of this Lease.

33. Signs. Lessee shall not place any sign upon the Premises or the Office Building Project without Lessor's prior written consent. Under no circumstances shall Lessee place a sign on any roof of the Office Building Project. SEE ADDENDUM.

34. Merger. The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, or a termination by Lessor, shall not work a merger, and shall, at the option of Lessor, terminate all or any existing subtenancies or may, at the option of Lessor, operate as an assignment to Lessor of any or all of such subtenancies.

35. Consents. Except for paragraphs 33 (auctions) and 34 (signs) hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld or delayed.

36. Guarantor. In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Lessee under this Lease.

37. Quiet Possession. Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Office Building Project.

23

38. Options.

38.1 Definition. As used in this paragraph the work "Option" has the following meaning: (1) the right or option to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option of right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other space within the Office Building Project or other property of Lessor or the right of first offer to lease other space within the Office Building Project or other property of Lessor; (3) the right or option to purchase the Premises or the Office Building Project, or the right of first refusal to purchase the Premises or the Office Building Project or the right of first offer to purchase the Premises or the Office Building Project, or the right or option to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

38.2 Options. The Options, if any, herein granted to Lessee are not assignable separate and apart from this Lease, nor may any Option be separated from this Lease in any manner, either by reservation or otherwise.

38.3 Multiple Options. In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unless the prior option to extend or renew this Lease has been so exercised.

38.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(c) or 13.1(d) and continuing until the noncompliance alleged in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) and continuing until the obligation is paid, or (iii) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, during the 12 months period of time immediately prior to the time that Lessee attempts to exercise the subject Option, (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants or conditions of this Lease.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 38.4(a).

(c) All rights of Lessee under the provisions so an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii)

Lessee fails to commence to cure a default specified in paragraph 13.1(d) within thirty (30) days after

24

the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessor gives to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, or (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants and conditions of this Lease.

39. Security Measures--Lessor's Reservations.

39.1 Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Office Building Project. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Office Building Project or any part thereof, in which event the cost thereof shall be included within the definition of Operating Expenses, as set forth in paragraph 4.2(b).

39.2 Lessor shall have the following rights:

(a) To change the name, address or title of the Office Building Project or building in which the Premises are located upon not less than 90 days prior written notice;

(b) To, at Lessee's expense, provide and install Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate;

(c) To permit any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein;

(d) To place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Office Building Project or on pole signs in the Common Areas;

39.3 Lessee shall not:

(a) Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

40. Easements.

40.1 Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material default of this Lease by Lessee without the need for further notice to Lessee.

25

40.2 The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

41. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

42. Authority. If Lessee is a corporation, trust, or general or limited partnership, Lessee, and each individual executing this Lease on behalf of such entity represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

43. Conflict. Any conflict between the printed provisions, Exhibits

or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

44. No Offer. Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to Lessee to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by both parties.

45. Lender Modification. Lessee agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Office Building Project.

46. Multiple Parties. If more than one person or entity is named as either Lessor or Lessee herein, except as otherwise expressly provided herein, the obligations of the Lessor or Lessee herein shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee, respectively.

47. Work Letter. This Lease is supplemented by that certain Work Letter of even date executed by Lessor and Lessee, attached hereto as Exhibit C, and incorporated herein by this reference.

48. Attachments. Attached hereto are the following documents which constitute a part of this Lease:

ADDENDUM TO OFFICE SUBLEASE OF EVEN DATE HERewith

COPY OF MASTER LEASE

26

IN WITNESS WHEREOF, this Office Sublease has been executed by the parties as of the date first written above.

LESSOR:

INSWEB CORPORATION,  
a Delaware corporation

By: /s/ Sheryl S. Dodsworth  
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Name: Sheryl S. Dodsworth  
Title: SVP Finance & Administration

LESSEE:

EQUINIX, INC.  
a Delaware corporation

By: /s/ Albert M. Avery, IV  
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Name: Albert M. Avery, IV  
Title: Chief Executive Officer

27

EXHIBIT A

[GRAPHIC OF FLOOR PLAN OF LEASED SPACE]

28

EXHIBIT B

RULES AND REGULATIONS

Dated: November 1, 1998

By and Between: InsWeb Corporation and Equinix, Inc.

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.

2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Projects and its occupants.

3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project.

4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.

5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.

6. Lessee shall not alter any lock or install new or additional locks or bolts.

7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.

8. Lessee shall deface the walls, partitions or other surfaces of the premises or Office Building Project.

9. Lessee shall suffer or permit any thing in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.

10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.

11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.

29

12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays, and on other days between the hours of \_\_\_ P.M. and \_\_\_ A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.

13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

14. No window coverings, shades or awnings shall be installed or used by Lessee.

15. No Lessee, employee or invitee shall go upon the roof of the Building.

16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.

17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.

18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.

19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.

20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.

21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.

22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.

23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Office Building Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

30

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles," Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.

4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.

5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable law, ordinances and regulations.

6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.

9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.

10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

31

EXHIBIT C

MASTER LEASE

To be attached.

32

EXHIBIT D

[GRAPHIC OF FLOOR PLAN OF LEASED SPACE]

33

ADDENDUM TO SUBLEASE

THIS ADDENDUM TO SUBLEASE shall constitute a part of that certain OFFICE SUBLEASE dated as of November 1, 1998 (the "Sublease") between INSWEB CORPORATION, a Delaware corporation as Lessor and EQUINIX, INC., a Delaware corporation as Lessee, and the terms hereof shall for all purposes be deemed incorporated in the Sublease.

1. Master Lease. Lessee acknowledges that Lessor leases the -----  
Building in which the subleased Premises ("Subleased Premises") are located pursuant to a Triple Net Lease dated January 12, 1998 (the "Master Lease") between Lessor as Tenant and Marshall Squares LLC, a California limited liability company as Landlord ("Master Landlord"), a copy of which is attached hereto as Exhibit C, and which is incorporated herein by this reference for the purpose of informing Lessee of the terms and conditions applicable to and binding upon Master Landlord and Lessor with respect to the leasehold of the Building. Lessee further acknowledges that this Sublease, and the rights of

Lessee with respect to the Subleased Premises, are subordinate to the provisions of the Master Lease to the extent the same affect or are applicable to the Subleased Premises, but that Lessee is not bound to perform Lessor's obligations thereunder for the benefit of Master Landlord. Notwithstanding the foregoing acknowledgement of subordination, except as otherwise expressly provided in this Addendum with respect to particular provisions so stating, in the event of a conflict or inconsistency between the Master Lease and this Sublease, the provisions of this Sublease shall control as between Sublessor and Sublessee with respect to the leasing of the Premises.

2. Approval and Consent. In all provisions of the Sublease where  
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the Lessor's consent or approval is required, unless Lessor otherwise elects in a particular instance, the consent or approval of both Lessor and Master Landlord shall be required. Lessor shall have no obligation with respect to such consent or approval of Master Landlord, except the obligation to use reasonable efforts to obtain such consent or approval from Master Landlord. In no event shall Lessor be obligated to spend more than a nominal sum in connection with seeking or obtaining any such consent or approval of Master Landlord. In connection with any such solicitation of Master Landlord's consent or approval on Lessee's behalf, Lessee at its sole cost and expense shall provide Lessor with all information, materials and reimbursement of costs and expenses (including reasonable attorneys' fees, if applicable) reasonably required by Master Landlord under the Master Lease or by Lessor in order to determine whether such approval or consent shall be given.

3. Term; Early Occupancy. Notwithstanding the provisions of  
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Paragraph 3.3 of the Sublease to the contrary, Lessor, upon two (2) days prior written notice from Lessee, shall provide Lessee access to the Premises prior to the Commencement Date only for the purpose of installing cabling, partitions and other furnishings required by Lessee. Lessee shall have no obligation for the payment of Rent during such early access period. Lessee shall in no event commence operation of its business at the Premises prior to November 15, 1998.

4. Extension Option. Lessor hereby grants Lessee a conditional  
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option to extend the Term of this Sublease for a period of six (6) months beyond the Expiration Date set

34

forth in Paragraph 1.5 of the Sublease. Lessee's right to exercise this option shall be expressly conditioned upon the following: (i) Lessor shall have notified Lessee in writing on or before November 15, 1999 that Lessor does not intend to occupy the Premises for its own use; and (ii) Lessee shall have notified Lessor in writing on or before January 15, 2000 that Lessee elects to exercise the option to extend the Term from June 15, 2000 through December 14, 2000 ("Extension Term"). The Base Rent payable during the Extension Term shall be \$3.25 per rentable square foot. All other terms, conditions and provisions of this Sublease in effect immediately prior to the original Expiration Date shall be applicable during the Term, except that Lessee shall have no additional option rights.

5. After Hours HVAC. The normal business hours for operation of the  
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HVAC system for the Premises shall be 7 AM to 6 PM Monday through Friday. In the event Lessee gives Lessor reasonable prior written notice that Lessee needs additional HVAC service beyond such normal business hours, Lessor will make reasonable efforts to accommodate such a request, and Lessee shall be obligated to pay for such additional service at a rate to be reasonably determined by Lessor from time to time as approximately equivalent to Lessor's cost for such service, which rate initially shall be thirty-five dollars (\$35) per hour, and in no event shall exceed fifty dollars (\$50) per hour.

6. Janitorial Service. Lessor, at no additional cost to Lessee,  
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shall provide janitorial service to the Premises Monday through Friday in accordance with basic building standards for janitorial cleaning services.

7. Signage. Lessor at no cost to Lessee shall provide Lessee  
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building standard signage on the directory in the lobby on the ground floor of the Building. Lessee at Lessee's sole cost and expense shall have the right to install signage at the entrance to Premises on the second floor, and shall remove the same at its cost and expense upon the termination or earlier expiration of the Term of the Sublease.

8. Security Card Keys. Lessor, at no additional cost to Lessee,  
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shall make available to Lessee up to sixty (60) non-photo security card keys providing access to the Building and the Premises for the use of Lessee's staff. Lessee shall immediately notify Lessor in the event any of such security card keys are lost, stolen or destroyed. Upon reasonable prior notice and request by Lessee, Lessor shall provide Lessee replacement and additional card keys, or

photographic card keys, at a cost to be reasonably determined by Lessor.

9. Compliance; Punchlist Procedure. On or before the third (3rd)  
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day after the Commencement Date and prior to Lessee's commencement of any cabling, furnishing or other work or installation at the Premises, Lessor and Lessee shall jointly inspect the condition of the Premises and prepare a list of items, if any, requiring correction for compliance with the provisions of this Sublease. Within ten (10) business days after the Rent Commencement Date, Lessee shall provide Lessor with a punchlist of any additional items requiring correction at the Premises. Within five (5) days thereafter, Lessor and Lessee shall jointly inspect the Premises to determine what actions, if any, are needed to correct any such punch list items for which Lessor is responsible, and any additional items requiring correction or repair by Lessee as a result of damage occurring during the course of tenant improvement work undertaken by Lessee.

35

Lessor's obligations under Paragraph 6.2(a) of the Sublease to rectify any failure of the Subleased Premises to comply with applicable building codes, regulations and ordinances as of the Commencement Date of the Master Lease shall be deemed fully satisfied if Lessor uses reasonable efforts to require Master Landlord to so rectify such noncompliance in accordance with the provisions of the Master Lease. In no event shall Lessor be obligated to spend more than a nominal sum in connection with seeking to enforce such compliance obligations on the part of Master Landlord.

10. Systems. Lessor's obligations under Paragraph 6.3(a) of the  
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Sublease to rectify any failure of the plumbing, lighting, heating and air conditioning systems in the Subleased Premises to be in good operating condition as of the Commencement Date, including any items included on the punchlist prepared by Lessee in accordance with Paragraph 9 hereinabove, shall be deemed fully satisfied if Lessor uses reasonable efforts to require Master Landlord to so rectify such failure in accordance with the provisions of the Master Lease. In no event shall Lessor be obligated to spend more than a nominal sum in connection with seeking to enforce such obligations on the part of Master Landlord.

11. Maintenance, Repairs, Common Area Services. Lessor's obligations  
-----

under Paragraph 7.1 of the Sublease to keep the Building exterior walls, equipment, roof and structural components, and the landscaping, parking structure and other components of the Common Areas of the Project in their condition existing as of the Commencement Date shall be deemed fully satisfied if Lessor uses reasonable efforts to require Master Landlord to fulfill its maintenance and repair obligations with respect to such elements in accordance with the provisions of the Master Lease. In no event shall Lessor be obligated to spend more than a nominal sum in connection with seeking to enforce such obligations on the part of Master Landlord.

12. Insurance and Indemnity. The liability insurance required to be  
-----

maintained by Lessee shall named both Lessor and Master Landlord as additional insureds. No such policy shall be cancellable except upon thirty (30) days prior written notice to Lessor and Master Landlord. Lessee's indemnity obligations under Paragraph 8.7 of the Sublease shall be deemed to benefit and apply to both Lessor and Master Landlord. The waiver of subrogation set forth in Paragraph 8.6 shall be deemed applicable as between Lessee and both Lessor and Master Landlord.

13. Failure of Electrical Service. Notwithstanding the provisions of  
-----

Section 8.8 of the Sublease, Lessor agrees to use reasonable efforts and diligence (i) to provide Lessee reasonable prior notice of Lessor's intent to undertake (or to cause Master Landlord or the agents of either to undertake) repairs or adjustments to the power panels for the building or the Premises, which repairs or adjustments are reasonably likely to interrupt or interfere with the normal operation of the electrical system for the Premises, and (ii) to minimize the effects of any such interruption or interference upon Lessee's use of the Premises and operation of its business therein, by acceding to Lessee's reasonable repair scheduling requests or otherwise (except in the event of an emergency). In the event any such interruption of electrical service to the Premises is caused by Lessor's negligence or willful misconduct, and such interruption materially and substantially interferes with Lessee's operation of its business and substantially deprives Lessee of use of the Premises, then Lessee shall be entitled to an abatement of Rent for each day of

36

utility service disruption, up to a maximum abatement amount equal to five (5) days Rent. In no event or circumstance shall Lessor have any other obligation or liability whatsoever to Lessee, for damages or loss of any sort, resulting from or arising out of any interruption of utility services to the Premises, regardless of the cause thereof.

14. Damage and Destruction. Notwithstanding the provisions of

-----  
Article 9 of the Sublease to the contrary, Lessor's obligations and Lessee's rights with respect to repair and restoration of the Subleased Premises or the Building shall be conditioned upon and subject to Lessor's rights, if any, to enforce Master Landlord's obligations with respect to repair and restoration under Section 11 of the Master Lease.

15. Assignment and Subletting. In connection with any proposal by

-----  
Lessee with respect to an assignment of the Sublease or the subletting of all or part of the Subleased Premises, Lessee shall be required to comply with and satisfy for the benefit of Lessor all obligations and conditions applicable to "Tenant" for the benefit of Master Landlord as stated in Article 13 of the Master Lease, in addition to all applicable provisions of this Sublease. In addition, upon Lessor's receipt of a proposal for any such assignment or subletting, Lessor shall have the right to elect to terminate the Sublease with respect to the Subleased Premises (or such lesser portion thereof as may be applicable to the proposal) upon thirty (30) days prior written notice to Lessee.

16. Vacating or Abandonment. Notwithstanding the provisions of

-----  
Paragraph 13.1(a) of the Sublease, the vacating or abandonment of the Premises by Lessee shall not be deemed a material default under the Sublease if Lessee continues to pay all Rent and other sums payable to Lessor under the sublease when due during such vacancy and (i) notifies Lessor in writing of Lessee's intent to vacate not less than thirty (30) days in advance, (ii) Lessee obtains and provides Lessor prior to vacating the Premises all necessary endorsements required to ensure that the insurance with respect to the Premises shall in remain in full force and effect notwithstanding such vacating; (iii) Lessee takes all commercially reasonable steps necessary to secure the Premises against unauthorized entry during the period of such vacancy, and (iv) Lessee indemnifies Lessor against any claim, cost, damage, expense, fee, liability or suit arising from or in connection with, such vacancy.

17. Estoppel Certificate. Lessee's obligation under Paragraph 16 of

-----  
the Sublease to deliver estoppel certificates and other information to Lessor upon certain specified circumstances shall be deemed to require Lessee to provide such certificates and information to both Lessor and Master Landlord, if Lessor so requests in writing.

18. Environmental Compliance. Lessee shall comply with, perform and

-----  
be bound by all covenants, terms and conditions undertaken by or applicable to "Tenant" under Article 9 of the Master Lease, as the same may be applicable to the Subleased Premises or to the Lessee's use thereof or of the Parking Structure or other Common Areas, except that Lessee's obligations thereunder shall be deemed to benefit and be enforceable by both Lessor and Master Landlord. All references therein to the "Construction Parcel" shall be deemed to refer to the parcel of land upon which the Building is located.

37

19. Address for Notices. The addresses of Lessor and Lessee for

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notice purposes shall be as follows, or as otherwise stated in a written change of address notice delivered to the other party in the manner provided in Paragraph 23 of the Sublease.

LESSOR:                   InsWeb Corporation  
                              901 Marshall Street,  
                              Redwood City, CA 94063  
                              Attn: Sherie Dodsworth,  
                              SVP Finance and Administration

with a copy to:           Law Offices of D. A. Berndt  
                              55 Oak Ridge Road  
                              Berkeley, CA 94705

LESSEE:                   Equinix, Inc.  
                              Second Floor  
                              901 Marshall Street  
                              Redwood City, CA 94063

with a copy to:           Garth Pickett, Esq.  
                              Hopkins & Carley, a Law Corporation  
                              2 West Santa Clara Street  
                              6th Floor  
                              San Jose, California 95113

20. No Solicitation of Employees. Lessor and Lessee covenant and



\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

AGREEMENT BETWEEN

EQUINIX, INC. AND MCI WORLDCOM

This Agreement ("Agreement") is made by and between Equinix, Inc. ("Equinix"), a Delaware corporation, and MCI Worldcom, Inc. directly or through one or more of its operating affiliates ("MCI").

The parties shall execute a Customer Agreement ("Customer Agreement") concurrently with the execution of this Agreement. The Customer Agreement and this Agreement are separate agreements and shall be interpreted separately. However, if there is a direct conflict between the two agreements, then this Agreement shall take precedence.

NOW THEREFORE, in consideration of the covenants and conditions contained herein, the parties agree as follows:

1. Installation of Local Connectivity Services.

- 
- (a) MCI shall (i) provide, install and maintain full [\*] connectivity, including, but not limited to full regional internodal capacity with other MCI nodes, and (ii) provide an upgrade plan to [\*] which will be implemented once an [\*] is at 50% of capacity based on orders (collectively, the "Service"), in each of the seven IBX facilities to be opened by Equinix in Los Angeles, CA, Chicago, IL, Atlanta, GA, Dallas, TX, Ashburn, VA, Newark, NJ, and San Jose, CA (the "Facilities"). MCI shall provide all equipment and labor for installation and use of the Service at the Facilities except with respect to any items expressly and unambiguously required to be provided by Equinix hereunder. At each of the Facilities, MCI shall provide sufficient Service capacity to fulfill the Service requirements of all other customers of Equinix at and/or through such Facility.
- (b) The installation shall occur in accordance with Exhibit A. Within each Facility, Equinix shall provide MCI with sufficient access, security (only with respect to matters in Equinix's reasonable control), space, environmental maintenance for the equipment required to provide the Service (only with respect to matters in Equinix's reasonable control), and power in each Facility to locate and power the equipment that is required to operate the Service. Any license or use of the Space or the foregoing shall be subject to the terms and conditions of the Customer Agreement. MCI shall diligently and promptly apply for, prosecute and endeavor

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\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

1

to obtain the licenses and permits and other items necessary to install the Service at the Facilities by the installation dates described in Exhibit A. Equinix agrees to provide reasonable assistance to MCI to aid MCI in obtaining consent from the landlord of each Facility, in furtherance of the foregoing.

- (c) The parties will develop a written plan which will document how they will cooperate to implement the Service installations for each of the Facilities. Equinix shall make the Facilities available to MCI for installation of the Services, as the parties deem necessary. The Services shall be available at each Facility for a minimum of two years from the date of completed installation at the applicable Facility and MCI shall have the right to extend the term of provision of its Services at each Facility for an additional term of five years, at its sole discretion.
- (d) MCI's sole compensation from Equinix (including expenses) for providing, installing and maintaining the Service at each of the Facilities shall be receipt of Equinix Warrants ("Warrants") subject to the terms and conditions of: (1) the form of the Warrant Agreement attached as Exhibit B, with respect to the Ashburn, Newark, Los Angeles and San Jose Facilities and (2) the form of the Warrant Agreement attached as Exhibit C, with respect to the other Facilities. The Warrants shall be exercisable for an aggregate of 450,000 shares of Common Stock (as defined in Exhibits B and C) broken down among the

Facilities as follows:

Ashburn: [\*]  
Newark: [\*]  
San Jose: [\*]  
Los Angeles: [\*]  
Chicago: [\*]  
Atlanta: [\*]  
Dallas: [\*]

(e) The Warrant shall be issued upon execution of this Agreement and shall bear the same date as this Agreement. Equinix warrants that it will in no way compensate MCI for Services provided to customers located in the Facilities. The charging or receipt of any installation fees and other fees related to Services sold to Equinix's other customers shall not be the right or responsibility of Equinix and shall be invoiced to such customers only. Equinix will cooperate with MCI in developing and implementing order and delivery procedures appropriate for delivery of the Services at the Facilities.

2. Customer Agreement. For the first two years from the date of completion of -----  
installation at the applicable Facility, Equinix shall not charge MCI any fees or charges of any kind for the Space provided to MCI at the seven IBX Facilities noted above. For the purposes of this Agreement, "Space" shall mean a 15x9 foot cage with six, 35-amp dual feed

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\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

2

circuits. After the first two years for such Space, MCI shall pay Equinix's standard rates which will in no case exceed the rate being charged the dominant local access provider. For any additional Equinix facilities,

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Equinix shall not charge MCI any fees or charges of any kind for the Space for the first six months of operations and charges thereafter will not exceed those charged to the dominant local access provider. MCI shall retain title and have access to its free-standing equipment at all times, provided that removal of such equipment shall not cause damage to the applicable Facility. Any license or use of the Space or the foregoing shall be subject to the terms and conditions of the Customer Agreement.

3. Indemnity. MCI shall defend, indemnify and hold harmless Equinix and its -----  
affiliates, representatives, other customers, contractors, and agents from any and all third party claims, liability, damages, costs and expenses payable to a third party (including, but not limited to attorneys' fees and expenses awarded to such third party by a final court judgment) arising from or relating to the provision of the Service by MCI (including but not limited to installation of equipment or Service) or any willful misconduct or grossly negligent action or inaction of MCI. Equinix shall defend, indemnify and hold harmless MCI and its affiliates, representatives, other customers, contractors, and agents from any and all third party claims, liability, damages, costs and expenses payable to a third party (including, but not limited to attorney's fees and expenses awarded to such third party by a final court judgment) arising from or relating to any willful misconduct or grossly negligent action or inaction of Equinix. As the condition of the foregoing, the indemnifying party ("Indemnitor") shall be promptly notified by the party being indemnified ("Indemnitee") of any and all threats, claims and proceedings related thereto and the Indemnitee shall give the Indemnitor all reasonable assistance, and the Indemnitor shall have sole control over the defense and all negotiations for a settlement or compromise; the Indemnitor will not be responsible for any settlement it does not approve in writing.

4. Warranty. MCI warrants: (1) that the work and Services under this -----  
Agreement shall be performed in a professional and workman-like manner, (2) that it has full rights and authority to enter into and perform this Agreement and to its knowledge none of the Services will infringe, misappropriate, or violate any intellectual property or other right of any person or entity, (3) that the work and Services under this Agreement shall fully conform to the specifications and terms set forth herein and (4) the work and Services shall be completed on time, in accordance with Exhibit A, subject to any delays caused by Equinix or its agents or representatives.

5. Term and Termination. The term of this Agreement shall continue until two -----  
years from the date of the completion of installation at each applicable Facility. If either party breaches the terms and conditions of this Agreement, in addition to all other available remedies, the other party may

terminate this Agreement upon thirty (30) days' prior written notice to the breaching party if such breach is not cured within such period. Sections 3, 4, 6, and 7 shall survive termination.

6. Confidentiality. Each party agrees that all business, technical and  
-----  
financial information it obtains or learns from the other are the confidential property of the other ("Proprietary

3

Information"). Except as expressly and unambiguously allowed herein, each party will hold in confidence and not use or disclose any Proprietary Information and shall similarly bind its employees and representatives in writing. Each party's nondisclosure obligation shall not apply to information it can document is generally available to the public (other than through breach of this Agreement).

7. Miscellaneous.  
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- (a) This Agreement shall be governed in all respects by the laws of the State of California without regard to its conflict of laws provisions. The sole jurisdiction and venue for actions related to the subject matter hereof shall be the state and U.S. federal courts in San Francisco, California. If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys fees.
- (b) No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.
- (c) MCI shall not assign or transfer the rights or obligations associated with this Agreement, in whole or in part, (except to an entity, directly or indirectly through one or more intermediaries, controlling, controlled by or under common control with such party or other entity. "Control" for this purpose shall mean greater than 50% voting control) without Equinix's prior written consent. Equinix, its successors and assigns may each assign, transfer, and delegate any of its rights or obligations under this Agreement without MCI's consent.
- (d) Equinix and MCI are independent contractors and not partners, joint venturers or otherwise affiliated and neither has any right or authority to bind the other in any way. MCI is an independent contractor and is solely responsible for all taxes, withholdings, and other statutory or contractual obligations of any sort, including, but not limited to, Workers' Compensation Insurance. The parties recognize and agree that "TIME IS OF THE ESSENCE" with respect to completion of the Services and work hereunder.
- (e) Headings and captions are for convenience only and are not to be used in the interpretation of this Agreement.
- (f) Except as is otherwise provided herein, neither MCI nor Equinix shall be prohibited from providing any of their respective services to any other entity, including competitors of the other party, in any market.

4

- (g) All notices and other communications which are required or permitted hereunder shall be in writing and shall be deemed duly given (i) when delivered by hand, (ii) one day after being given to an express carrier with a reliable system for tracking delivery, or (iii) six (6) days after the day of mailing, when mailed by United States mail, postage prepaid and addressed as follows:

In the case of Equinix:

Al Avery  
President  
Equinix, Inc.  
901 Marshall Street  
Redwood City, CA 94063

With a copy to:

Scott Dettmer, Esq.  
Gunderson Dettmer et al.

155 Constitution Drive,  
Menlo Park, CA 94025  
Fax: (650)321-2800  
Email: sdetmer@gunder.com

In the case of MCI WORLDCOM:

Dennis Muse  
1 Tower Lane, Suite 2300  
Oak Brook Terrace, Illinois 60181  
Fax: (630)203-0564  
Email: Dennis.Muse@wcom.com

With a copy to:

Charles P. Adams, Jr., Esq.  
111 Capitol Building, Suite 350  
111 East Capitol Street  
P.O. Box 24297  
Jackson, Mississippi 39225-4297  
Fax: (601)355-9708  
Email: adamscp@arlaw.com

- (h) Except for the Customer Agreement, this Agreement supersedes all proposals, oral or written, all negotiations, conversations, or discussions between or among the parties relating to the subject matter of this Agreement and all past dealing or industry custom, and all modifications must be in a non-preprinted writing signed by both parties.

5

- (i) EXCEPT FOR SECTION 6, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR ANY INCIDENTAL, INDIRECT, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, OR SPECIAL DAMAGES EVEN IF A PARTY IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by their duly authorized representatives.

EQUINIX, INC.

MCI WORLDCOM

/s/ Albert M. Avery, IV  
-----  
Signature

/s/ Dennis D. Muse  
-----  
Signature

Albert M. Avery, IV  
-----  
Name

Dennis D. Muse  
-----  
Name

President  
-----  
Title

President, Telecom  
-----  
Title

November 16, 1999  
-----  
Date

November 16, 1999  
-----  
Date

6

EXHIBIT A

INSTALLATION SCHEDULE

<TABLE>  
<CAPTION>

Facility	Address	MCI Service Availability: All Services to be available at the corresponding Facility beginning on the corresponding date below:
<S> Northern Virginia	<C> [*] Ashburn, VA	<C> [*]
Newark	[*] 8th Floor	[*]
San Jose	[*]	[*]
Los Angeles	[*]	[*]

6th Floor

Chicago	[*]	[*]
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5th Floor		
-----		
Atlanta	[*] (tentative)	[*]
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Dallas	[*]	[*]
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</TABLE>

\*CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

7

EXHIBIT B

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THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

WARRANT TO PURCHASE COMMON STOCK

of

EQUINIX, INC.

Void after November 16, 2004

This Warrant is issued to MCI WORLDCOM, INC. or its registered assigns ("Holder") by Equinix, Inc., a Delaware corporation (the "Company"), on November 16, 1999 (the "Warrant Issue Date"). This Warrant is issued pursuant to the terms of that certain Agreement dated as of the date hereof (the "Agreement") and relates to the Company's Ashburn, Newark, Los Angeles and San Jose facilities (the "Facilities"). In consideration of the Holder executing the Agreement and in consideration of the mutual covenants and agreements contained herein, the Company and the Holder agree as follows:

1. Purchase of Shares. Subject to the terms and conditions hereinafter

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set forth and set forth in the Agreement, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the holder hereof in writing), to purchase from the Company up to Three Hundred Fifty Thousand (350,000) and fully paid and nonassessable shares of Common Stock of the Company, as constituted on the Warrant Issue Date (the "Common Stock"). The number of shares of Common Stock issuable pursuant to this Section 1 (the "Shares") shall be subject to adjustment pursuant to Section 9 hereof.

2. Exercise Price. The purchase price for the Shares shall be \$1.00, as

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adjusted from time to time pursuant to Section 9 hereof (the "Exercise Price").

3. Exercise Period. This Warrant shall be exercisable during the term

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commencing at such time as Holder provides Service (as defined in the Agreement) to a given Facility (for such amount per Facility as set forth in the Agreement, subject to adjustment pursuant to Section 9 hereof), and ending at 5:00 p.m. on November 16, 2004. Notwithstanding the term of this Warrant fixed pursuant to the preceding sentence, the right to purchase Common Stock as granted herein shall expire, if not previously exercised, immediately upon the closing of a merger

8

or consolidation of the Company with or into another corporation when the Company is not the surviving corporation, or the sale of all or substantially all of the Company's properties and assets to any other person, provided such transaction is one in which Holder realizes a value for its shares equal to or greater than three (3) times the Exercise Price for such shares (the "Threshold") (in connection therewith, the "Termination Event"). The Threshold shall be adjusted in tandem with each adjustment in the Exercise Price hereunder. In the event of a proposed transaction of the kind described above, the Company shall notify the holder of the Warrant at least fifteen (15) days prior to the consummation of such Termination Event. If such closing does not take place, the Company shall promptly notify the Holder that the proposed Termination Event has been terminated and the Holder may rescind any exercise of

this Warrant which occurred after the Company first notified the Holder of the Termination Event. In the event of such rescission, this Warrant will continue to be exercisable on the same terms and conditions contained herein.

4. Method of Exercise. While this Warrant remains outstanding and

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exercisable in accordance with Section 3 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby. Such exercise shall be effected by:

- (a) the surrender of the Warrant, together with a duly executed copy of the form of Notice of Election attached hereto, to the Secretary of the Company at its principal offices; and
- (b) the payment to the Company of an amount equal to the aggregate Exercise Price for the number of Shares being purchased, which may be paid by cash, check, wire transfer or by the surrender of promissory notes or other instruments representing indebtedness of the Company to the Holder.

5. Net Exercise. In lieu of exercising this Warrant pursuant to Section

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4, the Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant (or the portion thereof being canceled) by surrender of this Warrant at the principal office of the Company together with notice of such election, in which event the Company shall issue to the holder hereof a number of shares of Common Stock computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

- Where:
- X = The number of shares of Common Stock to be issued to the Holder pursuant to this net exercise;
  - Y = The number of Shares in respect of which the net issue election is made;
  - A = The fair market value of one share of the Common Stock at the time the net issue election is made;
  - B = The Exercise Price (as adjusted to the date of the net issuance).

9

For purposes of this Section 5, the fair market value of one share of Common Stock as of a particular date shall be determined as follows: (i) if traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty (30) day period ending three (3) days prior to the net exercise election; (ii) if traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the net exercise; and (iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the Company; provided, that, if the Warrant is being exercised upon the closing of the IPO, the value will be the initial "Price to Public" of one share of such Common Stock specified in the final prospectus with respect to such offering.

6. "Easy Sale" Exercise. In lieu of the payment methods set forth in

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Sections 4 and 5 above, when permitted by law and applicable regulations (including Nasdaq Stock Market and National Association of Securities Dealers, Inc. ("NASD") rules), the Holder may pay the Exercise Price through a "same day sale" commitment from the Holder (and if applicable a broker-dealer that is a member of the NASD (and "NASD Dealer")), whereby the Holder irrevocably elects to exercise this Warrant and to sell a portion of the Common Stock so purchased to pay for the Exercise Price and the Holder (or, if applicable, the NASD Dealer) commits upon sale (or, in the case of the NASD Dealer, upon receipt) of such Common Stock to forward the Exercise Price directly to the Company.

7. Certificates for Shares. Upon the exercise of the purchase rights

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evidenced by this Warrant, one or more certificates for the number of Shares so purchased shall be issued in the name of the Holder (or as the Holder may direct) as soon as practicable thereafter (with appropriate restrictive legends, if applicable), and in any event within ten (10) days of the delivery of the Notice of Election.

8. Representations and Warranties. The Company hereby represents and

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warrants to Holder as follows:

(a) Corporate Power. The Company will have at the Warrant Issue  
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Date all requisite legal and corporate power to execute and deliver this Warrant, to sell and issue from Shares and to carry out and perform its obligations under the terms of this Warrant.

(b) Authorization. All corporate action on the part of the Company,  
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its directors and stockholders necessary for the authorization, execution, delivery and performance of this Warrant by the Company, the authorization, sale issuance and delivery of the Shares and the performance of all of the Company's obligations under this Warrant has been taken or will be taken prior to the Warrant Issue Date. This Warrant, when executed and delivered by the Company, shall constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms. The Shares issuable upon exercise of this Warrant have been duly and validly reserved and, when issued in compliance with the provisions of this Warrant, will be validly issued and will be fully paid and nonassessable and will have the rights, preferences and privileges described in the Company's Amended and Restated Certificate of Incorporation (the "Restated Certificate"). The Shares, when issued upon exercise of this Warrant, will be free of any liens or encumbrances other than those created by or imposed upon

10

the holders thereof through no action of the Company; provided, however, that the Shares may be subject to restrictions on transfer under state and/or federal securities laws. The Common Stock is not subject to any preemptive rights or rights of first refusal.

9. Adjustment of Exercise Price and Number of Shares. The number of and  
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kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions, Combinations and Other Issuances. If the Company  
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shall at any time prior to the expiration of this Warrant subdivide its Common Stock, by split-up or otherwise, or issue additional shares of its Common Stock as a dividend with respect to any shares of its Common Stock, the number of Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, but the aggregate Exercise Price payable for the total number of Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 9(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization and Consolidation. In case of  
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any reclassification, capital reorganization, or change in the Common Stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 9(a) above), then, as a condition of such reclassification, reorganization, or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price payable hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Adjustment for Capital Reorganization, Merger or Consolidation.  
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In case of any capital reorganization of the capital stock of the Company (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or any merger or consolidation of the Company with or into another corporation whether or not the Company is the surviving corporation, or the sale of all or substantially all of the assets of the Company other than a Termination Event as defined in Section 3 hereof, then, and in each such case, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that the Holder would

have been entitled to if this Warrant had been exercised immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 9. The foregoing provisions of this Section 9(c) shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event to the greatest extent possible.

(d) Adjustment for Delays Under the Agreement. This Warrant shall

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 be subject to downward adjustment in the event that Holder fails to timely meet its obligations with respect to the Company's Ashburn, Newark, Los Angeles or San Jose facility under the Agreement. The number of shares of Common Stock purchasable upon exercise of this Warrant shall be adjusted as follows, based on number of days of delay of the timeline for the Facility outlined on Schedule A -----  
 of the Agreement:

0 to 14 days delay:	[*] adjustment
15 to 30 days delay:	[*]% adjustment (total: [*]%)
31 to 45 days delay:	additional [*]% adjustment (total: [*]%)
46 to 60 days delay:	additional [*]% adjustment (total: [*]%)
61-90 days delay:	additional [*]% adjustment (total: [*]%)
91+ days or more delay:	additional [*]% adjustment (total: [*]%)

provided, however that no adjustment shall be made if the delay is caused by acts, delays or omissions of the Company, the Company's contractors, equipment vendors of the Holder, federal, state or local jurisdictions or the inability of the Holder to obtain necessary licenses or permits necessary for the Holder's Service (as defined in the Agreement). In addition, in the event the Facility is not located at the address set forth on Schedule A of the Agreement, the

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 timeline for the Facility shall be as mutually agreed to by Holder and the Company at such time as a new address is identified for the Facility.

(e) Repurchase of Shares. In the event of a downward adjustment

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 after Holder has exercised this warrant, the Company shall be entitled to repurchase the shares subject to the downward adjustment at the exercise price.

(f) Notice of Adjustment. When any adjustment is required to be

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 made in the number or kind of shares purchasable upon exercise of the Warrant, or in the Exercise Price, the Company shall promptly notify the holder of such event and (i) of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of this Warrant and (ii) the Exercise Price after such adjustment.

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 \* CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTION HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

10. Registration Rights. Holder shall be entitled to all of the rights

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 set forth in Section 1 of the Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement") dated August 26, 1999 among the Company, Holder and certain other Investors (as defined therein) on the terms and conditions set forth therein, as if such terms and conditions were set forth in this Warrant Agreement. In furtherance of the preceding sentence, the Company and Holder agree that the Shares issuable upon exercise of this Warrant are "Registrable Securities," as that term is defined in the Investors' Rights Agreement. The Company shall provide Holder with all notices and information at the time and to the extent it is required to do so pursuant to Section 1 of the Investors' Rights Agreement.

11. No Fractional Shares or Scrip. No fractional shares or scrip

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 representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the Exercise Price then in effect.

12. No Stockholder Rights. Prior to exercise of this Warrant, the Holder

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shall not be entitled to any rights of a stockholder with respect to the Shares, including (without limitation) the right to vote such Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of stockholder meetings, and such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. However, nothing in this Section 12 shall limit the right of the Holder to be provided the Notices required under this Warrant or the Agreement.

13. Transfers of Warrant. Subject to compliance with applicable federal

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and state securities laws, this Warrant and all rights hereunder are transferable in whole or in part by the Holder to any person or entity upon written notice to the Company. The transfer shall be recorded on the books of the Company upon the surrender of this Warrant, properly endorsed, to the Company at its principal offices, and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. In the event of a partial transfer, the Company shall issue to the holders one or more appropriate new warrants.

14. Successors and Assigns. The terms and provisions of this Warrant and

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the Agreement shall inure to the benefit of, and be binding upon, the Company and the Holders hereof and their respective successors and assigns.

15. Amendments and Waivers. Any term of this Warrant may be amended and

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the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

16. Reservation of Stock. The Company will at all times reserve and keep

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available, solely for the issuance and delivery upon the exercise of this Warrant, such shares of Common Stock and other stock, securities and property, as from time to time shall be issuable upon the exercise of this Warrant.

17. Notices. All notices required under this Warrant and shall be deemed

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to have been given or made for all purposes (i) upon personal delivery, (ii) upon confirmation receipt

13

that the communication was successfully sent to the applicable number if sent by facsimile; (iii) one day after being sent, when sent by professional overnight courier service, or (iv) five days after posting when sent by registered or certified mail. Notices to the Company shall be sent to the principal office of the Company (or at such other place as the Company shall notify the Holder hereof in writing). Notices to the Holder shall be sent to the address of the Holder on the books of the Company (or at such other place as the Holder shall notify the Company hereof in writing).

18. Replacement of Warrants. Upon receipt of evidence reasonably

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satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

19. Attorneys' Fees. If any action of law or equity is necessary to

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enforce or interpret the terms of this Warrant, the prevailing party shall be entitled to its reasonable attorneys' fees, costs and disbursements in addition to any other relief to which it may be entitled.

20. Captions. The section and subsection headings of this Warrant are

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inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

21. Governing Law. This Warrant shall be governed by the laws of the

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State of California as applied to agreements among California residents made and to be performed entirely within the State of California.

IN WITNESS WHEREOF, Equinix, Inc. caused this Warrant to be executed by an officer thereunto duly authorized.

EQUINIX, INC.

By: \_\_\_\_\_  
Name

NOTICE OF EXERCISE

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To: EQUINIX, INC.

The undersigned hereby elects to [check applicable subsection]:

\_\_\_\_\_ (a) Purchase \_\_\_\_\_ shares of Common Stock of Equinix, Inc., pursuant to the terms of the attached Warrant and payment of the Exercise Price per share required under such Warrant accompanies this notice;

OR

\_\_\_\_\_ (b) Exercise the attached Warrant for [all of the shares] [\_\_\_\_\_ of the shares] [cross out inapplicable phrase] purchasable under the Warrant pursuant to the net exercise provisions of Section 5 of such Warrant.

The undersigned hereby represents and warrants that the undersigned is acquiring such shares for its own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

WARRANTHOLDER:

\_\_\_\_\_

By: \_\_\_\_\_  
[NAME]

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Name in which shares should be registered:

\_\_\_\_\_

EXHIBIT C

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THIS WARRANT AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

WARRANT TO PURCHASE COMMON STOCK  
of  
EQUINIX, INC.

Void after November 16, 2004

This Warrant is issued to MCI WORLDCOM, INC. or its registered assigns ("Holder") by Equinix, Inc., a Delaware corporation (the "Company"), on November 16, 1999 (the "Warrant Issue Date"). This Warrant is issued pursuant to the terms of that certain Agreement dated as of the date hereof (the "Agreement"). In consideration of the Holder executing the Agreement and in consideration of the mutual covenants and agreements contained herein, the Company and the Holder agree as follows:

1. Purchase of Shares. Subject to the terms and conditions hereinafter -----

set forth and set forth in the Agreement, the Holder is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the holder hereof in writing), to purchase from the Company up to One Hundred Thousand (100,000) fully paid and nonassessable shares of Common Stock of the Company, as constituted on the Warrant Issue Date (the "Common Stock"). The number of shares of Common Stock issuable pursuant to this Section 1 (the "Shares") shall be subject to adjustment pursuant to Section 9 hereof .

2. Exercise Price. The purchase price for the Shares shall be \$1.00, as  
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adjusted from time to time pursuant to Section 9 hereof (the "Exercise Price").

3. Exercise Period. This Warrant shall be exercisable, in whole or in  
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part, during the term commencing on the Warrant Issue Date and ending at 5:00  
p.m. on November 16, 2004. Notwithstanding the term of this Warrant fixed  
pursuant to the preceding sentence, the right to purchase Common Stock as  
granted herein shall expire, if not previously exercised, immediately upon the  
closing of a merger or consolidation of the Company with or into another  
corporation when the Company is not the surviving corporation, or the sale of  
all or substantially all of the Company's properties and assets to any other  
person, provided such transaction is one in which

16

Holder realizes a value for its shares equal to or greater than three (3) times  
the Exercise Price for such shares (the "Threshold") (in connection therewith,  
the "Termination Event"). The Threshold shall be adjusted in tandem with each  
adjustment in the Exercise Price hereunder. In the event of a proposed  
transaction of the kind described above, the Company shall notify the holder of  
the Warrant at least fifteen (15) days prior to the consummation of such  
Termination Event. If such closing does not take place, the Company shall  
promptly notify the Holder that the proposed Termination Event has been  
terminated and the Holder may rescind any exercise of this Warrant which  
occurred after the Company first notified the Holder of the Termination Event.  
In the event of such rescission, this Warrant will continue to be exercisable on  
the same terms and conditions contained herein.

4. Method of Exercise. While this Warrant remains outstanding and  
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exercisable in accordance with Section 3 above, the Holder may exercise, in  
whole or in part, the purchase rights evidenced hereby. Such exercise shall be  
effected by:

(a) the surrender of the Warrant, together with a duly executed copy  
of the form of Notice of Election attached hereto, to the Secretary of the  
Company at its principal offices; and

(b) the payment to the Company of an amount equal to the aggregate  
Exercise Price for the number of Shares being purchased, which may be paid  
by cash, check, wire transfer or by the surrender of promissory notes or  
other instruments representing indebtedness of the Company to the Holder.

5. Net Exercise. In lieu of exercising this Warrant pursuant to Section  
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4, the Holder may elect to receive, without the payment by the Holder of any  
additional consideration, shares of Common Stock equal to the value of this  
Warrant (or the portion thereof being canceled) by surrender of this Warrant at  
the principal office of the Company together with notice of such election, in  
which event the Company shall issue to the holder hereof a number of shares of  
Common Stock computed using the following formula:

$$X = \frac{Y (A - B)}{A}$$

Where: X = The number of shares of Common Stock to be issued to the  
Holder pursuant to this net exercise;

Y = The number of Shares in respect of which the net issue  
election is made;

A = The fair market value of one share of the Common Stock at  
the time the net issue election is made;

B = The Exercise Price (as adjusted to the date of the net  
issuance).

For purposes of this Section 5, the fair market value of one share of Common  
Stock as of a particular date shall be determined as follows: (i) if traded on  
a securities exchange or through the Nasdaq National Market, the value shall be  
deemed to be the average of the closing prices of

17

the securities on such exchange over the thirty (30) day period ending three (3)  
days prior to the net exercise election; (ii) if traded over-the-counter, the  
value shall be deemed to be the average of the closing bid or sale prices  
(whichever is applicable) over the thirty (30) day period ending three (3) days  
prior to the net exercise; and (iii) if there is no active public market, the  
value shall be the fair market value thereof, as determined in good faith by the  
Board of Directors of the Company; provided, that, if the Warrant is being  
exercised upon the closing of the IPO, the value will be the initial "Price to

Public" of one share of such Common Stock specified in the final prospectus with respect to such offering.

6. "Easy Sale" Exercise. In lieu of the payment methods set forth in  
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Sections 4 and 5 above, when permitted by law and applicable regulations (including Nasdaq Stock Market and National Association of Securities Dealers, Inc. ("NASD") rules), the Holder may pay the Exercise Price through a "same day sale" commitment from the Holder (and if applicable a broker-dealer that is a member of the NASD (and "NASD Dealer")), whereby the Holder irrevocably elects to exercise this Warrant and to sell a portion of the Common Stock so purchased to pay for the Exercise Price and the Holder (or, if applicable, the NASD Dealer) commits upon sale (or, in the case of the NASD Dealer, upon receipt) of such Common Stock to forward the Exercise Price directly to the Company.

7. Certificates for Shares. Upon the exercise of the purchase rights  
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evidenced by this Warrant, one or more certificates for the number of Shares so purchased shall be issued in the name of the Holder (or as the Holder may direct) as soon as practicable thereafter (with appropriate restrictive legends, if applicable), and in any event within ten (10) days of the delivery of the Notice of Election.

8. Representations and Warranties. The Company hereby represents and  
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warrants to Holder as follows:

(a) Corporate Power. The Company will have at the Warrant Issue Date  
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all requisite legal and corporate power to execute and deliver this Warrant, to sell and issue from Shares and to carry out and perform its obligations under the terms of this Warrant.

(b) Authorization. All corporate action on the part of the Company,  
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its directors and stockholders necessary for the authorization, execution, delivery and performance of this Warrant by the Company, the authorization, sale issuance and delivery of the Shares and the performance of all of the Company's obligations under this Warrant has been taken or will be taken prior to the Warrant Issue Date. This Warrant, when executed and delivered by the Company, shall constitute a valid and binding obligation of the Company enforceable against the Company in accordance with its terms. The Shares issuable upon exercise of this Warrant have been duly and validly reserved and, when issued in compliance with the provisions of this Warrant, will be validly issued and will be fully paid and nonassessable and will have the rights, preferences and privileges described in the Company's Amended and Restated Certificate of Incorporation (the "Restated Certificate"). The Shares, when issued upon exercise of this Warrant, will be free of any liens or encumbrances other than those created by or imposed upon the holders thereof through no action of the Company; provided, however, that the Shares may be subject to restrictions on transfer under state and/or federal securities laws. The Common Stock is not subject to any preemptive rights or rights of first refusal.

18

9. Adjustment of Exercise Price and Number of Shares. The number of and  
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kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Subdivisions, Combinations and Other Issuances. If the Company  
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shall at any time prior to the expiration of this Warrant subdivide its Common Stock, by split-up or otherwise, or issue additional shares of its Common Stock as a dividend with respect to any shares of its Common Stock, the number of Shares issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination. Appropriate adjustments shall also be made to the Exercise Price, but the aggregate Exercise Price payable for the total number of Shares purchasable under this Warrant (as adjusted) shall remain the same. Any adjustment under this Section 9(a) shall become effective at the close of business on the date the subdivision or combination becomes effective, or as of the record date of such dividend, or in the event that no record date is fixed, upon the making of such dividend.

(b) Reclassification, Reorganization and Consolidation. In case of  
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any reclassification, capital reorganization, or change in the Common Stock of the Company (other than as a result of a subdivision, combination, or stock dividend provided for in Section 9(a) above), then, as a condition of such reclassification, reorganization, or change, lawful provision shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall

have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization, or change by a holder of the same number of shares of Common Stock as were purchasable by the Holder immediately prior to such reclassification, reorganization, or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the Exercise Price payable hereunder, provided the aggregate Exercise Price shall remain the same.

(c) Adjustment for Capital Reorganization, Merger or Consolidation.  
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In case of any capital reorganization of the capital stock of the Company (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or any merger or consolidation of the Company with or into another corporation whether or not the Company is the surviving corporation, or the sale of all or substantially all of the assets of the Company other than a Termination Event as defined in Section 3 hereof, then, and in each such case, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that the Holder would have been entitled to if this Warrant had been exercised immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 9. The foregoing provisions of this Section 9(c) shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any

19

other corporation that are at the time receivable upon the exercise of this Warrant. If the per share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event to the greatest extent possible.

(d) Notice of Adjustment. When any adjustment is required to be made  
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in the number or kind of shares purchasable upon exercise of the Warrant, or in the Exercise Price, the Company shall promptly notify the holder of such event and (i) of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of this Warrant and (ii) the Exercise Price after such adjustment.

10. Registration Rights. Holder shall be entitled to all of the rights  
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set forth in Section 1 of the Amended and Restated Investors' Rights Agreement (the "Investors' Rights Agreement") dated August 26, 1999 among the Company, Holder and certain other Investors (as defined therein) on the terms and conditions set forth therein, as if such terms and conditions were set forth in this Warrant Agreement. In furtherance of the preceding sentence, the Company and Holder agree that the Shares issuable upon exercise of this Warrant are "Registrable Securities," as that term is defined in the Investors' Rights Agreement. The Company shall provide Holder with all notices and information at the time and to the extent it is required to do so pursuant to Section 1 of the Investors' Rights Agreement.

11. No Fractional Shares or Scrip. No fractional shares or scrip  
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representing fractional shares shall be issued upon the exercise of this Warrant, but in lieu of such fractional shares the Company shall make a cash payment therefor on the basis of the Exercise Price then in effect.

12. No Stockholder Rights. Prior to exercise of this Warrant, the Holder  
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shall not be entitled to any rights of a stockholder with respect to the Shares, including (without limitation) the right to vote such Shares, receive dividends or other distributions thereon, exercise preemptive rights or be notified of stockholder meetings, and such holder shall not be entitled to any notice or other communication concerning the business or affairs of the Company. However, nothing in this Section 12 shall limit the right of the Holder to be provided

the Notices required under this Warrant or the Agreement.

13. Transfers of Warrant. Subject to compliance with applicable federal

and state securities laws, this Warrant and all rights hereunder are transferable in whole or in part by the Holder to any person or entity upon written notice to the Company. The transfer shall be recorded on the books of the Company upon the surrender of this Warrant, properly endorsed, to the Company at its principal offices, and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. In the event of a partial transfer, the Company shall issue to the holders one or more appropriate new warrants.

20

14. Successors and Assigns. The terms and provisions of this Warrant and

the Agreement shall inure to the benefit of, and be binding upon, the Company and the Holders hereof and their respective successors and assigns.

15. Amendments and Waivers. Any term of this Warrant may be amended and

the observance of any term of this Warrant may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holder.

16. Reservation of Stock. The Company will at all times reserve and keep

available, solely for the issuance and delivery upon the exercise of this Warrant, such shares of Common Stock and other stock, securities and property, as from time to time shall be issuable upon the exercise of this Warrant.

17. Notices. All notices required under this Warrant and shall be deemed

to have been given or made for all purposes (i) upon personal delivery, (ii) upon confirmation receipt that the communication was successfully sent to the applicable number if sent by facsimile; (iii) one day after being sent, when sent by professional overnight courier service, or (iv) five days after posting when sent by registered or certified mail. Notices to the Company shall be sent to the principal office of the Company (or at such other place as the Company shall notify the Holder hereof in writing). Notices to the Holder shall be sent to the address of the Holder on the books of the Company (or at such other place as the Holder shall notify the Company hereof in writing).

18. Replacement of Warrants. Upon receipt of evidence reasonably

satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and (in the case of loss, theft or destruction) upon delivery of an indemnity agreement in an amount reasonably satisfactory to the Company, or (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will issue, in lieu thereof, a new Warrant of like tenor.

19. Attorneys' Fees. If any action of law or equity is necessary to

enforce or interpret the terms of this Warrant, the prevailing party shall be entitled to its reasonable attorneys' fees, costs and disbursements in addition to any other relief to which it may be entitled.

20. Captions. The section and subsection headings of this Warrant are

inserted for convenience only and shall not constitute a part of this Warrant in construing or interpreting any provision hereof.

21. Governing Law. This Warrant shall be governed by the laws of the

State of California as applied to agreements among California residents made and to be performed entirely within the State of California.

21

IN WITNESS WHEREOF, Equinix, Inc. caused this Warrant to be executed by an officer thereunto duly authorized.

EQUINIX, INC.

By: \_\_\_\_\_  
Name  
Title

22

NOTICE OF EXERCISE  
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To: EQUINIX, INC.

The undersigned hereby elects to [check applicable subsection]:

\_\_\_\_\_ (a) Purchase \_\_\_\_\_ shares of Common Stock of Equinix, Inc., pursuant to the terms of the attached Warrant and payment of the Exercise Price per share required under such Warrant accompanies this notice;

OR

\_\_\_\_\_ (b) Exercise the attached Warrant for [all of the shares] [\_\_\_\_\_ of the shares] [cross out inapplicable phrase] purchasable under the Warrant pursuant to the net exercise provisions of Section 5 of such Warrant.

The undersigned hereby represents and warrants that the undersigned is acquiring such shares for its own account for investment purposes only, and not for resale or with a view to distribution of such shares or any part thereof.

WARRANTHOLDER:

\_\_\_\_\_

By: \_\_\_\_\_  
[NAME]

Address: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Name in which shares should be registered:

\_\_\_\_\_

The Board of Directors  
Equinix, Inc.:

We consent to the use of our report dated January 21, 2000, except as to Note 10, which is as of January 28, 2000, relating to the consolidated balance sheets of Equinix, Inc and subsidiary, as of December 31, 1998 and 1999 and the related consolidated statements of operations, stockholders' equity and cash flows for the period from June 22, 1998 (inception) to December 31, 1998 and for the year ended December 31, 1999 which report is included in the registration statement on Form S-4, and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Mountain View, California  
April 20, 2000